

**VILLAGE OF VILNA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021 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.

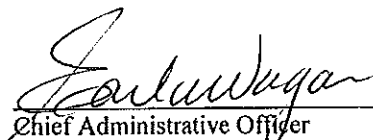
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable 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
April 13, 2022



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, 2021, 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, 2021, 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
April 13, 2022

JMD Group LLP

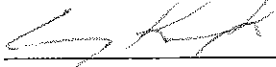
Chartered Professional Accountants

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

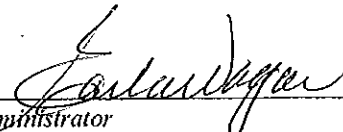
	2021	2020
Financial assets		
Cash - general (Note 2)	\$ 345,617	\$ 443,828
Cash - held in trust (Note 2)	51	51
Taxes and grants in place receivable (Note 3)	74,386	72,848
Receivable from other governments	252,279	126,042
Trade and other receivables	84,832	89,141
Land inventory held for resale	34,300	20,700
Share in Alberta Capital Finance Authority	30	30
	<u>791,495</u>	<u>752,640</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	108,650	110,106
Deposit liabilities and tax sale surplus	8,001	6,745
Funds held in trust (Note 2)	51	51
Deferred revenue (Note 5)	384,614	369,899
Long term and callable debt (Note 6)	61,493	87,970
	<u>562,809</u>	<u>574,771</u>
Net financial assets	<u>228,686</u>	<u>177,869</u>
Non-financial assets		
Tangible capital assets (Schedule 2)	3,700,521	3,589,902
Prepaid expenses	8,602	3,511
	<u>3,709,123</u>	<u>3,593,413</u>
Accumulated surplus (Schedule 1, Note 9)	<u>\$ 3,937,809</u>	<u>\$ 3,771,282</u>

Contingent liabilities (Note 12)

APPROVED BY:



 Mayor



 Administrator

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (unaudited)	2021	2020
Revenues			
Net municipal taxes (schedule 3)	\$ 242,493	\$ 242,493	\$ 240,203
Local improvement charges	77,730	77,283	76,442
User fees and sales of goods	252,750	225,210	248,480
Government transfers for operating (schedule 4)	82,352	346,473	317,963
Franchise fees	68,000	63,842	63,383
Investment income	2,500	628	4,736
Penalties and costs on taxes	17,500	16,053	17,085
Licenses and permits	2,500	734	1,106
Other	27,500	38,231	25,510
	<u>773,325</u>	<u>1,010,947</u>	<u>994,908</u>
Expenses			
Legislative	22,100	27,176	15,731
Administration	171,543	205,660	133,934
Protective services	33,988	61,166	29,961
Roads, streets, walks, lighting	268,151	314,009	418,868
Water supply and distribution	215,762	230,494	225,551
Wastewater treatment and disposal	53,634	44,804	96,855
Waste management	57,520	65,918	56,298
Public health and welfare	26,500	13,377	21,235
Planning and development	6,000	96,285	9,965
Parks and recreation	46,818	41,865	39,413
Culture	18,845	20,575	14,732
	<u>920,861</u>	<u>1,121,329</u>	<u>1,062,543</u>
Excess/(Deficiency) of revenues over expenses - before other	(147,536)	(110,382)	(67,635)
Other			
Government transfers for capital (schedule 4)	430,500	276,909	607,879
Excess of revenues over expenses	282,964	166,527	540,244
Accumulated surplus - beginning of year	3,771,282	3,771,282	3,231,038
Accumulated surplus - end of year	\$ 4,054,246	\$ 3,937,809	\$ 3,771,282

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (unaudited)	2021	2020
Excess of revenues over expenses	\$ 282,964	\$ 166,527	\$ 540,244
Acquisition of tangible capital assets	(430,500)	(282,728)	(623,571)
Amortization of tangible capital assets	159,135	172,109	161,243
Proceeds on disposal of tangible capital assets	-	-	5,500
Loss on disposal of tangible capital assets	-	-	40,854
	<u>(271,365)</u>	<u>(110,619)</u>	<u>(415,974)</u>
Use (acquisition) of prepaid expenses	-	(5,091)	5,404
	<u>(271,365)</u>	<u>(115,710)</u>	<u>(410,570)</u>
Change in net financial assets	11,599	50,817	129,674
Net financial assets - beginning of year	<u>177,869</u>	<u>177,869</u>	<u>48,195</u>
Net financial assets - end of year	<u>\$ 189,468</u>	<u>\$ 228,686</u>	<u>\$ 177,869</u>

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	\$ 166,527	\$ 540,244
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	172,109	161,243
Loss on disposal of tangible capital assets	-	40,854
	<u>338,636</u>	<u>742,341</u>
Decrease (increase) in:		
Taxes and grants in place receivable	(1,538)	(6,054)
Receivable from other governments	(126,237)	149,657
Trade and other receivables	4,309	2,113
Land inventory held for resale	(13,600)	-
Prepaid expenses	(5,091)	5,404
Increase (decrease) in:		
Accounts payable and accrued liabilities	(1,455)	4,144
Deposit liabilities and tax sale surplus	1,256	(200)
Deferred revenue	14,715	(355,537)
	<u>(127,641)</u>	<u>(200,473)</u>
	<u>210,995</u>	<u>541,868</u>
Capital		
Acquisition of tangible capital assets	(282,728)	(623,571)
Proceeds on disposal of tangible capital assets	-	5,500
	<u>(282,728)</u>	<u>(618,071)</u>
Investing		
Decrease in restricted cash	<u>121,079</u>	<u>169,816</u>
Financing		
Debt repaid	<u>(26,478)</u>	<u>(24,558)</u>
Change in cash during the year	<u>(22,868)</u>	<u>(69,055)</u>
Cash, beginning of year	<u>123,980</u>	<u>54,925</u>
Cash, end of year	<u>\$ 146,848</u>	<u>\$ 123,980</u>
Cash is made up of:		
Cash - general	\$ 345,617	\$ 443,828
Cash - held in trust	51	51
Cash - restricted cash	<u>(198,820)</u>	<u>(319,899)</u>
	<u>\$ 146,848</u>	<u>\$ 123,980</u>

VILLAGE OF VILNA
SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Unrestricted Surplus	Equity in Tangible Capital Assets	2021	2020
Balance, beginning of year	\$ 269,350	\$ 3,501,932	\$ 3,771,282	\$ 3,231,038
Excess of revenues over expenses	166,527	-	166,527	540,244
Current year funds used for tangible capital assets	(282,728)	282,728	-	-
Capital debt repaid	(26,477)	26,477	-	-
Annual amortization expense	172,109	(172,109)	-	-
Change in accumulated surplus	29,431	137,096	166,527	540,244
Balance, end of year	\$ 298,781	\$ 3,639,028	\$ 3,937,809	\$ 3,771,282

VILLAGE OF VILNA
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Land	Cultural Structures	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
Cost:									
Balance, beginning of year	\$ 126,273	\$ 27,887	\$ 54,582	\$ 541,243	\$ 4,833,834	\$ 231,279	\$ 36,000	\$ 5,851,098	\$ 5,353,718
Acquisition of tangible capital assets	1	-	-	-	277,513	-	5,214	282,728	623,571
Disposal of tangible capital assets	-	-	-	(9,178)	-	-	-	(9,178)	(126,191)
Balance, end of year	126,274	27,887	54,582	532,065	5,111,347	231,279	41,214	6,124,648	5,851,098
Accumulated amortization:									
Balance, beginning of year	-	-	53,082	349,395	1,688,693	142,576	27,450	2,261,196	2,179,790
Annual amortization	-	-	1,000	10,641	145,683	13,024	1,761	172,109	161,243
Accumulated amortization on disposals	-	-	-	(9,178)	-	-	-	(9,178)	(79,837)
Balance, end of year	-	-	54,082	350,858	1,834,376	155,600	29,211	2,424,127	2,261,196
Net book value of tangible capital assets	\$ 126,274	\$ 27,887	\$ 500	\$ 181,207	\$ 3,276,971	\$ 75,679	\$ 12,003	\$ 3,700,521	\$ 3,589,902

2020 Net book value of tangible capital assets
 \$ 126,273 \$ 27,887 \$ 1,500 \$ 191,848 \$ 3,145,141 \$ 88,703 \$ 8,550 \$ 3,589,902

At December 31, 2021, there remained work in progress of \$173,759 (2020 - \$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, 2021

	Budget (unaudited)	2021 Actual	2020 Actual
Levies			
Residential land and improvements and farmland	\$ 213,672	\$ 213,672	\$ 212,994
Non-residential land and improvements and linear	74,258	74,258	73,455
	<u>287,930</u>	<u>287,930</u>	<u>286,449</u>
Requisitions			
Alberta School Foundation Fund	36,516	36,516	36,831
Smoky Lake Foundation	8,921	8,921	9,415
	<u>45,437</u>	<u>45,437</u>	<u>46,246</u>
Net taxes for general municipal purposes	<u>\$ 242,493</u>	<u>\$ 242,493</u>	<u>\$ 240,203</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

	Budget (Unaudited)	2021	2020
Transfers for operations			
Provincial governments	\$ 53,352	\$ 310,034	\$ 287,562
Other local governments	29,000	36,439	30,401
	<u>82,352</u>	<u>346,473</u>	<u>317,963</u>
Transfers for capital			
Provincial government	430,500	276,909	607,879
Total government transfers	<u>\$ 512,852</u>	<u>\$ 623,382</u>	<u>\$ 925,842</u>

VILLAGE OF VILNA
SCHEDULE 5 - EXPENDITURES BY TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
Expenditures			
Salaries and benefits	\$ 273,238	\$ 231,002	\$ 226,278
Contracted and general services	173,623	368,333	364,620
Purchase from other government	111,070	103,768	122,126
Materials, goods, supplies and utilities	159,800	147,041	131,473
Transfers to other governments	27,000	44,009	28,417
Transfer to local boards and agencies	9,645	9,805	9,805
Provision (recovery) for allowances	5,900	42,268	(26,394)
Amortization	159,135	172,109	161,243
Bank charges and short-term interest	500	648	387
Interest on debt	950	2,346	3,735
Loss on sale of tangible capital assets	-	-	40,854
Total expenditures by type	\$ 920,861	\$ 1,121,329	\$ 1,062,544

VILLAGE OF VILNA
SCHEDULE 6 - SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Public Health and Welfare	2021
Revenues								
Net municipal and improvement taxes	\$ 319,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 319,776
Government transfers	6,850	127,474	229,592	91,593	-	138,089	9,784	623,382
User fees and sales of goods	130	-	-	-	17,238	206,918	924	225,210
Investment income	628	-	-	-	-	-	-	628
Other revenues	100,395	30	-	-	18,435	-	-	118,860
	427,779	127,504	229,592	91,593	35,673	365,007	10,708	1,287,856
Expenses								
Contract and general services	54,006	23,202	87,272	91,628	15,506	123,674	893	398,181
Salaries and wages	101,824	183	47,412	-	27,677	49,017	4,890	231,003
Goods and supplies	30,468	11,740	74,185	-	10,063	94,504	-	220,960
Transfers	-	20,211	-	4,657	2,140	19,473	7,333	53,814
Other expenses	42,917	-	1,909	-	-	436	-	45,262
Loss on disposal of assets	-	-	-	-	-	-	-	-
	229,215	55,336	210,778	96,285	55,286	289,104	13,116	949,220
Net revenue before amortization	198,564	72,168	18,814	(4,692)	(19,713)	75,903	(2,408)	338,636
Amortization expense	(3,621)	(5,829)	(103,231)	-	(7,054)	(52,113)	(261)	(172,109)
Net revenue	\$ 194,943	\$ 66,339	\$ (84,417)	\$ (4,692)	\$ (26,767)	\$ 23,790	\$ (2,669)	\$ 166,527

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

I. 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, 2021

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, 2021

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

	2021	2020
Petty cash	\$ 250	\$ 250
Bank accounts	345,367	443,578
Trust accounts	51	51
	\$ 345,668	\$ 443,879

Included in bank accounts is a restricted amount of \$198,820 (2020 - \$319,899) 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, 2021

3. Taxes and Grants in Place Receivable

	2021	2020
Current	\$ 52,220	\$ 51,600
Arrears	107,973	67,788
	160,193	119,388
Less: allowance for doubtful accounts	(85,807)	(46,540)
	\$ 74,386	\$ 72,848

4. Accounts Payable and Accrued Liabilities

	2021	2020
Due to other government	\$ 68,472	\$ 44,567
Other payables	35,264	64,295
Vacation and wages payable	4,914	1,244
	\$ 108,650	\$ 110,106

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

	2021	2020
Gas Tax Fund	\$ 189,053	\$ 250,000
Municipal Sustainability Initiative - capital	101,694	51,862
ACP grants	70,000	66,665
ACP grant transfer from local government	20,000	-
FCSS	2,446	819
Trans Canada Trail	1,000	-
Interest	421	553
	\$ 384,614	\$ 369,899

Funding in the amount of \$198,820 was received and funding in the amount of \$185,794 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).

6. Long-Term and Callable Debt

	2021	2020
Tax supported debentures	\$ -	\$ 12,671
Tax supported callable capital loan	61,493	75,299
	\$ 61,493	\$ 87,970

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

	Principal	Interest	Total
2022	\$ 14,169	\$ 1,691	\$ 15,860
2023	14,559	1,301	15,860
2024	14,959	901	15,860
2025	15,370	490	15,860
2026	2,436	67	2,503
	<u>\$ 61,493</u>	<u>\$ 4,450</u>	<u>\$ 65,943</u>

The callable debt due within the next year is \$14,169 (2020 - \$13,827).

Debenture debt was repayable to Alberta Capital Finance Authority at an interest rate of 6.375% per annum and matured in 2021. The average annual interest rate is 6.88% for 2021 (6.54% for 2020). Debenture debt was 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 0.30%. The average annual interest rate is 2.79% for 2021 (3.08% for 2020). 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 2021 was \$2,861 (2020 - \$4,781).

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:

	2021	2020
Total debt limit	\$ 1,516,419	\$ 1,492,364
Total debt	(61,493)	(87,970)
Amount of debt limit remaining	<u>\$ 1,454,926</u>	<u>\$ 1,404,394</u>
Debt servicing limit	\$ 252,737	\$ 248,727
Debt servicing	(15,860)	(29,339)
Amount of debt servicing limit unused	<u>\$ 236,877</u>	<u>\$ 219,388</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.

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8. Equity in Tangible Capital Assets

	2021	2020
Tangible capital assets (schedule 2)	\$ 6,124,648	\$ 5,851,098
Accumulated amortization (schedule 2)	(2,424,127)	(2,261,196)
Tax supported debentures	-	(12,671)
Tax supported callable capital loan	(61,493)	(75,299)
	\$ 3,639,028	\$ 3,501,932

9. Accumulated Surplus

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

	2021	2020
Unrestricted surplus	\$ 298,781	\$ 269,350
Equity in tangible capital assets (note 8)	3,639,028	3,501,932
	\$ 3,937,809	\$ 3,771,282

10. Commitment

The Village currently leases a photocopier. The future lease payments under this operating lease are \$1,198 for 2022, \$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 2022.

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).

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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 is in the process of applying for a grant through Alberta Transportation to fund this project. The preliminary estimate of the project is \$5 million. The existing reservoir continues to operate. 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)	2021	2020
Mayor - Chapdelaine	\$ 12,564	\$ 343	\$ 12,907	\$ 7,931
Mayor - Kunyk	1,750	79	1,829	-
Deputy Mayor - Romanko	4,950	-	4,950	5,669
Deputy Mayor - Thompson	2,350	96	2,446	-
Councillor - Dyck	750	-	750	1,881
Councillor - Miranda	900	33	933	-
CAO - Hackman	-	-	-	35,906
CAO - Wagner	78,986	1,245	80,231	60,395
Designated officer (contract assessor)	5,955	-	5,955	5,787

- (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 \$93,945 (2020 - \$55,661) against taxes and grants in place receivable and other receivables.

(continues)

VILLAGE OF VILNA
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14. Financial Instruments (continued)

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 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. Related Party Transactions

The village paid the mayor \$0 (2020 - \$2,800) for construction supervision. 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 2021 (2020 - \$nil) as a result of this standard.

18. Non-Monetary Transactions

During 2021, the Village was given tangible capital land valued at \$1 from another municipality for recreational use, land inventory valued at \$13,600 donated from an estate and a senior's bus that had no value. These items were recorded as assets and revenue at their fair value.

19. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

20. Approval of Financial Statements

Council and Management have approved these financial statements.

21. Budget Amounts

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

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22. Uncertainty Due to Covid-19

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the COVID-19 pandemic. The measures implemented to combat the spread of the virus have had an impact on the village; however, an estimate of the financial impact cannot be made at this time.

The village is closely monitoring the recommendations from public health agencies and government authorities while implementing its operational plan to reduce any adverse financial impact and continue operations.

23. Recent Accounting Pronouncements Published But Not Yet Adopted

PSAS Section 1000, Financial Statement Concepts

The amendments are effective beginning on or after April 1, 2023. This standard has been amended to allow for recognition of intangibles.

PSAS Section 1201, Financial Statement Presentation

Revised standard is effective beginning on or after April 1, 2023, when sections PS2601 and PS3450 are adopted.

PSAS Section 2601, Foreign Currency Translation

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements. It applies to years beginning on or after April 1, 2022.

PSAS Section 3041, Portfolio Investments

This standard addresses the distinction between temporary and portfolio investments. The standard is effective beginning on or after April 1, 2022, when sections PS1201, PS2601 and PS3450 are adopted.

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 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.

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.

PSAS Section 3450, Financial Instruments

This standard establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. It applies to years beginning on or after April 1, 2022.