

VILLAGE OF VILNA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024



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 financial statements and all other information contained within this financial report. Management believes that the financial statements present fairly the Village's financial position as at December 31, 2024 and the results of its operations for the year then ended.

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

The 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 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.

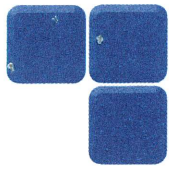
These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Village Council carries out its responsibilities for review of the 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 financial statements.

The 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 financial statements.


Chief Administrative Officer
Vilna, Alberta
April 23, 2025



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the financial statements of the Village of Vilna (the Municipality), which comprise the statement of financial position as at December 31, 2024, and the 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 financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2024, and the results of its operations, changes in net financial assets and 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 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 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 Financial Statements

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

In preparing the 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 Financial Statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

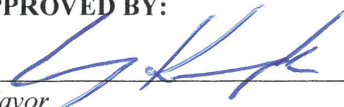
St Paul, Alberta
April 23, 2025


Chartered Professional Accountants

VILLAGE OF VILNA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024	2023
Financial assets		
Cash (Note 2)	\$ 816,092	\$ 544,581
Taxes and grants in place receivable (Note 3)	63,762	83,315
Receivable from other governments	548,119	463,900
Trade and other receivables	96,988	111,892
Land inventory held for resale	34,300	34,300
	<u>1,559,261</u>	<u>1,237,988</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	113,416	95,660
Deposit liabilities and tax sale surplus	12,359	12,359
Funds held in trust (Note 2)	325	310
Deferred revenue (Note 5)	941,705	780,733
Asset retirement obligation (Note 6)	45,000	-
Callable debt (Note 7)	21,553	34,810
	<u>1,134,358</u>	<u>923,872</u>
Net financial assets	<u>424,903</u>	<u>314,116</u>
Non-financial assets		
Tangible capital assets (Schedule 2)	3,518,516	3,442,940
Prepaid expenses	8,371	7,681
	<u>3,526,887</u>	<u>3,450,621</u>
Accumulated surplus (Schedule 1, Note 10)	<u>\$ 3,951,790</u>	<u>\$ 3,764,737</u>
Contingent liabilities (Note 13)		

APPROVED BY:



 Mayor

VILLAGE OF VILNA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (unaudited)	2024	2023
Revenues			
Net municipal taxes (schedule 3)	\$ 293,485	\$ 292,047	\$ 283,848
Local improvement charges	76,598	76,598	71,928
User fees and sales of goods	218,944	222,238	212,637
Government transfers for operating (schedule 4)	379,870	148,659	344,303
Franchise fees	85,000	79,527	79,056
Investment income	8,500	28,207	7,573
Penalties and costs on taxes	15,000	21,131	18,234
Licenses and permits	716	589	676
Other	73,550	42,030	61,464
	<u>1,151,663</u>	<u>911,026</u>	<u>1,079,719</u>
Expenses			
Legislative	55,200	30,828	34,159
Administration	417,908	277,697	320,604
Protective services	57,004	51,656	41,881
Roads, streets, walks, lighting	160,753	238,312	257,928
Water supply and distribution	213,431	217,406	216,537
Wastewater treatment and disposal	30,700	46,279	42,394
Waste management	66,750	59,327	65,973
Public health and welfare	13,345	14,460	14,320
Planning and development	12,000	8,838	8,369
Parks and recreation	40,640	34,262	35,305
Culture	55,475	37,124	55,365
	<u>1,123,206</u>	<u>1,016,189</u>	<u>1,092,835</u>
Excess (deficiency) of revenues over expenses - before other	<u>28,457</u>	<u>(105,163)</u>	<u>(13,116)</u>
Other			
Government transfers for capital (schedule 4)	-	295,130	2,000
Loss on disposal of tangible capital assets	-	(2,914)	(1,432)
	<u>-</u>	<u>292,216</u>	<u>568</u>
Excess (deficiency) of revenues over expenses	<u>28,457</u>	<u>187,053</u>	<u>(12,548)</u>
Accumulated surplus - beginning of year	<u>3,764,737</u>	<u>3,764,737</u>	<u>3,777,285</u>
Accumulated surplus - end of year	<u>\$ 3,793,194</u>	<u>\$ 3,951,790</u>	<u>\$ 3,764,737</u>

VILLAGE OF VILNA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (unaudited)	2024	2023
Excess (deficiency) of revenues over expenses	\$ 28,457	\$ 187,053	\$ (12,548)
Acquisition of tangible capital assets	(284,310)	(220,275)	(97,729)
Asset retirement obligation	-	(45,000)	-
Amortization of tangible capital assets	-	185,547	176,194
Proceeds on disposal of tangible capital assets	-	1,238	3,000
Loss on disposal of tangible capital assets	-	2,914	1,432
	(284,310)	(75,576)	82,897
Use (acquisition) of prepaid expenses	-	(690)	(7,227)
	(284,310)	(76,266)	75,670
Change in net financial assets	(255,853)	110,787	63,122
Net financial assets - beginning of year	314,116	314,116	250,994
Net financial assets - end of year	\$ 58,263	\$ 424,903	\$ 314,116

VILLAGE OF VILNA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess (Deficiency) of revenues over expenses	\$ 187,053	\$ (12,548)
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	185,547	176,194
Loss on disposal of tangible capital assets	2,914	1,432
	<u>375,514</u>	<u>165,078</u>
Decrease (increase) in:		
Taxes and grants in place receivable	19,553	(14,866)
Receivable from other governments	(84,220)	(109,435)
Trade and other receivables	14,904	(20,235)
Prepaid expenses	(690)	(7,226)
Increase (decrease) in:		
Accounts payable and accrued liabilities	17,757	(113,704)
Deposit liabilities and tax sale surplus	-	(375)
Funds held in trust	15	258
Deferred revenue	160,972	296,036
	<u>128,291</u>	<u>30,453</u>
	<u>503,805</u>	<u>195,531</u>
Capital		
Proceeds on disposal of tangible capital assets	1,238	3,000
Acquisition of tangible capital assets	(220,275)	(97,729)
	<u>(219,037)</u>	<u>(94,729)</u>
Investing		
Increase in restricted cash	(135,945)	(178,803)
Share in Alberta Capital Finance Authority	-	30
	<u>(135,945)</u>	<u>(178,773)</u>
Financing		
Debt repaid	(13,257)	(12,746)
Change in cash during the year	135,566	(90,717)
Cash, beginning of year	184,108	274,825
Cash, end of year	<u>\$ 319,674</u>	<u>\$ 184,108</u>
Cash is made up of:		
Cash	\$ 816,092	\$ 544,581
Cash - restricted cash	(496,418)	(360,473)
	<u>\$ 319,674</u>	<u>\$ 184,108</u>

VILLAGE OF VILNA
SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Unrestricted Surplus	Equity in Tangible Capital Assets	2024	2023
Balance, beginning of year	\$ 356,607	\$ 3,408,130	\$ 3,764,737	\$ 3,777,285
Deficiency of revenues over expenses	187,053	-	187,053	(12,548)
Capital debt repaid	(13,257)	13,257	-	-
Annual amortization expense	185,547	(185,547)	-	-
Capital additions (net of ARO)	(220,275)	220,275	-	-
NBV of disposals	4,152	(4,152)	-	-
Change in accumulated surplus	143,220	43,833	187,053	(12,548)
Balance, end of year	\$ 499,827	\$ 3,451,963	\$ 3,951,790	\$ 3,764,737

VILLAGE OF VILNA

SCHEDULE 2 - TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Land	Cultural Structures	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023
Cost:									
Balance, beginning of year	\$ 126,274	\$ 27,887	\$ 54,582	\$ 532,065	\$ 5,111,347	\$ 235,778	\$ 124,230	\$ 6,212,163	\$ 6,124,648
Acquisition of tangible capital assets	-	-	-	-	213,775	-	6,500	220,275	97,729
Asset retirement obligation	-	-	-	-	45,000	-	-	45,000	-
Disposal of tangible capital assets	-	-	-	-	-	(11,759)	(5,500)	(17,259)	(10,214)
Balance, end of year	126,274	27,887	54,582	532,065	5,370,122	224,019	125,230	6,460,179	6,212,163
Accumulated amortization:									
Balance, beginning of year	-	-	54,582	372,140	2,134,216	176,672	31,613	2,769,223	2,598,811
Annual amortization	-	-	-	9,130	158,921	7,698	9,798	185,547	176,194
Accumulated amortization on disposals	-	-	-	-	-	(11,182)	(1,925)	(13,107)	(5,782)
Balance, end of year	-	-	54,582	381,270	2,293,137	173,188	39,486	2,941,663	2,769,223
Net book value of tangible capital assets	\$ 126,274	\$ 27,887	\$ -	\$ 150,795	\$ 3,076,985	\$ 50,831	\$ 85,744	\$ 3,518,516	\$ 3,442,940
2023 Net book value of tangible capital assets	\$ 126,274	\$ 27,887	\$ -	\$ 159,925	\$ 2,977,131	\$ 59,106	\$ 92,617	\$ 3,442,940	

At December 31, 2024, there remained work in progress of \$387,534 (2023 - \$173,759) which is not being amortized. The work in progress is in engineered structures and \$173,759 relates to a water fill system that has not yet been installed. The remaining \$213,775 relates to a new water reservoir which is expected to be completed in 2026.

VILLAGE OF VILNA
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Unaudited)	2024	2023
Levies			
Residential land and improvements and farmland	\$ 244,312	\$ 244,238	\$ 235,285
Non-residential land and improvements and linear	94,999	93,635	92,723
	<u>339,311</u>	<u>337,873</u>	<u>328,008</u>
Requisitions			
Alberta School Foundation Fund	36,268	36,268	35,050
Smoky Lake Foundation	9,558	9,558	9,110
	<u>45,826</u>	<u>45,826</u>	<u>44,160</u>
Net taxes for general municipal purposes	<u>\$ 293,485</u>	<u>\$ 292,047</u>	<u>\$ 283,848</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

	Budget (Unaudited)	2024	2023
Transfers for operations			
Provincial governments	\$ 347,370	\$ 115,252	\$ 317,541
Other local governments	32,500	33,407	26,762
	<u>379,870</u>	<u>148,659</u>	<u>344,303</u>
Transfers for capital			
Provincial government	-	295,130	2,000
Total government transfers	<u>\$ 379,870</u>	<u>\$ 443,789</u>	<u>\$ 346,303</u>

VILLAGE OF VILNA
SCHEDULE 5 - EXPENDITURES BY TYPE
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Unaudited)	2024	2023
Expenditures			
Salaries and benefits	\$ 424,410	\$ 352,899	\$ 311,977
Contracted and general services	379,579	196,679	221,350
Purchase from other government	76,548	82,259	174,850
Materials, goods, supplies and utilities	176,415	135,923	137,594
Transfers to other governments	44,311	28,380	36,918
Transfer to local boards and agencies	14,840	9,853	9,829
Provision for allowances	1,500	20,169	17,240
Amortization	-	185,547	176,194
Bank charges and short-term interest	3,000	2,382	3,840
Interest on debt	2,603	2,098	3,043
Total expenditures by type	\$ 1,123,206	\$ 1,016,189	\$ 1,092,835

VILLAGE OF VILNA

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Public Health and Welfare	2024
Revenues								
Net municipal and improvement taxes	\$ 368,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368,645
Government transfers for operating	32,853	14,789	14,000	-	-	76,793	10,224	148,659
User fees and sales of goods	180	-	-	-	12,076	209,831	150	222,237
Investment income	28,207	-	-	-	-	-	-	28,207
Other revenues	108,128	-	-	-	35,148	-	-	143,276
	538,013	14,789	14,000	-	47,224	286,624	10,374	911,024
Expenses								
Contract and general services	64,703	30,208	6,552	8,838	12,766	73,612	-	196,679
Salaries, wages and benefits	186,110	3,840	40,425	-	44,075	73,332	5,115	352,897
Goods and supplies	22,945	12,836	73,635	-	7,815	91,203	-	208,434
Transfers to others	9,748	-	2,675	-	2,188	24,025	9,345	47,981
Other expenses	22,551	-	2,098	-	-	-	-	24,649
	306,057	46,884	125,385	8,838	66,844	262,172	14,460	830,640
Net revenue before capital	231,956	(32,095)	(111,385)	(8,838)	(19,620)	24,452	(4,086)	80,384
Capital								
Amortization expense	(2,467)	(4,772)	(112,926)	-	(4,543)	(60,839)	-	(185,547)
Loss on disposal of tangible capital assets	(577)	-	(2,337)	-	-	-	-	(2,914)
Capital government transfers	-	-	93,230	-	-	201,900	-	295,130
	(3,044)	(4,772)	(22,033)	-	(4,543)	141,061	-	106,669
Net revenue	\$ 228,912	\$ (36,867)	\$ (133,418)	\$ (8,838)	\$ (24,163)	\$ 165,513	\$ (4,086)	\$ 187,053

VILLAGE OF VILNA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. Significant Accounting Policies

The 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 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 only comprised of the municipal operations as there are no other 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, providing for amortization of tangible capital assets and asset retirement obligations. 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.

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VILLAGE OF VILNA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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.

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.

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.

Revenue recognition

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

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

Government Transfers

Government transfers are the transfer of assets from other 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.

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VILLAGE OF VILNA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. Significant Accounting Policies (*continued*)

Deferred Revenue

Deferred revenues represent government transfers (collected or allocated), donations, and other amounts that have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met.

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.

(continues)

VILLAGE OF VILNA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. Significant Accounting Policies (continued)

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.

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

	2024	2023
Petty cash	\$ 250	\$ 250
Bank accounts	815,517	544,021
Trust accounts	325	310
	<u>\$ 816,092</u>	<u>\$ 544,581</u>

Included in bank accounts is a restricted amount of \$496,418 (2023 - \$360,473) comprised of deferred grant revenue received and not expended (see note 5).

3. Taxes and Grants in Place Receivable

	2024	2023
Current	\$ 41,937	\$ 68,666
Arrears	133,038	106,189
	174,975	174,855
Less: allowance for doubtful accounts	(111,213)	(91,540)
	<u>\$ 63,762</u>	<u>\$ 83,315</u>

VILLAGE OF VILNA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

4. Accounts Payable and Accrued Liabilities

	2024	2023
Other payables	\$ 48,139	\$ 47,223
Due to other government	52,441	37,778
Vacation and wages payable	9,665	7,488
Tax requisition over-levy	3,171	3,171
	<u>\$ 113,416</u>	<u>\$ 95,660</u>

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

5. Deferred Revenue

	2023	Received/ Receivable/ Interest Earned	Recognized	2024
Canada Community Building Fund	\$ 277,901	\$ 88,403	\$ -	\$ 366,304
Alberta Transportation - Water/ Wastewater	245,299	11,875	(213,775)	43,399
Municipal Sustainability Initiative - capital	235,383	1,270	(93,230)	143,423
ACP grants	10,169	153,267	(21,148)	142,288
ACP grant transfer from local government	10,898	-	-	10,898
LGFF Capital	-	234,310	-	234,310
Centennial Park	1,083	-	-	1,083
	<u>\$ 780,733</u>	<u>\$ 489,125</u>	<u>\$ (328,153)</u>	<u>\$ 941,705</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. Asset Retirement Obligation

One of the Village's buildings contain asbestos and, therefore, the village is legally required to perform abatement activities upon replacement/retirement of this asset. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The village received an estimate of the current cost of the abatement. The estimate totalling \$45,000 was recorded as a liability and the related tangible capital asset cost was increased. This increase will be amortized over 5 years as this is when the asset is expected to be retired. The Village will commence adding accretion in 2025 based on the current inflation rate.

VILLAGE OF VILNA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

7. Callable Debt

	<u>2024</u>	<u>2023</u>
Tax supported callable capital loan	\$ 21,553	\$ 34,810

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

	Principal	Interest	Total
2025	\$ 14,621	\$ 1,239	\$ 15,860
2026	6,932	399	7,331
	<u>\$ 21,553</u>	<u>\$ 1,638</u>	<u>\$ 23,191</u>

The callable debt due within the next year is \$14,621 (2023 - \$13,249).

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 7.44% for 2024 (7.39% for 2023). 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 2024 was \$2,603 (2023 - \$3,114).

8. Debt Limits

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

	<u>2024</u>	<u>2023</u>
Total debt limit	\$ 1,366,538	\$ 1,619,579
Total debt	<u>(21,553)</u>	<u>(34,810)</u>
Amount of debt limit remaining	<u>\$ 1,344,985</u>	<u>\$ 1,584,769</u>
Debt servicing limit	\$ 227,756	\$ 269,930
Debt servicing	<u>(15,860)</u>	<u>(15,860)</u>
Amount of debt servicing limit unused	<u>\$ 211,896</u>	<u>\$ 254,070</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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

9. Equity in Tangible Capital Assets

	<u>2024</u>	<u>2023</u>
Tangible capital assets (schedule 2)	\$ 6,460,179	\$ 6,212,163
Accumulated amortization (schedule 2)	(2,941,663)	(2,769,223)
Asset Retirement Obligation	(45,000)	-
Tax supported callable capital loan (note 7)	(21,553)	(34,810)
	<u>\$ 3,451,963</u>	<u>\$ 3,408,130</u>

10. Accumulated Surplus

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

	<u>2024</u>	<u>2023</u>
Unrestricted surplus	\$ 499,827	\$ 356,607
Equity in tangible capital assets (note 9)	3,451,963	3,408,130
	<u>\$ 3,951,790</u>	<u>\$ 3,764,737</u>

11. Commitment

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

2025 - \$3,400
2026 - \$3,400
2027 - \$3,400
2028 - \$3,400
2029 - \$1,700

The Village has entered into a contract with a third party to provide GIS software licensing and professional services for \$1,759 per year until 2029. The village also entered into a contract with a third party provider for safety codes services until 2027.

12. 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

13. 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 has been named a defendant in a statement of claim with regards to an individual being hurt on Village property. The case is being handled by the Village's insurance company and they are in the early stages of responding. The likelihood and amount of any settlement is not yet determinable.

The Village received approval for an Alberta Municipal Water/Wastewater Partnership grant to a maximum of \$3,562,500 in 2023. The preliminary estimate of the project is \$8 million. The project costs and related grants will be recognized as the project expenses are incurred.

14. 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)	2024	2023
Mayor - Kunyk	\$ 9,850	\$ 1,978	\$ 11,828	\$ 14,652
Deputy Mayor - Thompson	9,950	2,563	12,513	12,563
Councillor - Miranda	3,600	2,593	6,193	6,944
CAO - Wagar	73,862	1,524	75,386	90,772
Designated officer (contract assessor)	5,985	-	5,985	5,420

- (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.

15. 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 \$111,213 (2023 - \$91,540) 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

16. 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.

17. Comparative figures

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

18. Approval of Financial Statements

Council has approved these financial statements.

19. Budget Amounts

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

20. Recent Accounting Pronouncements Published But Not Yet Adopted

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 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.