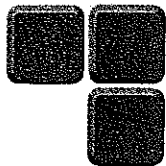


**VILLAGE OF VILNA**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2015**



# JMD Group LLP CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Maurice R. Joly, CA, CFP\*  
Barbara K. McCarthy, CA\*  
Claude R. Dion, CA, CMA\*  
Richard R. Jean, CA\*  
Amie Anderson, CA\*  
Raymond Desjardins, CA, CA-IT\*

\*Denotes Professional Corporation

To the Members of Council:

### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of the Village of Vilna, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial debt and cash flows and schedules 1 to 6 for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Vilna as at December 31, 2015, the results of its operations, change in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

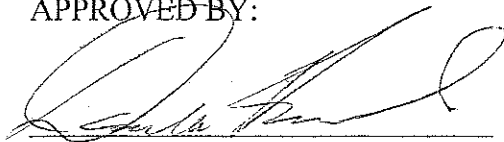
ST. PAUL, ALBERTA  
April 18, 2016


*JMD Group LLP*  
CHARTERED ACCOUNTANTS

**VILLAGE OF VILNA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Financial assets</b>		
Cash - general	\$ 75,653	\$ 122,814
Cash - held in trust (note 3)	50	20
Taxes and grants in place receivable (note 2)	106,358	113,838
Receivable from other governments	32,074	69,685
Trade and other receivables	93,787	98,402
Land inventory held for resale	28,000	28,000
Share in Alberta Capital Finance Authority	<u>30</u>	<u>30</u>
	<u>335,952</u>	<u>432,789</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	92,592	166,352
Deposit liabilities and tax sale surplus	14,395	32,493
Funds held in trust (note 3)	50	20
Deferred revenue (note 5)	131,434	138,762
Long-term and callable debt (note 6)	<u>329,299</u>	<u>382,163</u>
	<u>567,770</u>	<u>719,790</u>
<b>Net financial debt</b>	<u>(231,818)</u>	<u>(287,001)</u>
<b>Non-financial assets</b>		
Tangible capital assets (schedule 2)	2,853,015	2,991,290
Prepaid expenses	<u>2,316</u>	<u>1,362</u>
	<u>2,855,331</u>	<u>2,992,652</u>
<b>Accumulated surplus (note 9)</b>	<u>\$ 2,623,513</u>	<u>\$ 2,705,651</u>
<b>Contingent liabilities (note 12)</b>		

APPROVED BY:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Administrator

**VILLAGE OF VILNA  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
<b>Revenue</b>			
Net municipal taxes (schedule 3)	\$ 264,805	\$ 264,555	\$ 270,485
User fees and sales of goods	248,150	232,394	234,536
Government transfers for operating (schedule 4)	73,062	79,913	143,123
Franchise fees	65,000	61,568	60,927
Investment income	500	213	884
Penalties and costs on taxes	24,000	20,078	20,671
Licenses and permits	5,000	2,292	5,443
Local improvement charges	21,046	21,793	21,271
Rentals	250	-	75
Other	<u>57,600</u>	<u>43,663</u>	<u>37,751</u>
	<u>759,413</u>	<u>726,469</u>	<u>795,166</u>
<b>Expenses</b>			
Legislative	14,950	14,842	12,175
Administration	180,415	160,900	189,560
Protective services	31,500	26,731	28,025
Roads, streets, walks, lighting	215,400	193,271	219,449
Water supply and distribution	208,100	193,823	211,019
Wastewater treatment and disposal	35,600	100,588	51,795
Waste management	55,900	50,757	52,146
Public health and welfare	10,900	13,371	10,964
Planning and development	9,100	8,919	4,314
Parks and recreation	49,300	30,570	39,281
Culture	<u>20,050</u>	<u>22,163</u>	<u>19,896</u>
	<u>831,215</u>	<u>815,935</u>	<u>838,624</u>
<b>Deficiency of revenues over expenses - before other</b>	<b>(71,802)</b>	<b>(89,466)</b>	<b>(43,458)</b>
<b>Other</b>			
Government transfers for capital (schedule 4)	<u>--</u>	<u>7,328</u>	<u>329,795</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(71,802)</b>	<b>(82,138)</b>	<b>286,337</b>
<b>Accumulated surplus, beginning of year</b>	<b><u>2,705,651</u></b>	<b><u>2,705,651</u></b>	<b><u>2,419,314</u></b>
<b>Accumulated surplus, end of year</b>	<b>\$ <u>2,633,849</u></b>	<b>\$ <u>2,623,513</u></b>	<b>\$ <u>2,705,651</u></b>

**VILLAGE OF VILNA  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ <u>(71,802)</u></b>	<b>\$ <u>(82,138)</u></b>	<b>\$ <u>286,337</u></b>
Acquisition of tangible capital assets	--	--	(312,843)
Amortization of tangible capital assets	<u>129,700</u>	<u>138,275</u>	<u>135,094</u>
	<u>129,700</u>	<u>138,275</u>	<u>(177,749)</u>
Use (acquisition) of prepaid expenses	<u>--</u>	<u>(954)</u>	<u>(1,362)</u>
<b>Decrease in net financial debt</b>	<b>57,898</b>	<b>55,183</b>	<b>107,226</b>
<b>Net financial debt, beginning of year</b>	<b>(287,001)</b>	<b>(287,001)</b>	<b>(394,227)</b>
<b>Net financial debt, end of year</b>	<b>\$ <u>(229,103)</u></b>	<b>\$ <u>(231,818)</u></b>	<b>\$ <u>(287,001)</u></b>

**VILLAGE OF VILNA  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Net inflow of cash related to the following activities:</b>		
<b>Operating</b>		
Excess (deficiency) of revenues over expenses	\$ (82,138)	\$ 286,337
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	<u>138,275</u>	<u>135,094</u>
	56,137	421,431
Decrease (increase) in:		
Taxes and grants in place receivable	7,480	(19,551)
Receivable from other governments	37,611	(34,938)
Trade and other receivables	4,615	(45,762)
Prepaid expenses	(954)	(1,362)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(73,760)	(132,171)
Deposit liabilities and tax sale surplus	(18,098)	(162)
Funds held in trust	30	--
Deferred revenue	<u>(7,328)</u>	<u>101,312</u>
	<u>5,733</u>	<u>288,797</u>
<b>Capital</b>		
Acquisition of tangible capital assets	<u>--</u>	<u>(312,843)</u>
<b>Financing</b>		
Debt repaid	<u>(52,864)</u>	<u>(58,595)</u>
<b>Change in cash during the year</b>	(47,131)	(82,641)
<b>Cash, beginning of year</b>	<u>122,834</u>	<u>205,475</u>
<b>Cash, end of year</b>	\$ <u>75,703</u>	\$ <u>122,834</u>
<b>Cash consists of:</b>		
Cash - general	\$ 75,653	\$ 122,814
Cash - held in trust	<u>50</u>	<u>20</u>
	\$ <u>75,703</u>	\$ <u>122,834</u>

**VILLAGE OF VILNA**  
**SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Accumulated Operating Deficit</u>	<u>Equity in Tangible Capital Assets</u>	<u>2015</u>	<u>2014</u>
<b>Balance, beginning of year</b>	\$ <u>(60,139)</u>	\$ <u>2,765,790</u>	\$ <u>2,705,651</u>	\$ <u>2,419,314</u>
Excess (deficiency) of revenues over expenses	(82,138)	--	(82,138)	286,337
Capital debt repaid	(22,495)	22,495	--	--
Annual amortization expense	<u>138,275</u>	<u>(138,275)</u>	<u>--</u>	<u>--</u>
<b>Change in accumulated surplus</b>	<u>33,642</u>	<u>(115,780)</u>	<u>(82,138)</u>	<u>286,337</u>
<b>Balance, end of year</b>	\$ <u>(26,497)</u>	\$ <u>2,650,010</u>	\$ <u>2,623,513</u>	\$ <u>2,705,651</u>

**VILLAGE OF VILNA  
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Land</u>	<u>Cultural Structures</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2015</u>	<u>2014</u>
<b>Cost:</b>									
Balance, beginning of year	\$ 126,273	\$ 27,887	\$ 54,582	\$ 541,243	\$ 3,823,867	\$ 156,427	\$ 38,008	\$ 4,768,287	\$ 4,581,516
Acquisition of tangible capital assets	--	--	--	--	--	--	--	--	312,843
Disposal of tangible capital assets	--	--	--	--	--	--	--	--	(126,072)
Balance, end of year	<u>126,273</u>	<u>27,887</u>	<u>54,582</u>	<u>541,243</u>	<u>3,823,867</u>	<u>156,427</u>	<u>38,008</u>	<u>4,768,287</u>	<u>4,768,287</u>
<b>Accumulated amortization:</b>									
Balance, beginning of year	--	--	37,038	285,271	1,338,384	87,321	28,983	1,776,997	1,767,975
Annual amortization	--	--	3,232	10,825	114,911	8,357	950	138,275	135,094
Accumulated amortization on disposals	--	--	--	--	--	--	--	--	(126,072)
Balance, end of year	<u>--</u>	<u>--</u>	<u>40,270</u>	<u>296,096</u>	<u>1,453,295</u>	<u>95,678</u>	<u>29,933</u>	<u>1,915,272</u>	<u>1,776,997</u>
<b>Net book value of tangible capital assets</b>	<u>\$ 126,273</u>	<u>\$ 27,887</u>	<u>\$ 14,312</u>	<u>\$ 245,147</u>	<u>\$ 2,370,572</u>	<u>\$ 60,749</u>	<u>\$ 8,075</u>	<u>\$ 2,853,015</u>	<u>\$ 2,991,290</u>
<b>2014 Net book value of tangible capital assets</b>	<u>\$ 126,273</u>	<u>\$ 27,887</u>	<u>\$ 17,544</u>	<u>\$ 255,972</u>	<u>\$ 2,485,483</u>	<u>\$ 69,106</u>	<u>\$ 9,025</u>	<u>\$ 2,991,290</u>	



**VILLAGE OF VILNA**  
**SCHEDULE 3 - PROPERTY TAXES LEVIED**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015		2014
	Budget (unaudited)	Actual	Actual
<b>Levies</b>			
Residential land and improvements and farm land	\$ 237,480	\$ 237,230	\$ 242,100
Non-residential land and improvements and linear	<u>73,458</u>	<u>73,458</u>	<u>76,321</u>
	<u>310,938</u>	<u>310,688</u>	<u>318,421</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	36,495	36,495	36,543
Smoky Lake Foundation	<u>9,638</u>	<u>9,638</u>	<u>11,393</u>
	<u>46,133</u>	<u>46,133</u>	<u>47,936</u>
<b>Net taxes for general municipal purposes</b>	<u>\$ 264,805</u>	<u>\$ 264,555</u>	<u>\$ 270,485</u>

**SCHEDULE 4 - GOVERNMENT TRANSFERS**

<b>Transfers for operating</b>			
Provincial government	\$ 52,062	\$ 53,093	\$ 120,663
Other local governments	<u>21,000</u>	<u>26,820</u>	<u>22,460</u>
	73,062	79,913	143,123
<b>Transfers for capital</b>			
Provincial government	--	<u>7,328</u>	<u>329,795</u>
<b>Total government transfers</b>	<u>\$ 73,062</u>	<u>\$ 87,241</u>	<u>\$ 472,918</u>

**SCHEDULE 5 - EXPENDITURES BY TYPE**

<b>Expenditures</b>			
Salaries and benefits	\$ 240,600	\$ 216,215	\$ 229,629
Contracted and general services	159,750	157,196	212,951
Purchases from other governments	95,000	98,216	63,254
Materials, goods, supplies and utilities	154,250	134,881	141,146
Transfers to other governments	24,100	29,934	27,604
Transfers to local boards and agencies	8,450	11,381	7,972
Provision for allowances	665	15,117	3,760
Amortization	129,700	138,275	135,094
Bank charges and short-term interest	500	1,493	1,578
Interest on debt	<u>18,200</u>	<u>13,227</u>	<u>15,636</u>
<b>Total expenditures by type</b>	<u>\$ 831,215</u>	<u>\$ 815,935</u>	<u>\$ 838,624</u>

**VILLAGE OF VILNA  
SCHEDULE 6 – SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Planning and Development</u>	<u>Recreation and Culture</u>	<u>Environmental Services</u>	<u>Public Health and Welfare</u>	<u>Total</u>
<b>Revenue</b>								
Net municipal and improvement taxes	\$ 286,348	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 286,348
Government transfers	5,900	14,965	5,000	4,467	3,580	41,564	11,765	87,241
User fees and sales of goods	60	--	100	--	10,391	221,643	200	232,394
Investment income	213	--	--	--	--	--	--	213
Other revenues	<u>105,407</u>	<u>(200)</u>	<u>--</u>	<u>1,000</u>	<u>19,744</u>	<u>1,650</u>	<u>--</u>	<u>127,601</u>
	<u>397,928</u>	<u>14,765</u>	<u>5,100</u>	<u>5,467</u>	<u>33,715</u>	<u>264,857</u>	<u>11,965</u>	<u>733,797</u>
<b>Expenses</b>								
Contract and general services	49,080	13,167	5,289	1,807	6,320	179,749	--	255,412
Salaries and wages	106,719	--	23,309	--	24,078	59,260	2,849	216,215
Goods and supplies	11,830	7,471	69,698	--	13,660	32,222	--	134,881
Transfers	--	--	--	7,112	2,181	21,500	10,522	41,315
Other expenses	<u>5,985</u>	<u>--</u>	<u>4,258</u>	<u>--</u>	<u>--</u>	<u>19,594</u>	<u>--</u>	<u>29,837</u>
	<u>173,614</u>	<u>20,638</u>	<u>102,554</u>	<u>8,919</u>	<u>46,239</u>	<u>312,325</u>	<u>13,371</u>	<u>677,660</u>
Net revenue before amortization	224,314	(5,873)	(97,454)	(3,452)	(12,524)	(47,468)	(1,406)	56,137
Amortization expense	<u>(2,128)</u>	<u>(6,093)</u>	<u>(90,717)</u>	<u>--</u>	<u>(6,494)</u>	<u>(32,843)</u>	<u>--</u>	<u>(138,275)</u>
<b>Net revenue</b>	<u>\$ 222,186</u>	<u>\$ (11,966)</u>	<u>\$ (188,171)</u>	<u>\$ (3,452)</u>	<u>\$ (19,018)</u>	<u>\$ (80,311)</u>	<u>\$ (1,406)</u>	<u>\$ (82,138)</u>

**VILLAGE OF VILNA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**1. Significant Accounting Policies**

The consolidated financial statements of the Village of Vilna are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the village are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village and are, therefore, accountable to the village council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

**VILLAGE OF VILNA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**1. Significant Accounting Policies – continued**

(d) Cash

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

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(f) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

(g) Land Inventory Held for Resale

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

(h) Government Transfers

Government transfers are the transfer of assets from senior levels of government and other local governments that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(i) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**VILLAGE OF VILNA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**1. Significant Accounting Policies – continued**

(j) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Debt for the year.

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**2. Taxes and Grants in Place Receivable**

	<u>2015</u>	<u>2014</u>
Current	\$ 40,250	\$ 56,789
Arrears	<u>124,996</u>	<u>115,937</u>
	165,246	172,726
Less: allowance for doubtful accounts	<u>(58,888)</u>	<u>(58,888)</u>
	<u>\$ 106,358</u>	<u>\$ 113,838</u>

**VILLAGE OF VILNA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**3. Funds Held in Trust**

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

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

	<u>2015</u>	<u>2014</u>
Due to other government	\$ 38,744	\$ 49,277
Vacation and lieu accrual	6,488	6,798
Other payables	<u>47,360</u>	<u>110,277</u>
	<u>\$ 92,592</u>	<u>\$ 166,352</u>

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

**5. Deferred Revenue**

	<u>2015</u>	<u>2014</u>
Municipal Sustainability Initiative - capital	\$ <u>131,434</u>	\$ <u>138,762</u>

Funding in the amount of \$131,434 was received in the current and previous years from various grant programs. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements.

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

	<u>2015</u>	<u>2014</u>
Tax supported debentures	\$ 65,505	\$ 74,250
Tax supported callable capital loan	137,500	151,250
Tax supported callable operating loan	<u>126,294</u>	<u>156,663</u>
	<u>\$ 329,299</u>	<u>\$ 382,163</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 55,060	\$ 11,747	\$ 66,807
2017	56,647	9,732	66,379
2018	58,291	7,670	65,961
2019	52,219	5,553	57,772
2020	25,661	4,074	29,735
Thereafter	<u>81,421</u>	<u>7,059</u>	<u>88,480</u>
	<u>\$ 329,299</u>	<u>\$ 45,835</u>	<u>\$ 375,134</u>

The current portion of the debentures amounts to \$9,303 (2014 - \$8,745).

The callable debt due within the next year is \$45,757 (2014 - \$43,641).

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

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at a rate of 6.375% per annum, and matures in 2021. The average annual interest rate is 6.41% for 2015 (6.19% for 2014). Debenture debt is issued on the credit and security of the Village of Vilna at large.

The callable loans are repayable to ATB Financial and bear a floating rate of interest of bank prime to bank prime plus 0.35%. The average annual interest rate is 3.06% for 2015 (3.20% for 2014). 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 2015 was \$13,639 (2014 - \$16,292).

**7. Debt Limits**

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

	<u>2015</u>	<u>2014</u>
Total debt limit	\$ 1,089,704	\$ 1,192,749
Total debt	<u>329,299</u>	<u>382,163</u>
Amount of debt limit unused	\$ <u>760,405</u>	\$ <u>810,586</u>
Debt servicing limit	\$ 181,617	\$ 198,792
Debt servicing	<u>66,806</u>	<u>66,447</u>
Amount of debt servicing limit unused	\$ <u>114,811</u>	\$ <u>132,345</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**8. Equity in Tangible Capital Assets**

	<u>2015</u>	<u>2014</u>
Tangible capital assets (schedule 2)	\$ 4,768,287	\$ 4,768,287
Accumulated amortization (schedule 2)	(1,915,272)	(1,776,997)
Capital debentures (note 6)	(65,505)	(74,250)
Capital callable debt (note 6)	<u>(137,500)</u>	<u>(151,250)</u>
	\$ <u>2,650,010</u>	\$ <u>2,765,790</u>

**VILLAGE OF VILNA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**9. Accumulated Surplus**

Accumulated surplus consists of an accumulated operating deficit and equity in tangible capital assets as follows:

	<u>2015</u>	<u>2014</u>
Accumulated operating deficit	\$ (26,497)	\$ (60,139)
Equity in tangible capital assets (note 8)	<u>2,650,010</u>	<u>2,765,790</u>
	<u>\$ 2,623,513</u>	<u>\$ 2,705,651</u>

**10. Commitment**

The Village currently leases a photocopier. The future lease payment under this operating lease is as follows:

2016	\$ 696
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**11. Segmented Disclosure**

The Village of Vilna provides a range of services to its ratepayers. For each segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6).

**12. Contingent Liabilities**

The Village of Vilna is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village of Vilna could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

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

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



**VILLAGE OF VILNA**  
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**13. Salary and Benefits Disclosure**

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

	2015			2014
	Salary	Benefits & Allow.	Total	Total
	(1)	(2)		
Mayor – Romanko	\$ 4,255	\$ 1,382	\$ 5,637	\$ 3,788
Deputy mayor – Barry	4,530	1,089	5,619	4,016
Councillor – Farmer	--	--	--	99
Councillor – Klassen	2,185	522	2,707	4,272
Councillor – Dyck	595	104	699	--
CAO – Leslie	61,300	4,497	65,797	70,600
Assistant CAO – Wagar	30,931	814	31,745	35,225

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including Canada Pension Plan, Employment Insurance, health care, dental coverage and group life insurance plus mileage.

**14. Financial Instruments**

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

The village is subject to credit risk with respect to taxes and grants in place receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the village provides services may experience financial difficulty and be unable to fulfill their obligations. The village has recorded a total allowance of \$72,663 (2014 - \$67,086) 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 callable debt. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates.

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

**VILLAGE OF VILNA**  
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**15. Other Credit Facilities**

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

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

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

**16. Related Party Transactions**

The village purchased a tangible capital asset from a business owned by an employee of the village in the amount of \$Nil (2014 - \$5,000). The village also paid a councillor for trail maintenance in the amount of \$1,560 (2014 - \$975) The amount recorded was measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

**17. Contaminated Sites Liability**

On January 1, 2015, the village adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the village.

**18. Approval of Financial Statements**

Council and Management have approved these financial statements.

**19. Budget Amounts**

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

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

PSAB Section 3041, Portfolio Investments

This standard is effective for the 2016 fiscal year and addresses the distinction between temporary and portfolio investments.

PSAB Section 3450, Financial Instruments

PS3450 establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments, effective for the 2016 fiscal year.