

Town of Vegreville
Consolidated Financial Statements
Year Ended December 31, 2025



Management's Responsibility for Reporting For the Year Ended December 31, 2025

The consolidated financial statements are the responsibility of the management of the Town of Vegreville (the Town).

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfills its responsibilities for financial statements. The Council carries out its responsibility through review of quarterly financial information presented by management to Council as a whole.

Council meets annually with management and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council is also responsible for the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by Synergy Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Town. Synergy has full and free access to Council.



Chief Administrative Officer



Corporate Services Director



Ph: 1.780.632.6788 Fax: 1.780.632.6785 Toll Free: 1.888.515.6788
Box 157, 4909 51 Avenue, Vegreville, Alberta T9C 1R2

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Vegreville

Opinion

We have audited the consolidated financial statements of the Town of Vegreville (the Municipality) which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows 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, 2025, 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 Responsibility 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 information, 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 as a going concern.
- Conclude on the appropriateness of manage 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.

Vegreville, Alberta

April 27, 2026


CHARTERED PROFESSIONAL ACCOUNTANTS


TOWN OF VEGREVILLE
Consolidated Statement of Financial Position
For the year ended December 31, 2025

	2025	2024 Restated
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 5,524,700	\$ 3,644,998
Restricted cash and cash equivalents (Note 4)	1,070,235	641,221
Receivables		
Taxes and grants in place of taxes (Note 5)	859,905	810,738
Due from governments	501,556	2,085,119
Trade and other receivables	1,031,565	1,493,451
Land held for resale (Note 6)	4,507,066	934,396
	13,495,027	9,609,922
Liabilities		
Accounts payable and accrued liabilities (Note 7)	1,242,384	2,672,622
Accrued employee obligations (Note 8)	330,484	374,101
Deposit liabilities	260,000	32,650
Deferred revenue (Note 9)	666,717	543,193
Long-term debt (Note 10)	10,140,700	9,462,258
Asset retirement obligation (Note 12)	7,744,559	7,477,287
	20,384,844	20,562,111
Net Debt	(6,889,817)	(10,952,189)
Non-Financial Assets		
Tangible capital assets (Schedule 2)	62,360,130	65,773,307
Inventory for consumption	122,834	114,572
Prepaid expenses	83,464	94,497
Land held for development (Note 6)	189,154	189,154
	62,755,582	66,171,532
Accumulated Surplus (Schedule 1, Note 14)	\$ 55,865,765	\$ 55,219,343

Contingencies (Note 19)



 Mayor



 Deputy Mayor

TOWN OF VEGREVILLE
Consolidated Statement of Operations
For the Year Ended December 31, 2025

	Budget (unaudited)	2025	2024 Restated
Revenues			
Net municipal taxes (Schedule 3)	\$ 10,085,967	\$ 10,066,044	\$ 9,848,238
User fees and sales of goods and services	4,669,538	5,378,221	4,716,051
Government transfers for operating (Schedule 4)	1,571,458	2,478,750	1,762,557
Franchise and concession contracts	1,463,439	1,508,294	1,441,915
Investment income	200,000	140,394	326,455
Fines, licenses, permits and penalties	311,750	443,573	417,561
Other	873,537	748,434	758,091
	19,175,689	20,763,710	19,270,868
Expenses			
General government services	3,063,144	3,056,089	2,763,856
Protective services	3,020,879	2,771,037	2,614,489
Recreation, parks and culture	3,455,876	3,664,534	3,576,675
Facilities	1,759,510	1,754,094	1,659,603
Community services	945,840	995,498	784,326
Public works	4,144,574	3,843,673	3,973,899
Utilities	3,213,348	3,023,609	2,845,054
Municipal services	2,002,027	2,309,627	2,201,563
Subdivision and development services	271,407	815,647	572,438
	21,876,605	22,233,817	20,991,903
Deficiency of Revenue Over Expenses – Before Other	(2,700,916)	(1,470,107)	(1,721,035)
Other			
Contributed assets	-	29,819	-
Loss on disposal of tangible capital assets	-	(174)	(6,348)
Government transfers for capital (Schedule 4)	2,411,358	2,086,884	2,620,863
Surplus (Deficiency) of Revenue Over Expenses	(289,558)	646,422	893,480
Accumulated surplus, beginning of year	55,219,343	55,219,343	54,325,863
Accumulated Surplus, End of Year	\$ 54,929,787	\$ 55,865,765	\$ 55,219,343

TOWN OF VEGREVILLE
Consolidated Statement of Change in Net Debt
For the Year Ended December 31, 2025

	Budget (unaudited)	2025	2024 Restated
Excess (deficiency) of revenue over expenses	\$ (289,558)	\$ 646,422	\$ 893,480
Acquisition of tangible capital assets	(641,642)	(3,569,185)	(5,403,981)
Contributed tangible capital assets	-	(29,819)	-
Amortization of tangible capital assets	3,326,066	3,101,541	3,137,457
Reclass of tangible capital assets to land for resale	-	3,910,469	-
Loss on disposal of tangible capital assets	-	174	6,348
	2,684,424	3,413,180	(2,260,176)
Acquisition of inventory for consumption	-	(8,263)	(4,649)
Use (acquisition) of prepaid expenses	-	11,033	(15,300)
	-	2,770	(19,949)
Decrease (increase) in net debt	2,394,866	4,062,372	(1,386,645)
Net debt, beginning of year	(10,952,189)	(10,952,189)	(9,565,542)
Net debt, end of year	\$ (8,557,323)	\$ (6,889,817)	\$ (10,952,189)

TOWN OF VEGREVILLE
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2025

	2025	2024 Restated
OPERATING ACTIVITIES		
Cash received from (paid to):		
Property taxes and penalties on taxes	\$ 12,562,457	\$ 12,124,338
Other levels of government	6,149,197	4,097,113
Sale of goods and services	6,844,826	4,967,104
Sale of land held for resale	337,799	572,741
Franchise agreements	1,508,294	1,413,553
Investment earnings	140,394	326,455
Employees and Council	(8,900,846)	(8,609,245)
Requisitioning authorities	(2,391,411)	(2,207,928)
Suppliers, vendors and contractors	(11,117,125)	(9,769,886)
Local boards and agencies	(95,617)	(79,766)
Bank fees and charges	(39,091)	(39,675)
Interest on long-term debt	(228,432)	(241,604)
Net cash provided by operating activities	4,770,445	2,553,200
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,569,185)	(5,403,978)
Net cash used in capital activities	(3,569,185)	(5,403,978)
INVESTING ACTIVITIES		
Decrease (increase) in investments	-	3,509
Net cash used in investing activities	-	3,509
FINANCING ACTIVITIES		
Long-term debt issued	1,363,951	-
Long-term debt repaid	(685,509)	(665,215)
Net cash used in financing activities	678,442	(665,215)
Change in cash and cash equivalents during the year	1,879,702	(3,512,484)
Cash and cash equivalents, beginning of year	3,644,998	7,157,482
Cash and cash equivalents, end of year	\$ 5,524,700	\$ 3,644,998

TOWN OF VEGREVILLE
Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2025

(Schedule 1)

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Assets	2025	2024 Restated
Balance, beginning of year	\$ (1,455,873)	166,882	240,000	55,413,726	54,364,735	54,325,863
Prior period adjustment	854,608	-	-	-	854,608	-
Balance, beginning of year restated	(601,265)	166,882	240,000	55,413,726	55,219,343	54,325,863
Surplus of revenues over expenses	646,422	-	-	-	646,422	893,480
Unrestricted funds designated for future use	(3,436,610)	1,321,296	2,115,314	-	-	-
Restricted funds used for operations	188,591	(141,043)	(47,548)	-	-	-
Restricted funds used for tangible capital assets	-	-	(523,184)	523,184	-	-
Current year funds used for tangible capital assets	(3,046,001)	-	-	3,046,001	-	-
Contributed tangible capital assets	(29,819)	-	-	29,819	-	-
Annual amortization expense	3,101,541	-	-	(3,101,541)	-	-
Disposal of tangible capital assets	174	-	-	(174)	-	-
Reclass to land held for resale	3,910,469	-	-	(3,910,469)	-	-
Asset retirement accretion expense	40,379	-	-	(40,379)	-	-
Long-term debt advanced	1,363,951	-	-	(1,363,951)	-	-
Long-term debt repaid	(685,509)	-	-	685,509	-	-
Change in accumulated surplus	2,053,588	1,180,253	1,544,582	(4,132,001)	646,422	893,480
Balance, end of year - 2025	\$ 1,452,323	1,347,135	1,784,582	51,281,725	55,865,765	55,219,343

TOWN OF VEGREVILLE
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2025

(Schedule 2)

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2025	2024
Cost:								
Balance, beginning of year	\$ 1,835,917	22,276,582	120,913,585	10,733,784	6,259,265	18,291,523	180,310,656	175,136,396
Acquisition of tangible capital assets	-	136,173	1,104,064	916,613	1,412,337	-	3,569,187	5,403,981
Contribution of tangible capital assets	-	-	-	-	29,819	-	29,819	-
Disposal of tangible capital assets	-	-	(127,573)	-	-	(3,910,469)	(4,038,042)	(229,721)
Reclassification	96,568	326,749	13,560,263	397,474	-	(14,381,054)	-	-
Balance, end of year	1,932,485	22,739,504	135,450,339	12,047,871	7,701,421	-	179,871,620	180,310,656
Accumulated Amortization:								
Balance, beginning of year	-	11,410,991	90,601,932	8,036,822	4,487,603	-	114,537,348	111,623,266
Annual amortization	-	399,668	2,022,540	421,634	257,699	-	3,101,541	3,137,457
Accumulated amortization on disposals	-	-	(127,399)	-	-	-	(127,399)	(223,374)
Balance, end of year	-	11,810,659	92,497,073	8,458,456	4,745,302	-	117,511,490	114,537,348
Net book value - 2025	\$ 1,932,485	10,928,845	42,953,266	3,589,415	2,956,119	-	62,360,130	65,773,307

TOWN OF VEGREVILLE
Schedule of Property and Other Taxes
For the Year Ended December 31, 2025

(Schedule 3)

	Budget (unaudited)	2025	2024
Taxation			
Real property taxes	\$ 10,668,127	\$ 10,853,172	\$ 10,430,398
Designated Industrial Property taxes	605,021	613,497	605,021
Government grants in place of property taxes	1,020,747	990,786	1,020,747
	12,293,895	12,457,455	12,056,166
Requisitions			
Alberta School Foundation Fund	1,984,432	2,182,329	1,984,432
Minburn Senior's Foundation	221,373	207,066	221,373
Designated Industrial Properties	2,123	2,016	2,123
	2,207,928	2,391,411	2,207,928
Net Municipal Taxes	\$ 10,085,967	\$ 10,066,044	\$ 9,848,238

TOWN OF VEGREVILLE
Schedule of Government Transfers
For the Year Ended December 31, 2025

(Schedule 4)

	Budget (unaudited)	2025	2024 Restated
Transfers for Operating			
Federal Government	\$ 11,300	\$ 31,145	\$ 12,600
Provincial Government	932,686	1,401,714	1,124,841
Local Government	627,472	1,045,891	625,116
	1,571,458	2,478,750	1,762,557
Transfers for Capital			
Provincial Government	2,411,358	2,086,884	2,620,863
Total Government Transfers	\$ 3,982,816	\$ 4,565,634	\$ 4,383,420

TOWN OF VEGREVILLE**Schedule of Consolidated Expenses by Object
For the Year Ended December 31, 2025***(Schedule 5)*

	Budget (unaudited)	2025	2024
Consolidated Expenses by Object			
Salaries, wages and benefits	\$ 8,890,188	\$ 8,783,991	\$ 8,575,537
Contracted and general services	3,543,680	4,021,833	3,505,155
Purchases from other governments	1,508,664	1,242,250	1,105,848
Materials, goods, supplies and utilities	3,991,832	4,003,296	4,000,346
Other transactions, allowances and adjustments	51,750	378,582	236,799
Transfers to local boards and agencies	109,223	95,617	79,766
Bank charges and short-term interest	29,800	39,091	39,675
Interest on long term debt	294,584	300,344	311,320
Accretion of asset retirement obligation	130,818	267,272	257,970
Amortization of tangible capital assets	3,326,066	3,101,541	3,137,457
	\$ 21,876,605	\$ 22,233,817	\$ 20,991,903

TOWN OF VEGREVILLE

Schedule of Segmented Disclosure

For the Year Ended December 31, 2025

(Schedule 6)

	General Government	Protective Services	Recreation, Parks & Culture	Facilities	Community Services	Public Works	Utilities	Municipal Services	Planning & Development	2025
REVENUES										
Net municipal taxes	\$ 10,066,044	-	-	-	-	-	-	-	-	10,066,044
Government transfers	190,981	846,249	613,657	-	620,074	429,804	1,190,678	554,404	119,787	4,565,634
User fees and sale of goods	11,669	273,332	438,425	-	10,838	466,255	2,653,976	1,066,417	457,309	5,378,221
Franchise fees	1,508,294	-	-	-	-	-	-	-	-	1,508,294
Investment income	140,394	-	-	-	-	-	-	-	-	140,394
Other	255,205	187,930	213,126	276,788	33,527	45,931	-	101,380	107,939	1,221,827
	12,172,587	1,307,511	1,265,208	276,788	664,439	941,990	3,844,654	1,722,201	685,035	22,880,413
EXPENSES										
Salaries, wages and benefits	1,822,182	992,839	1,935,441	191,898	713,675	1,001,767	622,558	1,347,032	156,599	8,783,991
Contracted and general services	1,120,159	1,406,940	609,776	629,642	133,439	452,461	550,964	393,190	234,784	5,531,355
Materials, goods, supplies and utilities	52,470	200,384	674,996	444,271	53,367	873,006	1,369,390	331,075	4,337	4,003,296
Transfers to local boards and agencies	-	600	-	-	95,017	-	-	-	-	95,617
Interest on long-term debt	-	1,090	10,264	177,660	-	17,882	17,958	-	75,490	300,344
Other	61,289	17,065	6,203	-	-	(8,750)	2,166	(440)	340,314	417,847
	3,056,100	2,618,918	3,236,680	1,443,471	995,498	2,336,366	2,563,036	2,070,857	811,524	19,132,450
Net revenue (expense) before amortization	9,116,485	(1,311,407)	(1,971,472)	(1,166,684)	(331,059)	(1,394,376)	1,281,619	(348,656)	(126,489)	3,747,960
Amortization	-	152,120	427,853	310,622	-	1,507,306	460,746	238,770	4,124	3,101,541
Net Revenue (expense)	\$ 9,116,487	(1,463,527)	(2,399,325)	(1,477,305)	(331,059)	(2,901,682)	820,872	(587,426)	(130,613)	646,422

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

1. Significant accounting policies

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

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, 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 Town and, are therefore, accountable to Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social 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.

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 expense 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.

Significant estimates include:

- providing for amortization of tangible capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the recoverability of tangible assets; and
- the valuation of asset retirement obligations

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

Cash and temporary investments

Cash includes cash and cash equivalents. Cash equivalents are investments in money market funds, bonds and guaranteed investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

Investments

Investments are short-term deposits with original maturities of twelve months or less with redemption beginning thirty days after purchase without penalty. Investments are recorded at cost. 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.

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.

Inventories 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 the 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.

Asset retirement obligation

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control and visual inspection. The requirement is being provided for over the accreted value from the initial obligation to the end of the useful life of the landfill.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

Government transfers

Government transfers are the transfer of assets from senior levels of government 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.

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.

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 cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Tangible Capital Asset	Years
Land improvements	15-45
Buildings	25-50
Engineered structures	
Roadway system	5-65
Water system	45-75
Wastewater system	45-75
Storm system	45-75
Other	10-80
Machinery and equipment	5-40
Vehicles	5-40

b) *Contributions of tangible capital assets*

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

d) *Inventories*

Inventories held for consumption are recorded at the lower of cost and replacement cost.

e) *Cultural and historical tangible capital assets*

Works of art for display are not recorded as tangible capital assets but are disclosed.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

2. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPAC) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework for Financial Reporting in the Public Sector, is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

This revised framework is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted. The conceptual framework is to be applied prospectively.

Section PS 1202 - Financial Statement Presentation

The Canadian Public Sector Accounting Board issued a new guideline, PS 1202 Financial Statement Presentation. The new reporting model builds upon existing section PS 1201 of the same name, to better respond to the need for understandable financial statements. The key aspects of this guideline are:

- Statement of financial position - statement has been restructured to present total assets, then total liabilities to arrive at net assets/liabilities.
- Statement of Net Financial Assets (Liabilities) - new statement that will display a revised calculation of net debt. Option to present the net financial assets/liabilities indicator at the bottom of statement of financial position that will show a reconciliation between opening and closing balances of each component of net assets or net liabilities.
- Statement of Cashflow - restructured such that financing activities will be separated from other items on the statement. Allowing the statement to highlight net cash before financing activities.
- Budget - requirement for presentation of budget figures using the same basis of accounting, accounting principles, scope of activities and classifications as the actual amounts.

The new standard, along with related consequential amendments, will be effective for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted if the corporation adopts the revised conceptual framework at the same time.

Section PS 3150 – Tangible Capital Assets

The amendments introduce revised recognition criteria for tangible capital assets and collections, along with new disclosure requirements for works of art, historical treasures, and other collections. The amendment will provide new guidance for assets acquired substantially below fair market value and on assets constructed and developed. The amendments are effective for fiscal periods beginning on or after April 1, 2030.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

3. Cash and cash equivalents

	2025	2024
Cash on hand	\$ 2,236	\$ 2,236
General bank account	6,152,888	2,714,182
Temporary investments	36,293	1,471,773
Less cash restricted for deferred revenues	(666,717)	(543,193)
	\$ 5,524,700	\$ 3,644,998

Temporary investments are short-term deposits with original maturities of three months or less. Council has designated funds of \$1,784,582 (2024 - \$240,000) included in the above amounts for capital projects. BMO Bank of Montreal has authorized the Town to a maximum overdraft of \$1,000,000. The overdraft bears interest at prime. As at December 31, 2025, there was no balance on the overdraft.

4. Restricted cash and cash equivalents

	2025	2024
Tax sale surplus	\$ 403,518	\$ 98,028
Cash restricted for deferred revenues	666,717	543,193
	\$ 1,070,235	\$ 641,221

5. Taxes and grants in place of taxes

	2025	2024
Current taxes and grants in place of taxes	\$ 308,239	\$ 294,782
Arrears taxes	246,858	203,862
Property acquired	304,808	312,094
	859,905	810,738
Less allowance for doubtful accounts	-	-
	\$ 859,905	\$ 810,738

6. Land held for resale and development

	2025	2024
Land held for resale as financial asset	\$ 4,507,066	\$ 934,396
Land held for development	189,154	189,154
	\$ 4,696,220	\$ 1,123,550

Land held for development is being held by the Town for sale or future development.

The Town holds land held for sale representing the costs related to Prosperity Park land assembly and site servicing costs undertaken by the Town to prepare the industrial sites available for sale.

7. Accounts payable and accrued liabilities

	2025	2024
Trade accounts payable and accrued liabilities	\$ 1,183,375	\$ 2,625,828
Government payroll remittance payable	59,009	46,794
	\$ 1,242,384	\$ 2,672,622

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

8. Accrued employee obligations

	2025		2024	
Vacation	\$	175,497	\$	205,551
Accumulated sick leave		154,987		168,550
	\$	330,484	\$	374,101

The vacation liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The Town also has accumulating non-vesting sick leave benefits. Employees accrue one day of sick time per month to a maximum of twelve days. Sick time is not paid out upon termination or retirement.

9. Deferred revenue

	Opening balance	Received	Recognized as revenue	2025
Capital Grants				
Local Government Fiscal Framework (LGFF)	-	1,658,241	1,424,285	233,956
	-	1,658,241	1,424,285	233,956
Operating Grants				
Alberta Community Partnership (ACP)	192,966	93,744	286,710	-
Other Deferred Revenue	350,227	262,793	180,259	432,761
Balance, end of year	\$ 543,193	3,646,342	3,522,818	666,717

Funding received from the various grant programs noted above are restricted to eligible operating and capital projects as approved in the funding agreements. Unexpended funds related to the funding advances are supported by restricted cash and cash equivalents (Note 4).

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

10. Long-term debt

	2025	2024
Tax supported debentures	\$ 8,606,232	\$ 9,132,269
Self supported debentures	1,534,468	329,990
	\$ 10,140,700	\$ 9,462,258

The current portion of long-term debt amounts to \$723,911 (2024 - \$685,509).

Principal and interest payments for the next five years and to maturity are as follows:

	Principal	Interest	Total
2026	\$ 723,911	328,698	1,052,609
2027	554,006	307,029	861,035
2028	573,268	287,767	861,035
2029	593,218	267,817	861,035
2030	503,738	248,353	752,091
Thereafter	7,192,559	1,924,919	9,117,479
	\$ 10,140,700	\$ 3,364,583	\$ 13,505,284

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.081% to 4.395% per annum and mature in periods 2026 through 2049. The average annual interest rate is 3.22% (2024 – 3.14%).

Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$300,344 (2024 – \$311,320).

11. Debt limits

Section 276(2) Of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town of Vegreville be disclosed as follows:

	2025	2024
Total debt limit	\$ 31,145,565	\$ 28,906,304
Total Debt	(10,140,700)	(9,462,258)
Amount of debt limit unused	21,004,865	19,444,046
Debt servicing limit	\$ 5,190,928	\$ 4,817,717
Debt servicing	(1,052,609)	(980,096)
Amount of debt servicing unused	\$ 4,138,319	\$ 3,837,621

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated as 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. These calculations taken alone do not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

12. Asset retirement obligation

In 2024 the Town of Vegreville retrospectively adopted Section PS 3280 – Asset Retirement Obligations.

Landfill and Lagoon

Alberta environmental law requires closure and post-closure care of landfill sites, which include final covering and landscaping, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspections and maintenance.

The initial asset retirement obligation is based on current year expectations for costs discounted to 1982. Retirement obligations are accreted at the discount rate from the initial obligation created as of 1982, to the end of the useful life of the landfill in the case of closure costs; and to the end of the post closure period for post closure costs. Accreted value of the asset retirement obligations are calculated using the average 10 year long term borrowing rate of 3.4482%. The Town has not designated assets settling closure and post-closure liabilities

Asbestos

The Town owns facilities that contain asbestos, and therefore, the Town is legally required to perform abatement activities, which includes renovation or demolition of the assets, proper handling and disposal of the asbestos.

The initial asset retirement obligation is based on current year expectations for costs discounted to the year in which the facility was purchased. Accreted value of the asset retirement obligations are calculated using the average 10 year long term borrowing rate of 4.50% and assuming an annual inflation of 2.50%. The Town has not designated funds for settling the abatement activities.

The following table summarizes the total accreted value of the asset retirement obligation for the estimated Landfill and Lagoon and asbestos:

	2025	2024
Asset retirement obligation, beginning of year	\$ 7,477,287	\$ 7,219,317
Accretion expense	\$ 267,272	\$ 257,970
Asset retirement obligations, end of year	\$ 7,744,559	\$ 7,477,287

At the current capacity, it is estimated that the Vegreville Sanitary Landfill has approximately 114 years of life remaining.

Post closure care commences 30 days following closure of the landfill and continues for a minimum period of 25 years.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

13. Equity in tangible capital assets

	2025	2024
Tangible capital assets (Schedule 2)	\$ 179,871,620	\$ 180,310,656
Accumulated amortization (Schedule 2)	(117,511,490)	(114,537,348)
Long-term debt (Note 10)	(10,140,700)	(9,462,258)
Asset retirement obligation - buildings	(937,705)	(897,324)
	\$ 51,281,725	\$ 55,413,726

14. Accumulated surplus

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

	2025	2024 Restated
Unrestricted surplus	\$ 1,452,321	\$ (601,265)
Operating reserves	1,347,135	166,882
Capital reserves	1,784,582	240,000
Equity in tangible capital assets (Note 13)	51,281,725	55,412,726
(Schedule 1)	\$ 55,865,765	\$ 55,219,343

15. Segmented disclosure

The Town provides a range of services to its ratepayers. For each reporting segment, revenues and expenses represent 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).

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

16. Salary and benefits

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

	Salaries ⁽¹⁾	Benefits and allowances ⁽²⁾⁽³⁾	2025	2024
T. MacPhee, Mayor	\$ 62,800	10,593	73,393	\$ 78,405
D. Berry, Councillor	31,800	7,240	39,040	51,474
L. Bullock, Councillor	31,400	7,257	38,657	49,380
J. Curtis, Councillor	40,200	8,898	49,098	51,530
J. Lemko, Councillor	39,000	8,806	47,806	51,745
T. Rudyk, Councillor	41,000	8,958	49,958	52,605
T. Warawa, Councillor	30,600	7,197	37,797	50,025
C. Warawa, Councillor	7,900	909	8,809	-
L. Gegoick, Councillor	7,700	1,338	9,038	-
M. Brodziak, Councillor	7,500	879	8,379	-
CAO (1)	170,816	37,982	208,797	203,269
Town Directors (2)	318,636	45,920	364,555	396,872

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employers share of all employee benefits and contribution or payments made on behalf of employees including, pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, short and long term disability plans, professional memberships and tuition.
3. Benefits and allowances include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

17. Local Authorities Pension Plan

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund.

Contributions for current service are recorded as expenditures in the year in which they come due.

The Town is required to make current service contributions to the LAPP of 8.45% (2024 – 8.45%) of pensionable earnings up to the year’s maximum pensionable earnings under the Canada Pension Plan and 11.65% (2024 – 12.23%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2025 were \$416,949 (2024 - \$411,787). Total current service contributions by the employees of the Town to the LAPP in 2025 were \$373,858 (2024 – 365,604).

As at December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.6 billion.

18. Financial instruments

The Town’s financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management’s opinion that the Town is not exposed to significant interest or currency risks from these financial instruments.

The Town 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 Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

19. Contingencies

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

20. Budget amounts

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

21. Comparative figures

Certain comparative figures have been reclassified to correspond with the current year presentation.

22. Approval of financial statements

Council and Management have approved these consolidated financial statements.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2025

23. Prior period adjustment

During the year, the Town received grant funding that was not recorded as receivable in the 2024 audited financial statements. Comparative figures have been restated accordingly.

	2024
Adjustment to due from governments	
As previously reported	\$ 1,230,512
Adjustments to record grant revenue receivable	854,608
As restated	\$ 2,085,120
Adjustment to government transfers for capital	
As previously reported	\$ 1,766,255
Adjustments to record government transfer for capital	854,608
As restated	\$ 2,620,863
Adjustment to accumulated surplus	
As previously reported	\$ (1,455,873)
Adjustments to accumulated surplus	854,608
As restated	\$ (601,269)