

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Town of Vegreville

Opinion

We have audited the consolidated financial statements of Town of Vegreville, which comprise of the statement of financial position at December 31, 2022, and the statements of operations, change in net debt 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 financial position of the Town as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Town in accordance with the 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 those 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 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.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

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Independent Auditor's Report to the Mayor and Council of Town of Vegreville (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Wilde & Company

Vegreville, AB
April 24, 2023

Chartered Professional Accountants

Management's Responsibility for Reporting

For the Year Ended December 31, 2022

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

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 Wilde and Company Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Town. Wilde and Company has full and free access to Council.



Chief Administrative Officer



Corporate Services Director

TOWN OF VEGREVILLE
Consolidated Statement of Financial Position
For the year ended December 31, 2022

	2022	2021
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 7,331,520	\$ 6,665,314
Restricted cash and cash equivalents (Note 4)	2,280,101	2,617,563
Receivables		
Taxes and grants in place of taxes (Note 5)	682,939	582,086
Due from governments	661,422	1,074,797
Trade and other receivables	632,989	565,653
Land held for resale (Note 6)	1,196,359	1,384,152
	12,785,330	12,889,565
Liabilities		
Accounts payable and accrued liabilities (Note 7)	2,759,241	1,862,592
Accrued employee obligations (Note 8)	434,025	550,752
Deferred revenue (Note 9)	2,280,101	2,617,563
Long-term debt (Note 10)	10,773,023	11,399,521
Asset retirement obligation (Note 12)	1,339,862	1,284,393
	17,586,252	17,714,821
Net Debt	(4,800,922)	(4,825,256)
Non-Financial Assets		
Tangible capital assets (Schedule 2)	61,575,204	58,236,865
Inventory for consumption	104,739	106,698
Prepaid expenses	64,833	47,379
Land held for development (Note 6)	189,154	189,154
	61,933,930	58,580,096
Accumulated Surplus (Schedule 1, Note 14)	\$ 57,133,008	\$ 53,754,840

Contingencies (Note 19)

TOWN OF VEGREVILLE
Consolidated Statement of Operations
For the Year Ended December 31, 2022

	Budget (unaudited)	2022	2021
Revenues			
Net municipal taxes (Schedule 3)	\$ 9,196,345	\$ 9,182,424	\$ 9,042,665
User fees and sales of goods and services	4,004,598	4,313,418	4,098,580
Government transfers for operating (Schedule 4)	1,590,833	1,586,189	2,410,350
Investment Income	80,000	253,195	95,748
Franchise and concession contracts	1,490,000	1,501,667	1,189,219
Fines, licenses, permits and penalties	254,500	271,567	331,620
Other	571,296	824,321	342,656
	17,187,572	17,932,781	17,510,838
Expenses			
General government services	2,464,978	2,224,507	2,608,604
Protective Services	2,344,244	2,450,305	2,502,080
Recreation, parks and culture	3,216,560	3,365,581	3,065,172
Facilities	1,777,175	1,944,283	2,034,110
Community services	1,176,280	1,043,882	1,006,207
Public works	4,577,956	4,245,121	4,519,187
Utilities	2,687,613	2,716,211	2,654,766
Municipal services	1,889,295	1,901,980	1,751,149
Subdivision and development services	215,621	359,911	286,493
	20,349,722	20,251,781	20,427,768
Deficiency of revenue over expenses – before other	(3,162,150)	(2,319,000)	(2,916,930)
Other			
Gain on disposal of tangible capital assets	-	1,947	4,485
Government transfers for capital (Schedule 4)	4,125,000	5,695,221	2,167,900
Surplus (deficiency) of revenue over expenses	962,850	3,378,168	(744,545)
Accumulated surplus, beginning of year	53,754,840	53,754,840	54,499,385
Accumulated surplus, end of year	\$ 54,717,690	\$ 57,133,008	\$ 53,754,840

TOWN OF VEGREVILLE
Consolidated Statement of Change in Net Debt
For the Year Ended December 31, 2022

	Budget (unaudited)	2022	2021
Deficiency of revenue over expenses	\$ 962,850	\$ 3,378,168	\$ (744,545)
Acquisition of tangible capital assets	(308,000)	(7,197,137)	(4,412,329)
Amortization of tangible capital assets	3,948,537	3,774,577	3,758,114
Proceeds on disposal of tangible capital assets	-	86,168	-
Gain on disposal of tangible capital assets	-	(1,947)	(4,485)
	3,640,537	(3,338,339)	(658,700)
Acquisition (use) of inventory for consumption	-	1,959	(22,886)
Acquisition (use) of prepaid expenses	-	(17,454)	3,458
Additions to land held for resale	-	-	809,371
	-	(15,495)	789,943
Decrease (increase) in net debt	4,603,387	24,334	(613,302)
Net debt, beginning of year	(4,825,256)	(4,825,256)	(4,211,954)
Net debt, end of year	\$ (221,869)	\$ (4,800,922)	\$ (4,825,256)

TOWN OF VEGREVILLE
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash received from (paid to):		
Property taxes and penalties on taxes	\$ 11,424,977	\$ 13,101,090
Other levels of government	7,694,785	3,884,755
Sale of goods and services	5,261,630	4,532,810
Sale of land held for resale	187,793	(44,072)
Franchise agreements	1,462,213	1,326,852
Investment earnings	253,195	95,748
Employees and Council	(7,822,545)	(7,460,741)
Requisitioning authorities	(2,223,611)	(2,201,397)
Suppliers, vendors and contractors	(7,366,888)	(8,153,701)
Local boards and agencies	(70,114)	(77,853)
Bank fees and charges	(44,164)	(30,098)
Interest on long-term debt	(353,599)	(372,063)
Net cash provided by operating activities	8,403,672	4,601,330
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(7,197,137)	(4,412,329)
Proceeds on disposition	86,168	-
Net cash used in capital activities	(7,110,969)	(4,412,329)
INVESTING ACTIVITIES		
Decrease in investments	-	-
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Long-term debt repaid	(626,497)	(608,030)
Net cash used in financing activities	(626,497)	(608,030)
Change in cash and cash equivalents during the year	666,206	(419,029)
Cash and cash equivalents, beginning of year	6,665,314	7,084,343
Cash and cash equivalents, end of year	\$ 7,331,520	\$ 6,665,314

TOWN OF VEGREVILLE

Schedule of Changes in Accumulated Surplus For the year ended December 31, 2022

(Schedule 1)

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Assets	2022 \$
Balance, beginning of year	732,252	1,294,496	4,890,748	46,837,344	53,754,840
Deficiency of revenues over expenses	3,378,168	-	-	-	3,378,168
Unrestricted funds designated for future use	(1,493,208)	1,071,611	421,597	-	-
Restricted funds used for operations	481,786	(481,786)	-	-	-
Restricted funds used for tangible capital assets	-	-	(1,264,025)	1,264,025	-
Current year funds used for tangible capital assets	(5,933,114)	-	-	5,933,114	-
Annual amortization expense	3,774,577	-	-	(3,774,577)	-
Disposal of tangible capital assets	529,991	-	-	(529,991)	-
Accumulated amortization on disposal of tangible capital assets	(445,770)	-	-	445,770	-
Long-term debt repaid	(626,496)	-	-	626,496	-
Change in accumulated surplus	(334,066)	589,825	(842,428)	3,964,837	3,378,168
Balance, end of year - 2022	398,186	1,884,321	4,048,320	50,802,181	57,133,008
					2021
Balance, beginning of year	1,563,268	2,000,054	5,365,449	45,570,614	54,499,385
Deficiency of revenues over expenses	(744,545)	-	-	-	(744,545)
Reallocation to restricted capital reserve	(925,000)	(32,331)	957,331	-	-
Unrestricted funds designated for future use	(787,621)	539,787	247,835	-	-
Restricted funds used for operations	1,213,014	(1,213,014)	-	-	-
Restricted funds used for tangible capital assets	-	-	(1,679,867)	1,679,867	-
Current year funds used for tangible capital assets	(2,732,462)	-	-	2,732,462	-
Annual amortization expense	3,758,114	-	-	(3,758,114)	-
Disposal of tangible capital assets	(4,485)	-	-	4,485	-
Long-term debt repaid	(608,030)	-	-	608,030	-
Change in accumulated surplus	(831,015)	(705,558)	(474,701)	1,266,730	(744,545)
Balance, end of year - 2021	732,252	1,294,496	4,890,748	46,837,344	53,754,840

TOWN OF VEGREVILLE

Schedule of Tangible Capital Assets

(Schedule 2)

For the Year Ended December 31, 2022

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2022 \$
Cost:							
Balance, beginning of year	3,094,385	24,790,334	117,076,475	10,359,563	5,821,891	2,066,901	163,209,549
Acquisition of tangible capital assets	-	106,083	126,370	94,480	-	6,870,204	7,197,137
Reclassification of tangible capital assets	-	-	139,396	-	-	(139,396)	-
Disposal of tangible capital assets	-	-	-	(387,570)	(142,421)	-	(529,991)
Balance, end of year	3,094,385	24,896,417	117,342,241	10,066,473	5,679,470	8,797,709	169,876,695
Accumulated Amortization:							
Balance, beginning of year	-	10,544,770	83,497,340	7,245,119	3,685,455	-	104,972,684
Annual amortization	-	462,831	2,472,389	469,319	370,038	-	3,774,577
Accumulated amortization on disposals	-	-	-	(303,349)	(142,421)	-	(445,770)
Balance, end of year	-	11,007,601	85,969,729	7,411,089	3,913,072	-	108,301,491
Net book value -2022	3,094,385	13,888,816	31,372,512	2,655,384	1,766,398	8,797,709	61,575,204
	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2021
Cost:							
Balance, beginning of year	3,094,385	24,790,334	115,985,714	9,331,990	5,589,305	419,249	159,210,977
Acquisition of tangible capital assets	-	-	1,504,518	1,027,573	232,586	1,647,652	4,412,329
Disposal of tangible capital assets	-	-	(413,757)	-	-	-	(413,757)
Balance, end of year	3,094,385	24,790,334	117,076,475	10,359,563	5,821,891	2,066,901	163,209,549
Accumulated Amortization:							
Balance, beginning of year	-	10,172,948	81,194,951	6,868,629	3,396,284	-	101,632,812
Annual amortization	-	371,822	2,720,631	376,490	289,171	-	3,758,114
Accumulated amortization on disposals	-	-	(418,242)	-	-	-	(418,242)
Balance, end of year	-	10,544,770	83,497,340	7,245,119	3,685,455	-	104,972,684
Net book value -2021	3,094,385	14,245,564	33,579,135	3,114,444	2,136,436	2,066,901	58,236,865

TOWN OF VEGREVILLE**Schedule of Property and Other Taxes****(Schedule 3)****For the Year Ended December 31, 2022**

		Budget (unaudited)	2022	2021
Taxation				
Real property taxes	\$	9,839,480	\$ 9,878,032	\$ 9,578,815
Designated Industrial Property taxes		553,538	539,966	660,517
Government grants in place of property taxes		1,004,724	988,037	1,004,730
		11,397,742	11,406,035	11,244,062
Requisitions				
Alberta School Foundation Fund		2,048,530	2,020,973	2,048,530
Minburn Senior's Foundation		150,884	200,699	150,884
Designated Industrial Properties		1,983	1,939	1,983
		2,201,397	2,223,611	2,201,397
Net Municipal Taxes	\$	9,196,345	\$ 9,182,424	\$ 9,042,665

TOWN OF VEGREVILLE**Schedule of Government Transfers****(Schedule 4)****For the Year Ended December 31, 2022**

		Budget (unaudited)	2022	2021
Transfers for Operating				
Federal Government	\$	9,450	\$ 41,179	\$ 28,029
Provincial Government		964,477	934,432	1,778,106
Local Government		616,906	610,578	604,215
		1,590,833	1,586,189	2,410,350
Transfers for Capital				
Provincial Government		4,125,000	5,695,221	2,167,900
		4,125,000	5,695,221	2,167,900
Total Government Transfers	\$	5,715,833	\$ 7,281,410	\$ 4,578,250

TOWN OF VEGREVILLE**Schedule of Consolidated Expenses by Object****(Schedule 5)****For the Year Ended December 31, 2022**

		Budget (unaudited)	2022	2021
Consolidated Expenses by Object				
Salaries, wages and benefits	\$	7,918,318	\$ 7,705,819	\$ 7,665,257
Contracted and general services		3,222,423	2,897,357	3,628,124
Purchases from other governments		1,142,671	1,236,875	1,341,111
Materials, goods, supplies and utilities		3,588,932	3,939,180	3,499,529
Other transactions, allowances and adjustments		64,000	233,440	58,465
Transfers to local boards and agencies		85,740	70,114	77,853
Bank charges and short-term interest		25,500	44,164	30,097
Interest on long term debt		353,601	350,255	369,218
Amortization of tangible capital assets		3,948,537	3,774,577	3,758,114
	\$	20,349,722	\$ 20,251,781	\$ 20,427,768

TOWN OF VEGREVILLE

Schedule of Segmented Disclosure

For the Year Ended December 31, 2022

(Schedule 6)

	General Government	Protective Services	Recreation, Parks & Culture	Facilities	Community Services	Public Works	Utilities	Municipal Services	Planning & Development	2022
REVENUES										
Net municipal taxes	9,182,424	0	0	0	0	0	0	0	0	9,182,424
Government transfers	52,653	418,404	518,812	0	489,323	14,682	63,634	90,925	5,632,977	7,281,410
User fees and sale of goods	9,083	235,790	316,666	0	11,861	431,302	2,270,157	862,164	176,395	4,313,418
Franchise fees	1,501,667	0	0	0	0	0	0	0	0	1,501,667
Investment income	253,195	0	0	0	0	0	0	0	0	253,195
Other	145,557	46,826	155,272	289,084	29,685	317,998	192	17,879	95,342	1,097,835
	11,144,579	701,020	990,750	289,084	530,869	763,982	2,333,983	970,968	5,904,714	23,629,949
EXPENSES										
Salaries, wages and benefits	1,461,719	724,575	1,676,482	216,978	807,427	866,133	649,502	1,182,954	120,049	7,705,819
Contracted and general services	591,134	1,389,311	580,893	551,845	141,754	423,640	239,811	171,400	44,444	4,134,232
Materials, goods, supplies and utilities	68,266	120,026	701,942	515,600	24,587	956,971	1,324,324	223,963	3,501	3,939,180
Transfers to local boards and agencies	0	0	0	0	70,114	0	0	0	0	70,114
Interest on long-term debt	0	4,375	12,629	285,546	0	34,582	13,123	0	0	350,255
Other	84,268	9,954	1,424	0	0	(89,129)	(3,099)	86,393	187,793	277,604
	2,205,387	2,248,241	2,973,370	1,569,969	1,043,882	2,192,197	2,223,661	1,664,710	355,787	16,477,204
Net revenue (expense) before amortization	8,939,192	(1,547,221)	(1,982,620)	(1,280,885)	(513,013)	(1,428,215)	110,322	(693,742)	5,548,926	7,152,744
Amortization	19,120	202,064	392,211	374,314	0	2,050,977	492,550	239,217	4,124	3,774,577
Net Revenue (expense)	8,920,072	(1,749,285)	(2,374,831)	(1,655,199)	(513,013)	(3,479,192)	(382,228)	(932,959)	5,544,803	3,378,168
										2021
REVENUES										
Net municipal taxes	9,042,665	0	0	0	0	0	0	0	0	9,042,665
Government transfers	153,092	415,947	994,693	222,742	519,343	910,119	167,014	76,125	1,119,174	4,578,249
User fees and sale of goods	9,065	227,754	183,925	0	19,130	419,690	2,267,535	911,095	60,386	4,098,580
Franchise fees	1,189,219	0	0	0	0	0	0	0	0	1,189,219
Investment income	95,748	0	0	0	0	0	0	0	0	95,748
Other	207,709	36,601	90,979	171,877	23,027	21,580	0	21,966	100,538	674,277
	10,697,497	680,302	1,269,597	394,619	561,500	1,351,389	2,434,549	1,009,186	1,280,098	19,678,738
EXPENSES										
Salaries, wages and benefits	1,680,351	756,799	1,543,765	200,557	722,212	807,353	634,583	1,160,626	159,011	7,665,257
Contracted and general services	746,028	1,474,273	696,297	845,259	178,956	549,575	226,555	216,879	35,413	4,969,235
Materials, goods, supplies and utilities	68,100	94,932	522,372	415,054	42,184	822,899	1,297,939	229,057	6,992	3,499,529
Transfers to local boards and agencies	0	15,000	0	0	62,853	0	0	0	0	77,853
Interest on long-term debt	0	5,426	13,372	296,076	0	39,818	14,526	0	0	369,218
Other	95,006	7,118	384	(100,000)	0	2,374	(4,984)	3,226	80,953	84,077
	2,589,485	2,353,548	2,776,190	1,656,946	1,006,205	2,222,019	2,168,619	1,609,788	282,369	16,665,169
Net revenue (expense) before amortization	8,108,013	(1,673,246)	(1,506,593)	(1,262,327)	(444,705)	(870,630)	265,930	(600,602)	999,729	3,013,569
Amortization	19,120	148,532	288,982	377,165	0	2,297,613	481,216	141,362	4,124	3,758,114
Net Revenue (expense)	8,088,893	(1,821,778)	(1,795,575)	(1,639,492)	(444,705)	(3,168,243)	(215,286)	(741,964)	993,605	(744,545)

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

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, 2022

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, 2022

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, 2022

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.

Section PS 1201 – Financial Statement Presentation

Section PS1201 and section PS2601 have been amended to introduce an irrevocable accounting policy election arising from a foreign currency transaction. These amendments are effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted.

Section PS 2601 – Foreign Currency Translation

This section has been amended to introduce an irrevocable accounting policy election available to financial assets and financial liabilities arising from a foreign currency transaction. This allows public sector entities to elect on initial recognition to recognize their exchange gains and losses on a financial asset or financial liability directly in the statement of operations. This amendment is effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted.

Section PS 3041 – Portfolio Investments

This section applies in the period section PS 1201 Financial Statement Presentation, section PS 2601 Foreign Currency Translation and section PS 3450 Financial Instruments are adopted (fiscal years beginning on or after April 1, 2022).

Section PS 3160 – Public Private Partnerships

This new section establishes standards on how to account for public private partnership arrangements. This new section is effective for fiscal periods beginning on or after April 1, 2023. Earlier adoption is permitted.

Section PS 3400 – Revenue

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The new section applies to fiscal periods beginning on or after April 1, 2023. Earlier adoption is permitted.

Section PS 3450 - Financial Instruments

The new section establishes standards for recognizing and measuring financial assets, financial liabilities, and non-financial derivatives. In conjunction with this new section, section PS1201, section PS 2601 and section 3041 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new section. The new section and the related amendments are effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
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Guideline PSG-8 – Purchased Intangibles

This new guideline explains the scope of intangibles allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in section PS 1000. This new guideline is effective for fiscal periods beginning on or after April 1, 2023.

3. Cash and cash equivalents

	2022	2021
Cash on hand	\$ 2,461	\$ 2,161
General bank account	2,416,854	6,764,340
Temporary investments	7,192,306	2,516,376
Less cash restricted for deferred revenues	(2,280,101)	(2,617,563)
	\$ 7,331,520	\$ 6,665,314

Temporary investments are short-term deposits with original maturities of three months or less. Council has designated funds of \$4,048,320 (2021 - \$4,890,748) 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, 2022, there was no balance on the overdraft.

4. Restricted cash and cash equivalents

	2022	2021
Cash restricted for deferred revenues	\$ 2,280,101	\$ 2,617,563

5. Taxes and grants in place of taxes

	2022	2021
Current taxes and grants in place of taxes	\$ 289,007	\$ 185,689
Arrears taxes	103,317	86,410
Property acquired	294,602	313,974
	686,926	586,073
Less allowance for doubtful accounts	(3,987)	(3,987)
	\$ 682,939	\$ 582,086

6. Land held for resale and development

	2022	2021
Land held for resale as financial asset	\$ 1,196,359	\$ 1,384,152
Land held for development	189,154	189,154
	\$ 1,385,513	\$ 1,573,306

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

7. Accounts payable and accrued liabilities

	2022	2021
Trade accounts payable and accrued liabilities	\$ 2,654,623	\$ 1,767,138
Government payroll remittance payable	104,618	95,454
	\$ 2,759,241	\$ 1,862,592

8. Accrued employee obligations

	2022	2021
Vacation	\$ 318,387	\$ 397,681
Accumulated sick leave	115,638	153,071
	\$ 434,025	\$ 550,752

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

	2022	2021
Municipal Sustainability grant	\$ 1,198,373	\$ 1,703,412
Strategic Transportation Infrastructure Program	-	576,181
Family Community Support Services grant	92,777	124,548
Gas Tax Fund	684,805	-
Specified donations	10,408	10,408
Other	293,738	203,014
	\$ 2,280,101	\$ 2,617,563

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, 2022

10. Long-term debt

	2022	2021
Tax supported debentures	\$ 10,150,636	\$ 10,630,227
Self supported debentures	622,387	769,294
	\$ 10,773,023	\$ 11,399,521

The current portion of long-term debt amounts to \$645,551 (2021 - \$626,496).

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

	Principal	Interest	Total
2023	\$ 645,551	335,553	981,104
2024	665,215	315,929	981,144
2025	685,509	295,676	981,185
2026	678,635	274,774	953,409
2027	506,867	255,012	761,879
Thereafter	7,591,246	2,242,853	9,834,099
	\$ 10,773,023	\$ 3,719,797	\$ 14,492,820

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 3.14% (2021 – 3.14%).

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

Interest on long-term debt amounted to \$350,255 (2021 – \$369,218).

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:

	2022	2021
Total debt limit	\$ 26,899,172	\$ 26,266,257
Total Debt	(10,773,023)	(11,399,521)
Amount of debt limit unused	16,126,149	14,866,736
Debt servicing limit	\$ 4,483,195	\$ 4,377,710
Debt servicing	(981,104)	(980,763)
Amount of debt servicing unused	\$ 3,502,091	\$ 3,396,947

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, 2022

12. Asset retirement obligation

In 2019 the Town of Vegreville retrospectively adopted Section PS 3280 – Asset Retirement Obligations.

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 following table summarizes the total accreted value of the asset retirement obligation for the estimated costs of closure and post-closure care:

	2022	2021
Estimated closure costs, beginning of year	\$ 1,254,230	\$ 1,212,423
Accretion expense	54,251	41,807
Estimated closure costs, end of year	\$ 1,308,481	\$ 1,254,230
Estimated post closure costs, beginning of year	\$ 30,163	\$ 29,158
Accretion expense	1,218	1,005
Estimated post closure costs, end of year	\$ 31,381	\$ 30,163
Total closure and post closure costs, end of year	\$ 1,339,862	\$ 1,284,393

At the current capacity, it is estimated that the Vegreville Sanitary Landfill has approximately 117 years of life remaining.

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

The Town has not designated assets settling closure and post-closure liabilities.

13. Equity in tangible capital assets

	2022	2021
Tangible capital assets (Schedule 2)	\$ 169,876,695	\$ 163,209,549
Accumulated amortization (Schedule 2)	(108,301,491)	(104,972,684)
Long-term debt (Note 10)	(10,773,023)	(11,399,521)
	\$ 50,802,181	\$ 46,837,344

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

14. Accumulated surplus

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

	2022	2021
Unrestricted surplus	\$ 398,186	\$ 732,252
Restricted surplus		
Operating reserves	1,884,321	1,294,496
Capital reserves	4,048,320	4,890,748
Equity in tangible capital assets (Note 13)	50,802,181	46,837,344
	\$ 57,133,008	\$ 53,754,840

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).

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⁾	2022	2021
T. MacPhee, Mayor	\$ 56,000	\$ 9,231	\$ 65,231	\$ 61,366
D. Berry, Councillor	29,300	7,184	36,484	34,437
M. Brodziak, Councillor	-	-	-	24,964
L. Bullock, Councillor	30,900	7,349	38,249	6,579
J. Curtis, Councillor	29,800	7,266	37,066	7,226
J. Lemko, Councillor	29,200	7,221	36,421	35,566
T. Rudyk, Councillor	29,600	7,250	36,850	37,716
T. Warawa, Councillor	27,000	7,056	34,056	33,201
A. Waters, Councillor	-	-	-	27,807
Town Manager (2)	164,198	33,712	197,910	434,686
Town Directors (3)	389,053	58,269	447,322	488,562
	\$ 785,051	\$ 144,538	\$ 929,589	\$ 1,192,110

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

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.

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% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2022 were \$380,076 (2021 - \$445,999). Total current service contributions by the employees of the Town to the LAPP in 2022 were \$338,731 (2021 - \$402,693).

As at December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 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.

The Town is named as a defendant in a lawsuit alleging breach of contract. The Town has filed a statement of defence denying the allegations. No amount has been accrued as a liability in these financial statements as the amount of the liability, if any, cannot be reasonably estimated at this time.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

20. Subsequent events

The Town of Vegreville sold the property located at 6620 Highway 16A West subsequent to year end for \$2,700,000. In conjunction with this sale, the Town purchased the property at 4834 50th Avenue for \$268,000. These transactions do not require adjustment of financial statements as no agreement was entered into until after December 31, 2022.

21. Approval of financial statements

Council and Management have approved these consolidated financial statements.

22. Budget amounts

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