

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Town of Vegreville

### *Qualified Opinion*

We have audited the consolidated financial statements of Town of Vegreville (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of changes in accumulated surplus and operations, changes in net financial assets, for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the municipality as at December 31, 2023, 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 Qualified Opinion*

The municipality's asset retirement obligations are carried at \$1,399,156 in the statement of financial position. We were unable to obtain sufficient appropriate audit evidence regarding the municipality's asset retirement obligations as of December 31, 2023 as the municipality did not have available information necessary to accurately calculate the fair value of these obligations. Items identified but not addressed include, but are not limited to, lagoons, buildings and infrastructure. The municipality plans to engage a third party in 2024 to evaluate the scope of application of PS3280 and estimate the financial liabilities that arise. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

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 qualified audit 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.

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

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

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

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

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

*Wilde & Company*

Vegreville, AB  
April 22, 2024

Chartered Professional Accountants

## **Management's Responsibility for Reporting**

### **For the Year Ended December 31, 2023**

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, 2023**

	2023	2022
<b>Financial Assets</b>		
Cash and cash equivalents (Note 3)	\$ 7,157,482	\$ 7,331,520
Restricted cash and cash equivalents (Note 4)	1,274,284	2,280,101
Receivables		
Taxes and grants in place of taxes (Note 5)	739,693	682,939
Due from governments	1,798,811	661,422
Trade and other receivables	679,570	632,989
Land held for resale (Note 6)	1,507,137	1,196,359
	<b>13,156,977</b>	<b>12,785,330</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	3,779,311	2,759,241
Accrued employee obligations (Note 8)	407,807	434,025
Deferred revenue (Note 9)	1,188,612	2,280,101
Long-term debt (Note 10)	10,127,473	10,773,023
Asset retirement obligation (Note 12)	1,399,156	1,339,862
	<b>16,902,359</b>	<b>17,586,252</b>
<b>Net Debt</b>	<b>(3,745,382)</b>	<b>(4,800,922)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule 2)	62,347,769	61,575,204
Inventory for consumption	109,923	104,739
Prepaid expenses	79,194	64,833
Land held for development (Note 6)	189,154	189,154
	<b>62,726,039</b>	<b>61,933,930</b>
<b>Accumulated Surplus (Schedule 1, Note 14)</b>	<b>\$ 58,980,658</b>	<b>\$ 57,133,008</b>

**Contingencies (Note 20)**

**TOWN OF VEGREVILLE**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2023**

	<b>Budget (unaudited)</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>			
Net municipal taxes (Schedule 3)	\$ 9,371,398	\$ 9,316,196	\$ 9,182,424
User fees and sales of goods and services	3,996,484	4,622,380	4,313,418
Government transfers for operating (Schedule 4)	1,577,790	1,841,033	1,586,189
Investment Income	1,460,000	1,391,285	253,195
Franchise and concession contracts	150,000	535,407	1,501,667
Fines, licenses, permits and penalties	336,550	303,960	271,567
Other	576,386	640,262	824,321
	17,468,608	18,650,523	17,932,781
<b>Expenses</b>			
General government services	2,863,464	2,892,941	2,224,507
Protective Services	2,673,252	2,832,307	2,450,305
Recreation, parks and culture	3,086,721	3,355,545	3,365,581
Facilities	1,749,560	1,760,767	1,944,283
Community services	919,878	879,275	1,043,882
Public works	4,661,287	4,214,192	4,245,121
Utilities	2,652,100	2,806,623	2,716,211
Municipal services	2,039,772	1,954,253	1,901,980
Subdivision and development services	221,729	285,317	359,911
	20,867,763	20,981,220	20,251,781
<b>Deficiency of revenue over expenses – before other</b>	<b>(3,399,155)</b>	<b>(2,330,697)</b>	<b>(2,319,000)</b>
<b>Other</b>			
Contributed assets	-	918,582	-
Gain/(Loss) on disposal of tangible capital assets	-	(772,467)	1,947
Government transfers for capital (Schedule 4)	2,475,000	4,032,232	5,695,221
<b>Surplus (deficiency) of revenue over expenses</b>	<b>(924,155)</b>	<b>1,847,650</b>	<b>3,378,168</b>
Accumulated surplus, beginning of year	57,133,008	57,133,008	53,754,840
<b>Accumulated surplus, end of year</b>	<b>\$ 56,208,853</b>	<b>\$ 58,980,658</b>	<b>\$ 57,133,008</b>

**TOWN OF VEGREVILLE**  
**Consolidated Statement of Change in Net Debt**  
**For the Year Ended December 31, 2023**

	<b>Budget</b> (unaudited)	<b>2023</b>	<b>2022</b>
Excess (deficiency) of revenue over expenses	\$ (924,155)	\$ 1,847,650	\$ 3,378,168
Acquisition of tangible capital assets	(479,500)	(6,783,399)	(7,197,137)
Amortization of tangible capital assets	3,948,537	3,401,740	3,774,577
Contributed tangible capital assets	-	(918,582)	-
Proceeds on disposal of tangible capital assets	-	2,755,208	86,168
Loss (gain) on disposal of tangible capital assets	-	772,467	(1,947)
	3,469,037	(772,566)	(3,338,339)
Use/(acquisition) of inventory for consumption	-	(5,184)	1,959
Use of prepaid expenses	-	(14,361)	(17,454)
	-	(19,545)	(15,495)
Decrease in net debt	2,544,882	1,055,539	24,334
Net debt, beginning of year	(4,800,922)	(4,800,922)	(4,825,256)
Net debt, end of year	\$ (2,256,040)	\$ (3,745,383)	\$ (4,800,922)

**TOWN OF VEGREVILLE**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
<b>Cash received from (paid to):</b>		
Property taxes and penalties on taxes	\$ 11,446,215	\$ 11,424,977
Other levels of government	4,735,877	7,694,785
Sale of goods and services	5,325,727	5,261,630
Sale of land held for resale	(310,779)	187,793
Franchise agreements	1,433,191	1,462,213
Investment earnings	535,407	253,195
Employees and Council	(8,545,931)	(7,822,545)
Requisitioning authorities	(2,120,058)	(2,223,611)
Suppliers, vendors and contractors	(7,515,899)	(7,366,888)
Local boards and agencies	(110,575)	(70,114)
Bank fees and charges	(38,929)	(44,164)
Interest on long-term debt	(334,545)	(353,599)
<b>Net cash provided by operating activities</b>	<b>4,499,701</b>	<b>8,403,672</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(6,783,396)	(7,197,137)
Proceeds on disposition	2,755,208	86,168
<b>Net cash used in capital activities</b>	<b>(4,028,188)</b>	<b>(7,110,969)</b>
<b>FINANCING ACTIVITIES</b>		
Long-term debt repaid	(645,550)	(626,497)
<b>Net cash used in financing activities</b>	<b>(645,550)</b>	<b>(626,497)</b>
<b>Change in cash and cash equivalents during the year</b>	<b>(174,037)</b>	<b>666,206</b>
Cash and cash equivalents, beginning of year	7,331,520	6,665,314
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,157,482</b>	<b>\$ 7,331,520</b>

# TOWN OF VEGREVILLE

## Schedule of Changes in Accumulated Surplus For the year ended December 31, 2023

(Schedule 1)

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Assets	2023 \$
Balance, beginning of year	398,186	1,884,321	4,048,320	50,802,181	57,133,008
Deficiency of revenues over expenses	1,847,650	-	-	-	1,847,650
Unrestricted funds designated for future use	(510,275)	150,274	360,001	-	-
Restricted funds used for operations	470,268	(470,268)	-	-	-
Restricted funds used for tangible capital assets	-	-	(841,554)	841,554	-
Current year funds used for tangible capital assets	(5,941,842)	-	-	5,941,842	-
Contributed tangible capital assets	(918,582)	-	-	918,582	-
Annual amortization expense	3,401,740	-	-	(3,401,740)	-
Disposal of tangible capital assets	4,149,880	-	-	(4,149,880)	-
Accumulated amortization on disposal of tangible capital assets	(622,205)	-	-	622,205	-
Long-term debt repaid	(645,550)	-	-	645,550	-
Change in accumulated surplus	1,231,084	(319,994)	(481,553)	1,418,113	1,847,650
Balance, end of year - 2023	1,629,270	1,564,327	3,566,767	52,220,294	58,980,658
					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



# TOWN OF VEGREVILLE

## Schedule of Tangible Capital Assets

(Schedule 2)

### For the Year Ended December 31, 2023

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2023 \$
<b>Cost:</b>							
Balance, beginning of year	3,094,385	24,896,417	117,342,241	10,066,473	5,679,470	8,797,709	169,876,695
Acquisition of tangible capital assets	-	14,054	1,609,621	666,142	525,272	4,886,892	7,701,980
Reclassification of tangible capital assets	-	-	47,299	-	-	(47,299)	-
Disposal of tangible capital assets	(1,258,468)	(2,824,282)	(10,591)	(56,539)	-	-	(4,149,880)
Balance, end of year	1,835,917	22,086,189	118,988,570	10,676,075	6,204,742	13,637,301	173,428,794
<b>Accumulated Amortization:</b>							
Balance, beginning of year	-	11,007,601	85,969,729	7,411,089	3,913,072	-	108,301,491
Annual amortization	-	465,238	2,260,946	401,034	274,522	-	3,401,740
Accumulated amortization on disposals	-	(596,462)	(8,782)	(16,962)	-	-	(622,206)
Balance, end of year	-	10,876,377	88,221,893	7,795,162	4,187,594	-	111,081,026
<b>Net book value -2023</b>	1,835,917	11,209,812	30,766,677	2,880,914	2,017,148	13,637,301	62,347,769
	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2022
<b>Cost:</b>							
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
<b>Accumulated Amortization:</b>							
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
<b>Net book value -2022</b>	3,094,385	13,888,816	31,372,512	2,655,384	1,766,398	8,797,709	61,575,204

**TOWN OF VEGREVILLE****Schedule of Property and Other Taxes****(Schedule 3)****For the Year Ended December 31, 2023**

		<b>Budget (unaudited)</b>	<b>2023</b>	<b>2022</b>
<b>Taxation</b>				
Real property taxes	\$	10,067,191	\$ 9,884,711	\$ 9,878,032
Designated Industrial Property taxes		548,372	552,453	539,966
Government Grants in Place of Property taxes		1,007,048	999,090	988,037
		11,622,611	11,436,254	11,406,035
<b>Requisitions</b>				
Alberta School Foundation Fund		2,048,530	1,918,435	2,020,973
Minburn Senior's Foundation		200,699	199,718	200,699
Designated Industrial Property		1,983	1,905	1,939
		2,251,213	2,120,058	2,223,611
<b>Net Municipal Taxes</b>	\$	9,371,398	\$ 9,316,196	\$ 9,182,424

**TOWN OF VEGREVILLE****Schedule of Government Transfers****(Schedule 4)****For the Year Ended December 31, 2023**

		<b>Budget</b> (unaudited)	<b>2023</b>	<b>2022</b>
<b>Transfers for Operating</b>				
Federal Government	\$	45,150	\$ 29,234	\$ 41,179
Provincial Government		914,400	1,199,301	934,432
Local Government		618,240	612,498	610,578
		1,577,790	1,841,033	1,586,189
<b>Transfers for Capital</b>				
Provincial Government		2,475,000	4,032,232	5,695,221
		2,475,000	4,032,232	5,695,221
<b>Total Government Transfers</b>	\$	4,052,790	\$ 5,873,266	\$ 7,281,410

**TOWN OF VEGREVILLE****Schedule of Consolidated Expenses by Object****(Schedule 5)****For the Year Ended December 31, 2023**

		Budget (unaudited)	2023	2022
<b>Consolidated Expenses by Object</b>				
Salaries, wages and benefits	\$	8,148,015	\$ 8,519,709	\$ 7,705,819
Contracted and general services		3,039,244	3,218,058	2,897,357
Purchases from other governments		1,330,766	1,162,927	1,236,875
Materials, goods, supplies and utilities		3,875,407	4,068,594	3,939,180
Other transactions, allowances and adjustments		38,800	129,590	233,440
Transfers to local boards and agencies		126,000	110,575	70,114
Bank charges and short-term interest		26,450	38,929	44,164
Interest on long term debt		334,544	331,098	350,255
Amortization of tangible capital assets		3,948,537	3,401,740	3,774,577
	\$	20,867,763	\$ 20,981,220	\$ 20,251,781

**TOWN OF VEGREVILLE**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2023**

**(Schedule 6)**

	General Governme nt	Protective Services	Recreation, Parks & Culture	Facilities	Community Services	Public Works	Utilities	Municipal Services	Planning & Development	2023
<b>REVENUES</b>										
Net municipal taxes	9,316,196	-	-	-	-	-	-	-	-	9,316,196
Government transfers	121,181	644,404	437,339	-	587,514	573,352	841,584	145,063	2,522,826	5,873,263
User fees and sale of goods	9,938	531,952	334,200	-	9,789	440,946	2,340,218	954,138	1,200	4,622,381
Franchise fees	1,391,285	-	-	-	-	-	-	-	-	1,391,285
Investment income	535,407	-	-	-	-	-	-	-	-	535,407
Other	207,104	110,353	1,101,786	304,522	11,365	18,131	23,741	14,408	71,395	1,862,805
	11,581,111	1,286,709	1,873,325	304,522	608,668	1,032,429	3,205,543	1,113,609	2,595,421	23,601,337
<b>EXPENSES</b>										
Salaries, wages and benefits	1,807,277	1,079,896	1,847,511	208,138	603,011	947,982	645,720	1,235,439	144,735	8,519,709
Contracted and general services	789,134	1,425,745	482,660	479,798	132,205	409,237	336,994	277,915	47,297	4,380,985
Materials, goods, supplies and utilities	137,417	180,268	654,913	494,720	33,484	1,023,146	1,315,454	225,536	3,656	4,068,594
Transfers to local boards and agencies	-	-	-	-	110,575	-	-	-	-	110,575
Interest on long-term debt	-	3,303	11,863	189,582	-	29,186	11,659	-	85,505	331,098
Other	139,991	17,485	(14,364)	786,289	-	3,268	4,324	3,993	-	940,986
	2,873,819	2,706,697	2,982,583	2,158,527	879,275	2,412,819	2,314,151	1,742,883	281,193	18,351,947
Net revenue (expense) before amortization	8,707,292	(1,419,988)	(1,109,258)	(1,854,005)	(270,607)	(1,380,390)	891,392	(629,274)	2,314,228	5,249,390
Amortization	19,122	125,610	372,962	374,707	0	1,801,373	492,472	211,370	4,124	3,401,740
<b>Net Revenue (expense)</b>	<b>8,688,170</b>	<b>(1,545,598)</b>	<b>(1,482,220)</b>	<b>(2,228,712)</b>	<b>(270,607)</b>	<b>(3,181,763)</b>	<b>398,920</b>	<b>(840,644)</b>	<b>2,310,104</b>	<b>1,847,650</b>
2022										
<b>REVENUES</b>										
Net municipal taxes	9,182,424	-	-	-	-	-	-	-	-	9,182,424
Government transfers	52,653	418,404	518,812	-	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	-	11,861	431,302	2,270,157	862,164	176,395	4,313,418
Franchise fees	1,501,667	-	-	-	-	-	-	-	-	1,501,667
Investment income	253,195	-	-	-	-	-	-	-	-	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
<b>EXPENSES</b>										
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	-	-	-	-	70,114	-	-	-	-	70,114
Interest on long-term debt	-	4,375	12,629	285,546	-	34,582	13,123	-	-	350,255
Other	84,268	9,954	1,424	-	-	(89,129)	(3,099)	86,129	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	-	2,050,977	492,550	239,217	4,124	3,774,577
<b>Net Revenue (expense)</b>	<b>8,920,072</b>	<b>(1,749,285)</b>	<b>(2,374,831)</b>	<b>(1,655,199)</b>	<b>(513,013)</b>	<b>(3,479,192)</b>	<b>(382,228)</b>	<b>(932,959)</b>	<b>5,544,803</b>	<b>3,378,168</b>

**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**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

*(continues)*

**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**1. Significant accounting policies (*continued*)**

***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.

**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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***Asset retirement obligation***

A liability for an asset retirement obligation or reclamation liability is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement or reclamation activities, based on information available at year-end. The best estimate of the asset retirement obligation or reclamation liability incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation or reclamation liability are expected to occur over extended future periods.

When a liability for an asset retirement obligation or reclamation liability is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset or inventory. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations and reclamation liabilities which are incurred incrementally with use of the asset or inventory are recognized in the period incurred with a corresponding asset retirement or reclamation cost expensed in the period.

At each financial reporting date, the Municipality reviews the carrying amount of the liability. The Municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

***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.

*(continues)*



**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**1. Significant accounting policies (*continued*)**

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:

<b>Tangible Capital Asset</b>	<b>Years</b>
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.

**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.

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**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**2. Recent accounting pronouncements published but not yet adopted (*continued*)**

***Section PS 3400 – Revenue***

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

***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.

***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.

**3. Cash and cash equivalents**

	2023	2022
Cash on hand	\$ 2,491	\$ 2,461
General bank account	6,947,549	2,416,854
Temporary investments	1,398,544	7,192,306
Less cash restricted for deferred revenues	(1,188,612)	(2,280,101)
	<b>\$ 7,157,482</b>	<b>\$ 7,331,520</b>

Temporary investments are short-term deposits with original maturities of three months or less. Council has designated funds of \$3,566,767 (2022 - \$4,048,320) 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, 2023, there was no balance on the overdraft.

**4. Restricted cash and cash equivalents**

	2023	2022
Tax sale surplus	85,672	-
Cash restricted for deferred revenues	\$ 1,188,612	\$ 2,280,101
	<b>1,274,284</b>	<b>2,280,101</b>

**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**5. Taxes and grants in place of taxes**

	<b>2023</b>		<b>2022</b>	
Current taxes and grants in place of taxes	\$	<b>312,065</b>	\$	<b>289,007</b>
Arrears taxes		<b>153,942</b>		<b>103,317</b>
Property acquired		<b>273,686</b>		<b>294,602</b>
		<b>793,693</b>		<b>686,926</b>
Less allowance for doubtful accounts		<b>-</b>		<b>(3,987)</b>
	\$	<b>793,693</b>	\$	<b>682,939</b>

**6. Land held for resale and development**

	<b>2023</b>		<b>2022</b>	
Land held for resale as financial asset	\$	<b>1,507,137</b>	\$	<b>1,196,359</b>
Land held for development		<b>189,154</b>		<b>189,154</b>
	\$	<b>1,696,291</b>	\$	<b>1,385,513</b>

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

**7. Accounts payable and accrued liabilities**

	<b>2023</b>		<b>2022</b>	
Trade accounts payable and accrued liabilities	\$	<b>3,740,661</b>	\$	<b>2,654,623</b>
Government payroll remittance payable		<b>38,650</b>		<b>104,618</b>
	\$	<b>3,779,311</b>	\$	<b>2,759,241</b>

**8. Accrued employee obligations**

	<b>2023</b>		<b>2022</b>	
Vacation	\$	<b>271,440</b>	\$	<b>318,387</b>
Accumulated sick leave		<b>136,367</b>		<b>115,638</b>
	\$	<b>407,807</b>	\$	<b>434,025</b>

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.

**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**9. Deferred revenue**

	2023	2022
Alberta Community Partnership	\$ 127,433	\$ 216,664
Alberta Municipal Water/Wastewater Partnership	700,363	-
Municipal Sustainability grant	93,874	1,198,373
Family Community Support Services grant	43,743	92,777
Federal Canada Community-Building Fund	-	684,805
Watershed Resiliency and Restoration Program	78,114	-
Specified donations	10,408	10,408
Other	134,677	77,074
	<b>\$ 1,188,612</b>	<b>\$ 2,280,101</b>

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).

**10. Long-term debt**

	2023	2022
Tax supported debentures	\$ 9,655,389	\$ 10,150,636
Self supported debentures	472,084	622,387
	<b>\$ 10,127,473</b>	<b>\$ 10,773,023</b>

The current portion of long-term debt amounts to \$665,215 (2022 - \$645,551).

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

	Principal	Interest	Total
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
2028	524,192	237,734	761,926
Thereafter	7,067,055	2,005,118	9,072,175
	<b>\$ 10,127,473</b>	<b>\$ 3,384,243</b>	<b>\$ 13,511,718</b>

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% (2022 – 3.14%).

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

Interest on long-term debt amounted to \$331,098 (2022 – \$350,255).

**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**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:

		<b>2023</b>		<b>2022</b>
Total debt limit	\$	<b>27,975,785</b>	\$	<b>26,899,172</b>
Total Debt		<b>(10,127,473)</b>		<b>(10,773,023)</b>
Amount of debt limit unused		<b>17,848,312</b>		<b>16,126,149</b>
Debt servicing limit	\$	<b>4,662,631</b>	\$	<b>4,483,195</b>
Debt servicing		<b>(981,144)</b>		<b>(981,104)</b>
Amount of debt servicing unused	\$	<b>3,681,487</b>	\$	<b>3,502,091</b>

The debt limit is calculated at 1.5 times revenue of the Town, excluding transfers from the governments of Alberta and Canada for the purposes of capital property (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.

**12. Asset retirement obligation**

In 2019 the Town of Vegreville retrospectively adopted Section PS 3280 – Asset Retirement Obligations in a limited capacity. Please see Qualified Audit Opinion for further details.

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%.

*(continues)*

**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**12. Asset retirement obligation (continued)**

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

		<b>2023</b>		<b>2022</b>
Estimated closure costs, beginning of year	\$	<b>1,308,481</b>	\$	<b>1,254,230</b>
Accretion expense		<b>57,992</b>		<b>54,251</b>
Estimated closure costs, end of year	\$	<b>1,366,473</b>	\$	<b>1,308,481</b>
Estimated post closure costs, beginning of year	\$	<b>31,381</b>	\$	<b>30,163</b>
Accretion expense		<b>1,302</b>		<b>1,218</b>
Estimated post closure costs, end of year	\$	<b>32,683</b>	\$	<b>31,381</b>
Total closure and post closure costs, end of year	\$	<b>1,399,156</b>	\$	<b>1,339,862</b>

At the current capacity, it is estimated that the Vegreville Sanitary Landfill has approximately 116 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**

		<b>2023</b>		<b>2022</b>
Tangible capital assets (Schedule 2)	\$	<b>173,428,794</b>	\$	<b>169,876,695</b>
Accumulated amortization (Schedule 2)		<b>(111,081,026)</b>		<b>(108,301,491)</b>
Long-term debt (Note 10)		<b>(10,127,473)</b>		<b>(10,773,023)</b>
	\$	<b>52,220,294</b>	\$	<b>50,802,181</b>

**14. Accumulated surplus**

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

		<b>2023</b>		<b>2022</b>
Unrestricted surplus	\$	<b>1,629,270</b>	\$	<b>398,186</b>
Restricted surplus				
Operating reserves		<b>1,564,327</b>		<b>1,884,321</b>
Capital reserves		<b>3,566,767</b>		<b>4,048,320</b>
Equity in tangible capital assets		<b>52,220,294</b>		<b>50,802,181</b>
	\$	<b>58,980,658</b>	\$	<b>57,133,008</b>

**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**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 <sup>(1)</sup>	Benefits and allowances <sup>(2)(3)</sup>	2023	2022
T. MacPhee, Mayor	\$ 63,000	\$ 15,323	\$ 78,323	\$ 65,231
D. Berry, Councillor	39,000	11,665	50,665	36,484
L. Bullock, Councillor	38,600	11,663	50,263	38,249
J. Curtis, Councillor	39,000	11,723	50,723	37,066
J. Lemko, Councillor	38,400	11,633	50,033	36,421
T. Rudyk, Councillor	35,900	10,769	46,669	36,850
T. Warawa, Councillor	37,800	11,543	49,343	34,056
Town Manager (2)	217,123	25,775	242,898	197,910
Town Directors (3)	407,837	35,339	443,176	447,322
	916,660	145,433	1,062,093	922,589

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.

**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.

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**TOWN OF VEGREVILLE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**17. Local Authorities Pension Plan (*continued*)**

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 12.23% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2023 were \$398,983 (2022 - \$380,076). Total current service contributions by the employees of the Town to the LAPP in 2023 were \$356,308 (2022 - \$388,731).

As at December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.7 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.

**20. Approval of financial statements**

Council and Management have approved these consolidated financial statements.

**21. Budget amounts**

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