

TOWN OF VEGREVILLE
Consolidated Financial Statements
Year Ended December 31, 2024



Management's Responsibility for Reporting

For the Year Ended December 31, 2024

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.

A blue ink signature of the Chief Administrative Officer, written over a horizontal line.

Chief Administrative Officer

A blue ink signature of the Corporate Services Director, written over a horizontal line.

Corporate Services Director

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 (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of changes, changes in net financial assets, operations for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2024, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Town'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 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.

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:

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

- 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

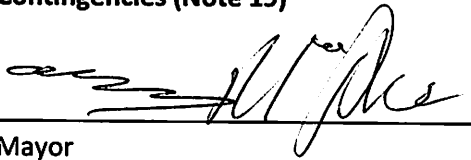
Vegreville, AB
April 28, 2025

Chartered Professional Accountants

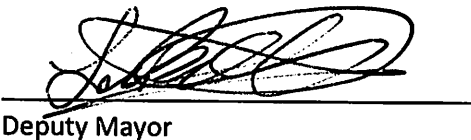
TOWN OF VEGREVILLE
Consolidated Statement of Financial Position
For the year ended December 31, 2024

	2024	Restated 2023
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 3,644,998	\$ 7,157,482
Restricted cash and cash equivalents (Note 4)	641,221	1,274,284
Receivables		
Taxes and grants in place of taxes (Note 5)	810,738	739,693
Due from governments	1,230,511	1,798,811
Trade and other receivables	1,493,451	679,570
Land held for resale (Note 6)	934,396	1,507,137
	8,755,315	13,156,977
Liabilities		
Accounts payable and accrued liabilities (Note 7)	2,672,622	3,779,311
Accrued employee obligations (Note 8)	374,101	407,807
Deposit liabilities	32,650	-
Deferred revenue (Note 9)	543,193	1,188,612
Long-term debt (Note 10)	9,462,258	10,127,473
Asset retirement obligation (Note 12)	7,477,287	7,219,316
	20,562,111	22,722,519
Net Debt	(11,806,795)	(9,565,542)
Non-Financial Assets		
Tangible capital assets (Schedule 2)	65,773,307	63,513,133
Inventory for consumption	114,572	109,923
Prepaid expenses	94,497	79,195
Land held for development (Note 6)	189,154	189,154
	66,171,530	63,891,405
Accumulated Surplus (Schedule 1, Note 14)	\$ 54,364,735	\$ 54,325,863

Contingencies (Note 19)



 Mayor



 Deputy Mayor

TOWN OF VEGREVILLE
Consolidated Statement of Operations
For the Year Ended December 31, 2024

	Budget (unaudited)	2024	Restated 2023
Revenues			
Net municipal taxes (Schedule 3)	\$ 9,839,968	\$ 9,848,238	\$ 9,316,196
User fees and sales of goods and services	4,271,324	4,716,051	4,622,380
Government transfers for operating (Schedule 4)	1,707,518	1,762,557	1,841,033
Franchise and concession contracts	1,449,316	1,441,915	1,391,285
Investment income	200,000	326,455	535,407
Fines, licenses, permits and penalties	325,050	417,561	303,960
Other	676,013	758,091	640,262
	18,469,189	19,270,868	18,650,523
Expenses			
General government services	3,023,326	2,763,856	2,892,940
Protective Services	2,907,256	2,614,489	2,832,307
Recreation, parks and culture	3,364,189	3,576,675	3,355,545
Facilities	1,618,451	1,659,603	1,797,744
Community services	961,812	784,326	879,275
Public works	4,021,963	3,973,899	4,214,192
Utilities	2,808,806	2,845,054	2,806,623
Municipal services	1,999,526	2,201,563	2,166,272
Subdivision and development services	290,083	572,438	285,317
	20,995,411	20,991,903	21,230,215
Deficiency of revenue over expenses – before other	(2,526,222)	(1,721,035)	(2,579,692)
Other			
Contributed assets	-	-	918,582
Loss on disposal of tangible capital assets	-	(6,348)	(772,467)
Government transfers for capital (Schedule 4)	1,987,758	1,766,255	4,032,232
Surplus (deficiency) of revenue over expenses	(538,464)	38,872	1,598,655
Accumulated surplus, beginning of year	54,325,863	54,325,863	52,727,208
Accumulated surplus, end of year	\$ 53,787,399	\$ 54,364,735	\$ 54,325,863

TOWN OF VEGREVILLE
Consolidated Statement of Change in Net Debt
For the Year Ended December 31, 2024

	Budget (unaudited)	2024	Restated 2023
Excess (deficiency) of revenue over expenses	\$ (538,464)	\$ 38,872	\$ 1,598,655
Acquisition of tangible capital assets	(168,700)	(5,403,981)	(6,783,399)
Amortization of tangible capital assets	3,345,252	3,137,457	3,415,187
Contributed tangible capital assets	-	-	(918,582)
Proceeds on disposal of tangible capital assets	-	-	2,755,208
Loss on disposal of tangible capital assets	-	6,348	772,467
	3,176,552	(2,260,176)	(759,119)
Acquisition of inventory for consumption	-	(4,647)	(5,184)
Use of prepaid expenses	-	(15,302)	(14,361)
	-	(19,949)	(19,545)
Decrease (increase) in net debt	2,638,088	(2,241,253)	819,991
Net debt, beginning of year	9,656,542	(9,565,542)	(10,385,533)
Net debt, end of year	\$ (6,927,453)	\$ (11,806,795)	\$ (9,656,542)

TOWN OF VEGREVILLE
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024

	2024	Restated 2023
OPERATING ACTIVITIES		
Cash received from (paid to):		
Property taxes and penalties on taxes	\$ 12,124,338	\$ 11,446,215
Other levels of government	4,097,113	4,735,877
Sale of goods and services	4,967,104	5,325,727
Sale of land held for resale	572,741	(310,779)
Franchise agreements	1,413,553	1,433,191
Investment earnings	326,455	535,407
Employees and Council	(8,609,245)	(8,545,931)
Requisitioning authorities	(2,207,928)	(2,120,058)
Suppliers, vendors and contractors	(9,769,886)	(7,515,899)
Local boards and agencies	(79,766)	(110,575)
Bank fees and charges	(39,675)	(38,929)
Interest on long-term debt	(241,604)	(334,545)
Net cash provided by operating activities	2,553,200	4,499,701
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	5,403,978	(6,783,396)
Proceeds on disposition	-	2,755,208
Net cash used in capital activities	(5,403,978)	(4,028,188)
INVESTING ACTIVITIES		
Decrease (increase) in investments	3,509	-
Net cash used in investing activities	3,509	-
FINANCING ACTIVITIES		
Long-term debt repaid	(665,215)	(645,550)
Net cash used in financing activities	(665,215)	(645,550)
Change in cash and cash equivalents during the year	(3,512,484)	(174,037)
Cash and cash equivalents, beginning of year	7,157,482	7,331,520
Cash and cash equivalents, end of year	\$ 3,644,998	\$ 7,157,482

TOWN OF VEGREVILLE

Schedule of Changes in Accumulated Surplus For the year ended December 31, 2024

(Schedule 1)

	Unrestricted Deficit	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Assets	2024	Restated 2023
Balance, beginning of year	1,629,270	1,564,327	3,566,767	52,220,294	58,980,658	57,133,003
Prior period adjustment	(4,961,476)			306,681	(4,654,795)	(4,392,354)
Balance, beginning of year restated	(3,332,206)	1,564,327	3,566,767	52,526,975	54,325,863	52,740,649
Deficiency of revenues over expenses	38,872	-	-	-	38,872	1,585,213
Unrestricted funds designated for future use	(975,550)	570,549	405,001	-	-	-
Restricted funds used for operations	2,265,222	(699,909)	(1,565,312)	-	-	-
Restricted funds used for tangible capital assets	-	(1,268,085)	(2,166,456)	3,434,541	-	-
Current year funds used for tangible capital assets	(1,969,439)	-	-	1,969,439	-	-
Contributed tangible capital assets	-	-	-	-	-	-
Annual amortization expense	3,137,457	-	-	(3,137,457)	-	-
Disposal of tangible capital assets	229,722	-	-	(229,722)	-	-
Accumulated amortization on disposal of tangible capital assets	(223,374)	-	-	223,374	-	-
Asset retirement accretion expense	38,641	-	-	(38,641)	-	-
Long-term debt repaid	(665,215)	-	-	665,215	-	-
Change in accumulated surplus	1,876,336	1,397,445	(3,326,767)	2,886,749	38,872	1,598,657
Balance, end of year - 2024	(1,455,870)	166,882	240,000	55,413,724	54,364,735	54,325,863

TOWN OF VEGREVILLE

Schedule of Tangible Capital Assets

(Schedule 2)

For the Year Ended December 31, 2024

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2024	Restated 2023
Cost:								
Balance, beginning of year	1,835,917	22,262,243	120,520,120	10,676,075	6,204,741	13,637,301	175,136,396	169,876,695
Prior period adjustment								1,707,604
Balance, beginning of year restated								171,584,299
Acquisition of tangible capital assets		14,340	452,944	227,952	54,523	4,654,222	5,403,981	7,701,980
Disposal of tangible capital assets			(59,479)	(170,243)			(229,722)	(4,149,880)
Balance, end of year	1,835,917	22,276,582	120,913,585	10,733,784	6,259,264	18,291,523	180,310,655	175,136,399
Accumulated Amortization:								
Balance, beginning of year	-	11,011,612	88,628,898	7,795,162	4,187,594	-	111,623,266	108,301,491
Prior period adjustment								528,792
Balance, beginning of year restated								108,830,283
Annual amortization		399,377	2,026,181	411,898	300,000	-	3,137,457	3,415,188
Accumulated amortization on disposals		-	(53,131)	(170,243)			(223,374)	(622,206)
Balance, end of year	-	11,410,989	90,601,948	8,036,817	4,487,594	-	114,537,348	111,623,265
Net book value -2024	1,835,917	10,865,593	30,311,637	2,696,967	1,771,670	18,291,523	65,773,307	
Net book value -2023	1,835,917	11,250,631	31,891,222	2,880,913	2,017,147	13,637,301		63,513,133

TOWN OF VEGREVILLE**Schedule of Property and Other Taxes****(Schedule 3)****For the Year Ended December 31, 2024**

		Budget (unaudited)	2024	Restated 2023
Taxation				
Real property taxes	\$	10,507,144	\$ 10,430,398	\$ 9,884,711
Designated Industrial Property taxes		548,372	605,021	552,453
Government Grants in Place of Property taxes		1,007,048	1,020,747	999,090
		12,062,564	12,056,166	11,436,254
Requisitions				
Alberta School Foundation Fund		2,020,973	1,984,432	1,918,435
Minburn Senior's Foundation		199,718	221,373	199,718
Designated Industrial Property		1,905	2,123	1,905
		2,222,596	2,207,928	2,120,058
Net Municipal Taxes	\$	9,839,968	\$ 9,848,238	\$ 9,316,196

TOWN OF VEGREVILLE
Schedule of Government Transfers
For the Year Ended December 31, 2024

(Schedule 4)

		Budget (unaudited)	2024	Restated 2023
Transfers for Operating				
Federal Government	\$	52,550	\$ 12,600	\$ 29,234
Provincial Government		1,010,312	1,124,841	1,199,301
Local Government		644,655	625,116	612,498
		1,707,518	1,762,557	1,841,033
Transfers for Capital				
Provincial Government		1,987,758	1,766,255	4,032,232
		1,987,758	1,766,255	4,032,232
Total Government Transfers	\$	3,695,276	\$ 3,528,812	\$ 5,873,265

TOWN OF VEGREVILLE**Schedule of Consolidated Expenses by Object****(Schedule 5)****For the Year Ended December 31, 2024**

		Budget (unaudited)	2024	Restated 2023
Consolidated Expenses by Object				
Salaries, wages and benefits	\$	8,573,306	\$ 8,575,537	\$ 8,519,709
Contracted and general services		3,219,380	3,505,155	3,218,058
Purchases from other governments		1,457,829	1,105,848	1,162,927
Materials, goods, supplies and utilities		3,869,197	4,000,346	4,317,589
Other transactions, allowances and adjustments		101,800	236,799	129,590
Transfers to local boards and agencies		85,766	79,766	110,575
Bank charges and short-term interest		28,000	39,675	38,929
Interest on long term debt		314,881	311,320	331,098
Amortization of tangible capital assets		3,345,252	3,137,457	3,401,740
	\$	20,995,411	\$ 20,991,903	\$ 21,230,215

TOWN OF VEGREVILLE

Schedule of Segmented Disclosure

For the Year Ended December 31, 2024

(Schedule 6)

	General Government	Protective Services	Recreation, Parks & Culture	Facilities	Community Services	Public Works	Utilities	Municipal Services	Planning & Development	2024
REVENUES										
Net municipal taxes	9,848,238	-	-	-	-	-	-	-	-	9,848,238
Government transfers	123,606	424,112	445,431	-	546,421	369,656	1,483,752	79,602	56,230	3,528,810
User fees and sale of goods	11,750	265,346	411,450	-	11,312	427,188	2,338,621	1,050,085	200,300	4,716,052
Franchise fees	1,441,915	-	-	-	-	-	-	-	-	1,441,915
Investment income	326,455	-	-	-	-	-	-	-	-	326,455
Other	248,959	208,705	224,327	326,825	3,990	16,697	-	18,840	127,309	1,175,652
	12,000,923	989,163	1,081,208	326,825	561,723	813,541	3,822,373	1,148,527	383,839	21,037,122
EXPENSES										
Salaries, wages and benefits	1,855,146	933,043	1,954,192	211,641	579,047	978,654	609,535	1,311,082	143,197	8,575,537
Contracted and general services	797,846	1,254,042	520,978	504,806	86,039	518,380	437,215	356,948	134,748	4,611,002
Materials, goods, supplies and utilities	53,238	260,022	668,038	449,111	39,474	936,994	1,291,373	294,092	8,004	4,000,346
Transfers to local boards and agencies	-	-	-	-	79,766	-	-	-	-	79,766
Interest on long-term debt	-	2,208	11,074	183,714	-	23,620	10,126	-	80,578	311,320
Other	57,630	2,731	1,633	-	-	12,304	7,303	(562)	201,786	282,822
	2,763,860	2,452,046	3,155,915	1,349,272	784,326	2,469,952	2,355,552	1,961,562	568,313	17,860,795
Net revenue (expense) before amortization	9,237,063	(1,553,882)	(2,074,707)	(1,022,447)	(222,603)	(1,656,411)	1,466,824	(813,035)	(184,474)	3,176,327
Amortization	-	162,443	420,760	310,331	-	1,503,946	495,850	240,003	4,124	3,137,457
Net Revenue (expense)	9,237,063	(1,716,326)	(2,495,467)	(1,332,778)	(222,603)	(3,160,357)	970,974	(1,053,036)	(188,598)	38,872
Net Revenue (expense) – 2023 (restated)	8,688,170	(1,545,598)	(1,482,220)	(2,477,707)	(270,607)	(3,181,763)	398,920	(840,644)	2,310,104	1,598,655

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

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.

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TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Significant accounting policies (continued)

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

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.

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TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Significant accounting policies (continued)

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

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 or reclamation activity at the financial statement date when there is a legal obligation for the Town 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 an 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 Town reviews the carrying amount of the liability. The Town 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 Town 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.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the Town is either directly responsible or accept responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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.

(continues)

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Significant accounting policies (continued)

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

No amortization is charged in the year of acquisition, amortization is pro-rated in the year of disposal. Assets under construction are not amortized until the asset is available for use.

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, 2024

2. Recent accounting pronouncements published but not yet adopted

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2025, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

The Conceptual Framework for Financial Reporting in the Public Sector

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

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

Section PS 1202 - Financial Statement Presentation

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

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

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

Change in accounting policies

Effective January 1, 2024, the Town adopted PS 3160 Public Private Partnerships (P3), PS 3400 Revenue and PSG-8 Purchased Intangibles prospectively.

These new accounting policies have no current or historical impact on the presentation of these statements.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

3. Cash and cash equivalents

	2024	2023
Cash on hand	\$ 2,236	\$ 2,491
General bank account	2,714,182	6,945,059
Temporary investments	1,471,773	1,398,544
Less cash restricted for deferred revenues	(543,193)	(1,188,612)
	\$ 3,644,998	\$ 7,157,482

Temporary investments are short-term deposits with original maturities of three months or less. Council has designated funds of \$348,828 (2023 - \$3,566,764) 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, 2024, there was no balance on the overdraft.

4. Restricted cash and cash equivalents

	2024	2023
Tax sale surplus	98,028	85,672
Cash restricted for deferred revenues	\$ 543,193	\$ 1,188,612
	641,221	1,274,284

5. Taxes and grants in place of taxes

	2024	2023
Current taxes and grants in place of taxes	\$ 294,782	\$ 312,065
Arrears taxes	203,862	153,942
Property acquired	312,094	273,686
	810,738	739,693
Less allowance for doubtful accounts	-	-
	\$ 810,738	\$ 739,693

6. Land held for resale and development

	2024	2023
Land held for resale as financial asset	\$ 934,396	\$ 1,507,137
Land held for development	189,154	189,154
	\$ 1,123,550	\$ 1,696,291

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, 2024

7. Accounts payable and accrued liabilities

	2024	2023
Trade accounts payable and accrued liabilities	\$ 2,625,828	\$ 3,740,661
Government payroll remittance payable	46,794	38,650
	\$ 2,672,622	\$ 3,779,311

8. Accrued employee obligations

	2024	2023
Vacation	\$ 205,551	\$ 271,440
Accumulated sick leave	168,550	136,367
	\$ 374,101	\$ 407,807

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

	2024	2023
Alberta Community Partnership	\$ 192,967	\$ 127,433
Alberta Municipal Water/Wastewater Partnership	-	700,363
Municipal Sustainability grant	-	93,874
Family Community Support Services grant	84,352	43,743
Federal Canada Community-Building Fund	-	-
Watershed Resiliency and Restoration Program	-	78,114
Specified donations	10,408	10,408
Other	255,466	134,677
	\$ 543,193	\$ 1,188,612

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, 2024

10. Long-term debt

	2024	2023
Tax supported debentures	\$ 9,132,269	\$ 9,655,389
Self supported debentures	329,990	472,084
	\$ 9,462,258	\$ 10,127,473

The current portion of long-term debt amounts to \$685,509 (2023 - \$665,215).

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

	Principal	Interest	Total
2025	\$ 685,509	294,587	980,096
2026	678,634	273,641	952,275
2027	506,867	253,834	760,701
2028	524,192	236,509	760,701
2029	542,124	218,578	760,702
Thereafter	6,524,932	1,279,188	7,804,120
	\$ 9,462,258	\$ 2,556,337	\$ 12,018,595

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% (2023 – 3.14%)

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

Interest on long-term debt amounted to \$311,320 (2023 – \$331,098).

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:

	2024	2023
Total debt limit	\$ 28,906,302	\$ 27,975,785
Total Debt	(9,462,258)	(10,127,473)
Amount of debt limit unused	19,444,046	17,848,312
Debt servicing limit	\$ 4,817,717	\$ 4,662,631
Debt servicing	(980,096)	(981,144)
Amount of debt servicing unused	\$ 3,837,621	\$ 3,681,487

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.

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TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Debt limits (continued)

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 2024 the Town of Vegreville retrospectively adopted Section PS 3280 – Asset Retirement Obligations. The modified retroactive application results in the restatement of prior period financial statements. See note 22, the result is a change in the December 31, 2023 value of asset retirement obligation from \$1,399,156 to \$7,219,316.

Landfill and Lagoon

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

The initial asset retirement obligation is based on current year expectations for costs discounted to 1982. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimate liability, and would be recognized prospectively, as a change in estimate, when applicable. Undiscounted future cash flows expected are a closure cost in year 40 of \$6,13,753 with annual post-closure activities starting year 117 of \$12,864 per year, increasing at an annual inflation rate of 2.5% for 25 years to 2165. The estimated total liability of \$6,579,965 (2023 - \$6,360,636) is based on the sum of discounted future cash flows for closure and post-closure activities using a discounted rate of 3.45% and assuming annual inflation of 2.5%. The Town has not designated funds for settling the closure and post-closure costs.

Asbestos

The Town owns facilities which contain asbestos and therefore, the Town is legally required to perform abatement activities upon renovation or demolition of the building. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost for affected facilities in between 2034-2049 at varying values. Undiscounted future cash flows expected to be incurred for abatement costs when the assets are retired at the end of their useful life is estimated to be \$1,091,000. The estimated total liability of \$897,321 (2023- \$858,681) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.5% and assuming annual inflation of 2.5%. The Town has not designated funds for settling the abatement activities.

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TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Asset retirement obligation (continued)

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

		2024	2023 (restated)
Asset retirement obligation, beginning of year	\$	7,219,317	\$ 6,970,321
Incurring (settled) liabilities		-	-
Accretion expense	\$	257,970	\$ 248,995
Asset retirement obligations, end of year	\$	7,477,287	\$ 7,219,316

At the current capacity, it is estimated that the Vegreville Sanitary Landfill has approximately 115 years of life remaining.

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

13. Equity in tangible capital assets

		2024	2023 (Restated)
Tangible capital assets (Schedule 2)	\$	180,310,655	\$ 175,136,399
Accumulated amortization (Schedule 2)		(114,537,348)	(111,623,265)
Long-term debt (Note 10)		(9,462,258)	(10,127,473)
Asset retirement obligation (Note 12)		(897,325)	(858,686)
	\$	55,413,724	\$ 52,526,975

14. Accumulated surplus

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

		2024	2023 (restated)
Unrestricted surplus	\$	(1,455,874)	\$ (4,190,890)
Restricted surplus			
Operating reserves		166,882	1,564,327
Capital reserves		240,000	3,566,767
Equity in tangible capital assets		55,413,727	53,385,659
	\$	54,364,735	\$ 54,325,863

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

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⁾	2024	2023
T. MacPhee, Mayor	\$	64,400	14,005	78,405	\$ 78,323
D. Berry, Councillor		39,400	12,074	51,474	50,665
L. Bullock, Councillor		37,400	11,980	49,380	50,263
J. Curtis, Councillor		39,400	12,130	51,530	50,723
J. Lemko, Councillor		39,600	12,145	51,745	50,033
T. Rudyk, Councillor		40,400	12,205	52,605	46,669
T. Warawa, Councillor		38,000	12,025	50,025	49,343
Town Manager (1)		165,493	37,776	203,269	242,898
Town Directors (2)		353,053	43,819	396,872	443,176
	\$	817,146	168,159	985,305	\$ 1,062,093

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

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 7.45% (2023 – 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2024 were \$367,850 (2023 - \$398,983). Total current service contributions by the employees of the Town to the LAPP in 2024 were \$414,258 (2023 - \$356,308).

As at December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion.

18. Financial instruments

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

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

19. Contingencies

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

20. 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.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

22. Modified retroactive restatement

The Town has adopted the modified retroactive application with the new asset retirement obligation. The comparative figures have been adjusted for the changes.

		2023
Adjustment to asset retirement obligation		
As previously reported	\$	1,399,156
Adjustments to record full asset retirement obligation and accretion		5,820,160
As restated	\$	7,219,316
Adjustment to tangible capital assets		
As previously reported	\$	62,347,768
Adjustments to record net asset retirement obligation assets		1,165,365
As restated	\$	63,513,133
Adjustment to municipal services expenses		
As previously reported	\$	1,954,253
Adjustments for amortization expense		212,019
As restated	\$	2,166,272
Adjustment to facilities expenses		
As previously reported	\$	1,760,767
Adjustments for accretion expense		36,977
As restated	\$	1,797,744

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TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Modified retroactive restatement (*continued*)

Adjustment to surplus (deficiency) of revenue over expenses		
As previously reported	\$	1,847,651
Adjustments for accretion and amortization expenses		(248,996)
As restated	\$	1,598,655
Adjustment to unrestricted surplus		
As previously reported	\$	1,629,270
Adjustments to record asset retirement obligation on landfill and lagoon		(4,961,479)
As restated	\$	(3,332,209)
Adjustment to equity in capital assets		
As previously reported	\$	52,220,294
Adjustments to record asset retirement obligation on facilities		(306,631)
As restated	\$	52,526,975

23. Subsequent event

The Town has approved debenture borrowing by-laws on the forced main replacement totalling \$2,500,000. The Town plans to draw on the debenture in 2025 to fund the capital cost of the project.

The Town completed the final subdivision in Prosperity Park in early 2025. In 2024, one lot was sold and the final transfer of the property and sale proceeds was completed in 2025. A second lot has a conditional sales contract in place. Total sale proceeds of \$304,119 on these contracts will be recognized in 2025 when the final contractual obligations are released.