

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Town of Vegreville

Opinion

We have audited the consolidated financial statements of Town of Vegreville, which comprise of the statement of financial position at December 31, 2021, and the statements of operations, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Our opinion on the consolidated financial statements does not cover Management's Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Annual Report, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

(continues)

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

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

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

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

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

Wilde & Company

Vegreville, AB
April 25, 2022

Chartered Professional Accountants

Management's Responsibility for Reporting For the Year Ended December 31, 2021

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

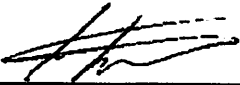
These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated 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, 2021

	2021	2020
Financial Assets		
Cash and cash equivalents (Note 4)	\$ 6,665,314	\$ 7,084,343
Restricted cash and cash equivalents (Note 5)	2,617,563	1,409,553
Receivables		
Taxes and grants in place of taxes (Note 6)	582,086	2,287,479
Due from governments	1,074,797	381,303
Trade and other receivables	565,653	614,872
Land held for resale (Note 7)	1,384,152	530,709
	12,889,565	12,308,259
Liabilities		
Accounts payable and accrued liabilities (Note 8)	1,862,592	1,206,507
Accrued employee obligations (Note 9)	550,752	565,021
Deposit liabilities	-	90,000
Deferred revenue (Note 10)	2,617,563	1,409,553
Long-term debt (Note 11)	11,399,521	12,007,551
Asset retirement obligation (Note 13)	1,284,393	1,241,581
	17,714,821	16,520,213
Net Debt	(4,825,256)	(4,211,954)
Non-Financial Assets		
Tangible capital assets (Schedule 2)	58,236,865	57,578,165
Inventory for consumption	106,698	83,812
Prepaid expenses	47,379	50,837
Land held for development (Note 7)	189,154	998,525
	58,580,096	58,711,339
Accumulated Surplus (Schedule 1, Note 15)	\$ 53,754,840	\$ 54,499,385

Contingencies (Note 20)

TOWN OF VEGREVILLE
Consolidated Statement of Operations
For the Year Ended December 31, 2021

	Budget		
	(unaudited)	2021	2020
Revenues			
Net municipal taxes (Schedule 3)	\$ 9,196,345	\$ 9,042,665	\$ 9,373,301
User fees and sales of goods and services	3,926,799	4,098,580	4,058,783
Government transfers for operating (Schedule 4)	2,190,605	2,410,350	1,915,229
Investment Income	90,000	95,748	120,979
Franchise and concession contracts	1,210,000	1,189,219	1,253,236
Fines, licenses, permits and penalties	300,750	331,620	301,398
Other	584,283	342,656	335,319
	17,498,782	17,510,838	17,358,245
Expenses			
General government services	2,501,888	2,608,604	2,428,783
Protective Services	2,233,004	2,502,080	2,263,708
Recreation, parks and culture	3,588,825	3,065,172	2,832,782
Facilities	2,104,637	2,034,110	1,974,819
Community services	1,082,843	1,006,207	895,504
Public works	4,852,200	4,519,187	4,448,438
Utilities	2,620,433	2,654,766	2,517,584
Municipal services	1,725,444	1,751,149	1,596,805
Subdivision and development services	208,512	286,493	234,204
	20,917,786	20,427,768	19,192,627
Deficiency of revenue over expenses – before other	(3,419,005)	(2,916,930)	(1,834,382)
Other			
Gain(loss) on disposal of tangible capital assets	-	4,485	(19,732)
Government transfers for capital (Schedule 4)	4,125,000	2,167,900	1,320,848
(Deficiency) surplus of revenue over expenses	705,995	(744,545)	(533,266)
Accumulated surplus, beginning of year	54,499,385	54,499,385	55,032,651
Accumulated surplus, end of year	\$ 55,205,380	\$ 53,754,840	\$ 54,499,385

TOWN OF VEGREVILLE
Consolidated Statement of Change in Net Debt
For the Year Ended December 31, 2021

	Budget (unaudited)	2021	2020
Deficiency of revenue over expenses	\$ 705,995	\$ (744,545)	\$ (533,266)
Acquisition of tangible capital assets	(295,000)	(4,412,329)	(2,719,495)
Amortization of tangible capital assets	4,098,944	3,758,114	4,109,601
(Gain)loss on disposal of tangible capital assets	-	(4,485)	19,732
	3,803,944	(658,700)	1,409,838
Use (acquisition) of inventory for consumption	-	(22,886)	73,188
Use of prepaid expenses	-	3,458	38,769
Additions to land held for resale	-	809,371	-
	-	789,943	111,957
(Increase) decrease in net debt	4,509,939	(613,302)	988,529
Net debt, beginning of year	(4,211,954)	(4,211,954)	(5,200,483)
Net debt, end of year	\$ 297,985	\$ (4,825,256)	\$ (4,211,954)

TOWN OF VEGREVILLE
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Cash received from (paid to):		
Property taxes and penalties on taxes	\$ 13,101,090	\$ 10,548,600
Other levels of government	3,884,755	2,955,580
Sale of goods and services	4,532,810	4,508,146
Sale of land held for resale	(44,072)	140,000
Franchise agreements	1,326,852	1,223,189
Investment earnings	95,748	131,186
Employees and Council	(7,460,741)	(7,171,497)
Requisitioning authorities	(2,201,397)	(2,262,476)
Suppliers, vendors and contractors	(8,153,701)	(7,854,438)
Local boards and agencies	(77,853)	(131,833)
Bank fees and charges	(30,098)	(25,403)
Interest on long-term debt	(372,063)	(390,180)
Net cash provided by operating activities	4,601,330	1,670,874
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(4,412,329)	(2,719,495)
Net cash used in capital activities	(4,412,329)	(2,719,495)
INVESTING ACTIVITIES		
Decrease in investments	-	750,770
Net cash provided by investing activities	-	750,770
FINANCING ACTIVITIES		
Long-term debt repaid	(608,030)	(598,763)
Net cash used in financing activities	(608,030)	(598,763)
Change in cash and cash equivalents during the year	(419,029)	(896,614)
Cash and cash equivalents, beginning of year	7,084,343	7,980,957
Cash and cash equivalents, end of year	\$ 6,665,314	\$ 7,084,343

TOWN OF VEGREVILLE

Schedule of Changes in Accumulated Surplus For the year ended December 31, 2021

(Schedule 1)

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Assets	2021 \$
Balance, beginning of year	1,563,268	2,000,054	5,365,449	45,570,614	54,499,385
Deficiency of revenues over expenses	(744,545)	-	-	-	(744,545)
Reallocation to restricted capital reserve	(925,000)	(32,331)	957,331	-	-
Unrestricted funds designated for future use	(787,621)	539,787	247,835	-	-
Restricted funds used for operations	1,213,014	(1,213,014)	-	-	-
Restricted funds used for tangible capital assets	-	-	(1,679,867)	1,679,867	-
Current year funds used for tangible capital assets	(2,732,462)	-	-	2,732,462	-
Annual amortization expense	3,758,114	-	-	(3,758,114)	-
Disposal of tangible capital assets	(4,485)	-	-	4,485	-
Long-term debt repaid	(608,030)	-	-	608,030	-
Change in accumulated surplus	(831,015)	(705,558)	(474,701)	1,266,730	(744,545)
Balance, end of year - 2021	732,253	1,294,496	4,890,748	46,837,344	53,754,840

					2020
Balance, beginning of year	3,945,054	3,212,178	1,493,730	46,381,689	55,032,651
Deficiency of revenues over expenses	(533,266)	-	-	-	(533,266)
Unrestricted funds designated for future use	(4,029,760)	(580,497)	4,610,257	-	-
Restricted funds used for operations	631,627	(631,627)	-	-	-
Restricted funds used for tangible capital assets	-	-	(738,538)	738,538	-
Current year funds used for tangible capital assets	(1,980,957)	-	-	1,980,957	-
Annual amortization expense	4,109,601	-	-	(4,109,601)	-
Disposal of tangible capital assets	19,732	-	-	(19,732)	-
Long-term debt repaid	(598,763)	-	-	598,763	-
Change in accumulated surplus	(2,381,786)	(1,212,124)	3,871,719	(811,075)	(533,266)
Balance, end of year - 2020	1,563,268	2,000,054	5,365,449	45,570,614	54,499,385

TOWN OF VEGREVILLE

Schedule of Tangible Capital Assets

(Schedule 2)

For the Year Ended December 31, 2021

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2021 \$
Cost:							
Balance, beginning of year	3,094,385	24,790,334	115,985,714	9,331,990	5,589,305	419,249	159,210,977
Acquisition of tangible capital assets	-	-	1,504,518	1,027,573	232,586	1,647,652	4,412,329
Disposal of tangible capital assets	-	-	(413,757)	-	-	-	(413,757)
Balance, end of year	3,094,385	24,790,334	117,076,475	10,359,563	5,821,891	2,066,901	163,209,549
Accumulated Amortization:							
Balance, beginning of year	-	10,172,948	81,194,951	6,868,629	3,396,284	-	101,632,812
Annual amortization	-	371,822	2,720,631	376,490	289,171	-	3,758,114
Accumulated amortization on disposals	-	-	(418,242)	-	-	-	(418,242)
Balance, end of year	-	10,544,770	83,497,340	7,245,119	3,685,455	-	104,972,684
Net book value -2021	3,094,385	14,245,564	33,579,135	3,114,444	2,136,436	2,066,901	58,236,865
	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2020
Cost:							
Balance, beginning of year	3,094,385	24,790,334	114,779,599	8,722,187	5,613,623	53,177	157,053,305
Acquisition of tangible capital assets	-	-	1,629,770	609,803	113,850	366,072	2,719,495
Disposal of tangible capital assets	-	-	(423,655)	-	(138,168)	-	(561,823)
Balance, end of year	3,094,385	24,790,334	115,985,714	9,331,990	5,589,305	419,249	159,210,977
Accumulated Amortization:							
Balance, beginning of year	-	9,611,313	78,736,582	6,498,434	3,218,973	-	98,065,302
Annual amortization	-	561,635	2,862,292	370,195	315,479	-	4,109,601
Accumulated amortization on disposals	-	-	(403,923)	-	(138,168)	-	(542,091)
Balance, end of year	-	10,172,948	81,194,951	6,686,629	3,396,284	-	101,632,812
Net book value -2020	3,094,385	14,617,386	34,806,013	2,448,111	2,193,021	419,249	57,578,165

TOWN OF VEGREVILLE
Schedule of Property and Other Taxes
For the Year Ended December 31, 2021

(Schedule 3)

	Budget (unaudited)	2021	2020
Taxation			
Real property taxes	\$ 9,956,083	\$ 9,578,815	\$ 10,101,742
Designated Industrial Property taxes	531,422	660,517	542,266
Government grants in place of property taxes	971,934	1,004,730	991,769
	11,459,439	11,244,062	11,635,777
Requisitions			
Alberta School Foundation Fund	2,154,707	2,048,530	2,154,708
Minburn Senior's Foundation	106,450	150,884	105,831
Designated Industrial Properties	1,937	1,983	1,937
	2,263,094	2,201,397	2,262,476
Net Municipal Taxes	\$ 9,196,345	\$ 9,042,665	\$ 9,373,301

TOWN OF VEGREVILLE
Schedule of Government Transfers
For the Year Ended December 31, 2021

(Schedule 4)

	Budget (unaudited)	2021	2020
Transfers for Operating			
Federal Government	\$ 10,000	\$ 28,029	\$ 29,400
Provincial Government	1,573,258	1,778,106	1,285,277
Local Government	607,347	604,215	600,552
	2,190,605	2,410,350	1,915,229
Transfers for Capital			
Federal Government	2,475,000	-	37,975
Provincial Government	1,650,000	2,167,900	1,282,874
	4,125,000	2,167,900	1,320,848
Total Government Transfers	\$ 6,315,605	\$ 4,578,250	\$ 3,236,077

TOWN OF VEGREVILLE**Schedule of Consolidated Expenses by Object****(Schedule 5)****For the Year Ended December 31, 2021**

	Budget (unaudited)	2021	2020
Consolidated Expenses by Object			
Salaries, wages and benefits	\$ 7,728,581	\$ 7,665,257	\$ 7,177,273
Contracted and general services	4,017,566	3,628,124	2,577,182
Purchases from other governments	1,013,482	1,341,111	1,104,508
Materials, goods, supplies and utilities	3,549,308	3,499,529	3,287,431
Other transactions, allowances and adjustments	33,000	58,465	391,066
Transfers to local boards and agencies	77,853	77,853	131,833
Bank charges and short-term interest	26,987	30,097	25,403
Interest on long term debt	372,066	369,218	388,330
Amortization of tangible capital assets	4,098,944	3,758,114	4,109,601
	\$ 20,917,787	\$ 20,427,768	\$ 19,192,627

TOWN OF VEGREVILLE

Schedule of Segmented Disclosure

For the Year Ended December 31, 2021

(Schedule 6)

	General Government	Protective Services	Recreation, Parks & Culture	Facilities	Community Services	Public Works	Utilities	Municipal Services	Planning & Development	2021
REVENUES										
Net municipal taxes	9,042,665	0	0	0	0	0	0	0	0	9,042,665
Government transfers	153,092	415,947	994,693	222,742	519,343	910,119	167,014	76,125	1,119,174	4,578,249
User fees and sale of goods	9,065	227,754	183,925	0	19,130	419,690	2,267,535	911,095	60,386	4,098,580
Franchise fees	1,189,219	0	0	0	0	0	0	0	0	1,189,219
Investment income	95,748	0	0	0	0	0	0	0	0	95,748
Other	207,709	36,601	90,979	171,877	23,027	21,580	0	21,966	100,538	674,277
	10,697,497	680,302	1,269,597	394,619	561,500	1,351,389	2,434,549	1,009,186	1,280,098	19,678,738
EXPENSES										
Salaries, wages and benefits	1,680,351	756,799	1,543,765	200,557	722,212	807,353	634,583	1,160,626	159,011	7,665,257
Contracted and general services	746,028	1,474,273	696,297	845,259	178,956	549,575	226,555	216,879	35,413	4,969,235
Materials, goods, supplies and utilities	68,100	94,932	522,372	415,054	42,184	822,899	1,297,939	229,057	6,992	3,499,529
Transfers to local boards and agencies	0	15,000	0	0	62,853	0	0	0	0	77,853
Interest on long-term debt	0	5,426	13,372	296,076	0	39,818	14,526	0	0	369,218
Other	95,006	7,118	384	(100,000)	0	2,374	(4,984)	3,226	80,953	84,077
	2,589,485	2,353,548	2,776,190	1,656,946	1,006,205	2,222,019	2,168,619	1,609,788	282,369	16,665,169
Net revenue (expense) before amortization	8,108,013	(1,673,246)	(1,506,593)	(1,262,327)	(444,705)	(870,630)	265,930	(600,602)	999,729	3,013,569
Amortization	19,120	148,532	288,982	377,165	0	2,297,613	481,216	141,362	4,124	3,758,114
Net Revenue (expense)	8,088,893	(1,821,778)	(1,795,575)	(1,639,492)	(444,705)	(3,168,243)	(215,286)	(741,964)	993,605	(745,545)
										2020
REVENUES										
Net municipal taxes	9,373,301	-	-	-	-	-	-	-	-	9,373,301
Government transfers	376,752	414,908	429,305	-	550,794	1,034,718	354,600	75,000	-	3,236,077
User fees and sale of goods	30,685	223,157	166,840	487,328	5,732	270,369	2,111,328	761,524	1,820	4,058,783
Franchise fees	1,253,236	-	-	-	-	-	-	-	-	1,253,236
Investment income	113,483	-	-	-	-	7,496	-	-	-	120,979
Other	330,953	82,006	31,136	64,560	5,235	17,559	1,087	37,441	66,740	636,717
	11,478,410	720,071	617,281	551,888	561,761	1,330,143	2,467,015	873,965	68,560	18,679,093
EXPENSES										
Salaries, wages and benefits	1,432,211	705,198	1,442,154	191,353	682,191	801,047	565,495	1,179,393	178,231	7,177,273
Contracted and general services	684,512	1,271,083	407,333	551,366	74,388	326,441	180,299	162,034	24,234	3,681,690
Materials, goods, supplies and utilities	62,645	90,466	520,237	389,735	31,992	832,129	1,196,685	148,839	14,703	3,287,431
Interest on long-term debt	-	6,435	14,058	307,035	-	44,976	15,826	-	-	388,330
Other	230,295	13,065	12,690	163,865	106,933	11,970	14,643	438	14,135	568,034
	2,409,663	2,086,247	2,386,472	1,603,354	895,504	2,016,563	1,972,948	1,490,704	231,303	15,102,758
Net revenue (expense) before amortization	9,068,747	(1,366,176)	(1,769,191)	(1,051,466)	(333,743)	(686,420)	494,067	(616,739)	(162,743)	3,576,335
Amortization	19,120	177,461	436,310	371,465	-	2,440,819	555,424	106,102	2,900	4,109,601
Net Revenue (expense)	9,049,627	(1,543,637)	(2,205,501)	(1,422,931)	(333,743)	(3,127,239)	(61,357)	(722,841)	(165,643)	(533,266)

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

1. Significant accounting policies

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

Reporting Entity

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

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

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

Basis of Accounting

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

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

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

Use of Estimates

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

Significant estimates include:

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

Cash and temporary investments

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

Debt charges recoverable

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

Investments

Investments are short-term deposits with original maturities of twelve months or less with redemption beginning thirty days after purchase without penalty. Investments are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Requisition over-levy and under-levy

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

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

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

Inventories for resale

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

Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Asset retirement obligation

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

Government transfers

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

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

Non-financial assets

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

a) ***Tangible capital assets***

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

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

b) ***Contributions of tangible capital assets***

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

c) ***Leases***

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

d) ***Inventories***

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

e) ***Cultural and historical tangible capital assets***

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

2. Adoption of recent accounting pronouncements

Section PS 1150 – Generally Accepted Accounting Principles

This section has been amended to position International Public Sector Accounting Standards as the first accounting framework to consult in situations not covered by primary sources of GAAP to specific circumstances and it is necessary to consult pronouncements issued by other bodies authorized to issue accounting standards. The amendment is effective for fiscal years beginning on or after April 1, 2021.

3. Recent accounting pronouncements published but not yet adopted

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

Section PS 3450 - Financial Instruments

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

Section PS 1201 – Financial Statement Presentation

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

Section PS 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.

Section PS 1000 – Financial Statement Concepts

This section has been amended to allow for recognition of purchased intangibles in financial statements. In conjunction with section 1201 there have been amendments made to remove disclosure requirements for unrecognized purchased intangibles. These amendments are effective for fiscal periods beginning on or after April 1, 2023. Earlier adoption is permitted.

Section PS 3160 – Public Private Partnerships

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

4. Cash and cash equivalents

	2021	2020
Cash on hand	\$ 2,161	\$ 2,236
General bank account	6,764,340	5,869,442
Temporary investments	2,516,376	2,622,218
Less cash restricted for deferred revenues	(2,617,563)	(1,409,553)
	\$ 6,665,314	\$ 7,084,343

Temporary investments are short-term deposits with original maturities of three months or less. Council has designated funds of \$4,890,748 (2020 - \$5,635,449) 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, 2021, prime rate was 2.45% and there was no balance on the overdraft.

5. Restricted cash and cash equivalents

	2021	2020
Cash restricted for deferred revenues	\$ 2,617,563	\$ 1,409,553

6. Taxes and grants in place of taxes

	2021	2020
Current taxes and grants in place of taxes	\$ 185,689	\$ 1,509,673
Arrears taxes	86,410	360,463
Property acquired	313,974	440,706
	586,073	2,310,842
Less allowance for doubtful accounts	(3,987)	(23,363)
	\$ 582,086	\$ 2,287,479

7. Land held for resale and development

	2021	2020
Land held for resale as financial asset	\$ 1,384,152	\$ 530,709
Land held for development	189,154	998,525
	1,573,306	1,529,234

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

8. Accounts payable and accrued liabilities

	2021	2020
Trade accounts payable and accrued liabilities	\$ 1,767,138	\$ 1,183,295
Government payroll remittance payable	95,454	23,212
	\$ 1,862,592	\$ 1,206,507

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

9. Accrued employee obligations

	2021	2020
Vacation	\$ 397,681	\$ 421,468
Accumulated sick leave	153,071	143,553
	\$ 550,752	\$ 565,021

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.

10. Deferred revenue

	2021	2020
Municipal Sustainability grant	\$ 1,703,412	\$ 1,117,407
Strategic Transportation Infrastructure Program	576,181	-
Family Community Support Services grant	124,548	22,438
Gas Tax Fund	-	64,547
Specified donations	10,408	10,408
Other	203,014	194,753
	\$ 2,617,563	\$ 1,409,553

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 5).

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

11. Long-term debt

	2021	2020
Tax supported debentures	\$ 10,630,227	\$ 11,094,671
Self supported debentures	769,294	912,880
	\$ 11,399,521	\$ 12,007,551

The current portion of long-term debt amounts to \$626,496 (2020 - \$608,031).

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

	Principal	Interest	Total
2022	\$ 626,496	354,267	\$ 980,763
2023	645,551	335,553	981,104
2024	665,215	315,929	981,144
2025	685,509	295,676	981,185
2026	678,635	274,774	953,409
Thereafter	8,098,115	2,497,864	10,595,979
	\$ 11,399,521	\$ 4,074,063	\$ 15,473,584

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% (2020 – 3.14%).

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

Interest on long-term debt amounted to \$369,218 (2020 – \$388,330).

12. 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:

	2021	2020
Total debt limit	\$ 26,266,257	\$ 26,037,368
Total Debt	(11,399,521)	(12,007,551)
Amount of debt limit unused	14,866,736	14,029,817
Debt servicing limit	\$ 4,377,710	\$ 4,339,562
Debt servicing	(980,763)	(980,096)
Amount of debt servicing unused	\$ 3,396,947	3,359,466

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. These calculations taken alone do not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

13. Asset retirement obligation

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

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

The initial asset retirement obligation is based on current year expectations for costs discounted to 1982. Retirement obligations are accreted at the discount rate from the initial obligation created as of 1982, to the end of the useful life of the landfill in the case of closure costs; and to the end of the post closure period for post closure costs. Accreted value of the asset retirement obligations are calculated using the average 10 year long term borrowing rate of 3.4482%.

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

		2021		2020
Estimated closure costs, beginning of year	\$	1,212,423	\$	1,172,009
Accretion expense		41,807		40,414
Estimated closure costs, end of year	\$	1,254,230	\$	1,212,423
Estimated post closure costs, beginning of year	\$	29,158	\$	28,186
Accretion expense		1,005		972
Estimated post closure costs, end of year	\$	30,163	\$	29,158
Total closure and post closure costs, end of year	\$	1,284,393	\$	1,241,581

At the current capacity, it is estimated that the Vegreville Sanitary Landfill has approximately 43 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.

14. Equity in tangible capital assets

		2021		2020
Tangible capital assets (Schedule 2)	\$	163,209,549	\$	159,210,977
Accumulated amortization (Schedule 2)		(104,972,684)		(101,632,812)
Long-term debt (Note 11)		(11,399,521)		(12,007,551)
	\$	46,837,344	\$	45,570,614

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

15. Accumulated surplus

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

	2021	2020
Unrestricted surplus	\$ 732,253	\$ 1,563,268
Restricted surplus		
Operating reserves	1,294,496	2,000,054
Capital reserves	4,890,748	5,365,449
Equity in tangible capital assets	46,837,344	45,570,614
	\$ 53,754,840	\$ 54,499,385

16. 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).

17. 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⁾	2021	2020
T. MacPhee, Mayor	\$ 53,000	\$ 8,366	\$ 61,366	\$ 60,304
D. Berry, Councillor	28,000	6,437	34,437	34,558
M. Brodziak, Councillor	23,100	1,864	24,964	29,957
L. Bullock, Councillor	5,700	879	6,579	-
J. Curtis, Councillor	6,000	1,226	7,226	-
J. Lemko, Councillor	29,000	6,566	35,566	35,257
T. Rudyk, Councillor	31,000	6,716	37,716	37,192
T. Warawa, Councillor	26,800	6,401	33,201	32,569
A. Waters, Councillor	22,500	5,307	27,807	32,569
Town Manager	405,126	29,560	434,686	190,145
Town Directors (3)	418,512	70,050	488,562	464,314
	\$ 1,048,738	\$ 143,372	\$ 1,192,110	\$ 916,865

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

17. Salary and benefits (continued)

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.

18. 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2021 were \$445,999 (2020 - \$458,916). Total current service contributions by the employees of the Town to the LAPP in 2021 were \$402,693 (2020 - \$413,982).

As at December 31, 2020, the LAPP disclosed an actuarial surplus of \$5 billion.

19. 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.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

20. 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.

21. Pandemic risk

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies. As at April 25, 2022, the Municipality is aware of these changes in its operations as a result of the COVID-19 crisis. Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance. As a result we are unable to estimate the potential impact on the Municipality's operations as of the date of these financial statements.

22. Approval of financial statements

Council and Management have approved these consolidated financial statements.

23. Budget amounts

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

24. Comparative figures

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