

TOWN OF VERMILION

ALBERTA

2024

MUNICIPAL FINANCIAL STATEMENTS

TABLE OF CONTENTS

| | |
|---|----|
| AUDITORS REPORT | 2 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 4 |
| CONSOLIDATED STATEMENT OF OPERATIONS | 5 |
| CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS | 6 |
| STATEMENT OF CASH FLOWS | 7 |
| SCHEDULES | 8 |
| NOTES TO FINANCIAL STATEMENTS | 14 |

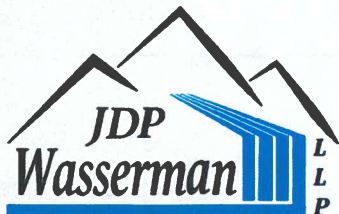


TOWN OF VERMILION

For the Year Ended

December 31, 2024

Drafted by the Finance Department of the Town of Vermilion



Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Council of Town of Vermilion

Opinion

We have audited the consolidated financial statements (the “financial statements”) of Town of Vermilion (the “Town”), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2024, and the results of its operations, changes in net financial assets and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 (Town Council) are responsible for overseeing the Town's financial reporting process.

(continues)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the 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.

Edmonton, Alberta
April 15, 2025

**JDP Wasserman
LLP**
Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Town of Vermilion is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as of December 31, 2024, and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town Council fulfills its responsibilities for review of the consolidated financial statements principally through its Finance and Administration Committee. This committee meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The Town Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by JDP Wasserman Chartered Professional Accountants; independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Chief Administrative Officer

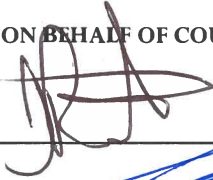

Date May 8 2025
Town of Vermilion, Canada



Director of Corporate Services

Date April 20, 2025
Town of Vermilion, Canada

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

| | 2024 | 2023 |
|---|---------------------|------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments (Note 2) | 4,780,431 | 2,650,035 |
| Taxes and grants in lieu receivable (Note 3) | 228,564 | 167,798 |
| Receivables from other governments | 115,488 | 806,102 |
| Trade and other receivables | 1,188,896 | 1,140,221 |
| Inventory held for resale | 4,167,193 | 4,561,520 |
| Debt charges recoverable (Note 4) | 841,781 | 897,669 |
| Investments (Note 5) | 3,000,000 | 3,226,715 |
| | | |
| Total financial assets | 14,322,353 | 13,450,060 |
| LIABILITIES | | |
| Payable to other governments | 118,571 | 224,128 |
| Accounts payable and accrued liabilities | 681,841 | 340,130 |
| Deposit liabilities | 16,700 | 17,365 |
| Deferred revenue (Note 6) | 1,319,770 | 1,568,621 |
| Employee benefit obligations (Note 7) | 292,442 | 276,978 |
| Long term debt (Note 9) | 9,615,614 | 10,504,435 |
| | | |
| Total liabilities | 12,044,938 | 12,931,657 |
| | | |
| NET FINANCIAL ASSETS (DEBT) | 2,277,415 | 518,403 |
| NON-FINANCIAL ASSETS | | |
| Inventory for consumption | 230,401 | 203,158 |
| Prepaid expenses | 683,010 | 928,366 |
| Tangible capital assets (Note 11) | 68,926,201 | 69,639,663 |
| | 69,839,612 | 70,771,187 |
| | | |
| ACCUMULATED SURPLUS (Note 13) | 72,117,027 | 71,289,590 |
| SIGNED ON BEHALF OF COUNCIL: | | |
|  | | |
|  | | |
| | DEPUTY MAYOR | |
| | COUNCILLOR | |

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Budget | 2024 | 2023 |
|--|-------------------|-------------------|--------------------|
| REVENUE | | | |
| Net municipal taxes (See Schedule of Property Taxes) | 6,291,000 | 6,236,500 | 5,983,429 |
| Local improvements | 116,000 | 264 | 79,233 |
| Franchise and concession contracts | 698,000 | 817,925 | 793,675 |
| Gain on sale of tangible capital assets | - | 45,000 | 206,991 |
| User fees and sales of goods | 6,046,986 | 6,453,426 | 5,555,336 |
| Government transfers for operating (See Sched of Govt Transfers) | 699,465 | 779,773 | 729,460 |
| Investment income | 90,000 | 343,982 | 251,835 |
| Penalties and costs of taxes | 61,000 | 41,612 | 65,335 |
| Licences and permits | 72,000 | 91,931 | 63,192 |
| Other | 121,279 | 384,640 | 218,319 |
| Total Revenue | 14,195,730 | 15,195,053 | 13,946,805 |
| EXPENSES | | | |
| Council and other legislative | 234,000 | 216,868 | 213,432 |
| General administration | 1,153,754 | 929,781 | 990,907 |
| Safety Program | 16,650 | 8,758 | 11,191 |
| Other general government | 380,650 | 350,854 | 436,125 |
| Police | 257,850 | 334,914 | 219,888 |
| Fire | 271,090 | 309,033 | 291,311 |
| Disaster and emergency services | 16,076 | 27,240 | 14,215 |
| Bylaw enforcement | 135,250 | 143,490 | 131,742 |
| Common services | 172,000 | 50,271 | 165,777 |
| Roads, streets, walks and lighting | 1,349,342 | 1,139,189 | 1,240,297 |
| Airport | 99,400 | 90,896 | 94,337 |
| Storm sewers and drainage | 87,000 | 69,079 | 80,064 |
| Water supply and distribution | 2,660,822 | 2,957,726 | 2,360,622 |
| Wastewater treatment and disposal | 1,101,346 | 1,040,094 | 968,415 |
| Waste management | 827,200 | 897,622 | 740,145 |
| Environmental use and protection | 800 | 246 | 804 |
| Family and community support | 194,619 | 207,721 | 197,295 |
| Cemeteries and crematoriums | 69,271 | 63,088 | 60,616 |
| Public health and welfare | 41,000 | 83,086 | 60,701 |
| Land use planning, zoning and development | 147,600 | 119,921 | 115,988 |
| Economic development | 555,310 | 387,599 | 3,356,896 |
| Community Services | 7,800 | 6,167 | 4,558 |
| Subdivision land & development | 49,571 | 590,740 | 212,528 |
| Recreation board | 243,700 | 156,086 | 164,310 |
| Parks and recreation | 1,248,221 | 1,342,812 | 1,251,678 |
| Community hall | 185,500 | 214,671 | 184,840 |
| Culture and library | 280,000 | 279,868 | 427,541 |
| Amortization | 3,070,606 | 2,963,887 | 2,940,355 |
| Total Expenses | 14,856,428 | 14,981,707 | 16,936,578 |
| (DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER | (660,698) | 213,346 | (2,989,773) |
| Government transfers for capital (page 9) | - | 614,091 | 1,521,811 |
| (DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES | (660,698) | 827,437 | (1,467,962) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 71,289,590 | 71,289,590 | 72,757,552 |
| ACCUMULATED SURPLUS, END OF YEAR | 70,628,892 | 72,117,027 | 71,289,590 |

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Budget | 2024 | 2023 |
|---|-------------------------|-------------------------|-----------------------|
| (DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES | (660,698) | 827,437 | (1,467,962) |
| Acquisition of tangible capital assets | (3,347,000) | (2,250,425) | (1,654,587) |
| Proceeds on disposal of tangible capital assets | - | 45,000 | 212,591 |
| Amortization of tangible capital assets | 3,070,606 | 2,963,887 | 2,940,355 |
| Loss on sale of tangible capital assets | - | - | 617,405 |
| Gain on sale of tangible capital assets | - | (45,000) | (206,991) |
| | <u>(276,394)</u> | <u>713,462</u> | <u>1,908,773</u> |
| Change in inventory | - | (27,243) | (30,753) |
| Change in prepaid assets | - | 245,356 | 69,992 |
| | <u>-</u> | <u>218,113</u> | <u>39,239</u> |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | (937,092) | 1,759,012 | 480,050 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | <u>518,403</u> | <u>518,403</u> | <u>38,353</u> |
| NET FINANCIAL ASSETS, END OF YEAR | <u><u>(418,689)</u></u> | <u><u>2,277,415</u></u> | <u><u>518,403</u></u> |

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | 2024 | 2023 |
|--|--------------------|--------------------|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| (Deficiency) Excess of revenue over expenses (Page 5) | 827,437 | (1,467,962) |
| Non-cash items included in excess of revenues over expenses: | | |
| Amortization of tangible capital assets | 2,963,887 | 2,940,355 |
| Loss on sale of tangible capital assets | - | 617,405 |
| Gain on disposal of tangible capital assets | (45,000) | (206,991) |
| Non-cash charges to operations (net change): | | |
| Decrease (increase) in taxes and grants in lieu receivable | (60,766) | 65,334 |
| Decrease (increase) in receivables from other governments | 690,614 | 624,481 |
| Decrease (increase) in trade and other receivables | (48,675) | (8,884) |
| Decrease (increase) in land inventory held for resale | 394,327 | 153,281 |
| Decrease (increase) in debt charges recoverable | 55,888 | 53,272 |
| Decrease (increase) in inventory for consumption | (27,243) | (30,753) |
| Decrease (increase) in prepaid expenses | 245,356 | 69,992 |
| Increase (decrease) in accounts payable and accrued liabilities | 236,154 | (199,155) |
| Increase (decrease) in deposit liabilities | (665) | 715 |
| Increase (decrease) in deferred revenue | (248,851) | (824,004) |
| Increase (decrease) in employee benefit obligations | 15,464 | 43,750 |
| Cash provided by operating transactions | 4,997,927 | 1,830,836 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (2,250,425) | (1,654,587) |
| Sale of tangible capital assets | 45,000 | 212,591 |
| Cash applied to capital transactions | (2,205,425) | (1,441,996) |
| INVESTING | | |
| Decrease (increase) in investments | 226,715 | (1,083,080) |
| Cash provided by investing transactions | 226,715 | (1,083,080) |
| FINANCING | | |
| Long term debt issued | | 1,650,000 |
| Long term debt repaid | (888,821) | (837,908) |
| Cash provided by financing transactions | (888,821) | 812,092 |
| CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR | 2,130,396 | 117,852 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 2,650,035 | 2,532,183 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 4,780,431 | 2,650,035 |
| Cash and cash equivalents is made up of: | | |
| Cash and temporary investments (Note 2) | 4,780,431 | 2,650,035 |
| Less: restricted portion of cash and temporary investments | - | - |
| | 4,780,431 | 2,650,035 |

**SCHEDULE OF PROPERTY TAXES
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Budget | 2024 | 2023 |
|--|------------------|------------------|------------------|
| TAXATION | | | |
| Property taxes | | | |
| - residential land and improvements | 4,848,000 | 4,823,406 | 4,699,093 |
| - non-residential land and improvements | 2,716,000 | 2,748,970 | 2,585,116 |
| - machinery and equipment | 23,000 | 22,292 | 22,345 |
| - linear property | 342,000 | 348,819 | 325,783 |
| - railway | 6,000 | 6,436 | 6,239 |
| - farmland | 1,000 | 751 | 728 |
| Government grants in place of property taxes | | | |
| - federal | 23,000 | 25,240 | 22,732 |
| - provincial | 101,000 | 107,254 | 100,780 |
| | <u>8,060,000</u> | <u>8,083,168</u> | <u>7,762,816</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 1,416,000 | 1,505,680 | 1,443,969 |
| East Central AB Catholic Separate Schools Regional Division No. 16 | 213,000 | 200,405 | 196,128 |
| Vermilion & District Housing Foundation | 138,000 | 140,583 | 137,750 |
| Designated Industrial Property | 2,000 | - | 1,540 |
| | <u>1,769,000</u> | <u>1,846,668</u> | <u>1,779,387</u> |
| NET MUNICIPAL TAXES | <u>6,291,000</u> | <u>6,236,500</u> | <u>5,983,429</u> |

**SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Budget | 2024 | 2023 |
|-----------------------------------|----------------|------------------|------------------|
| TRANSFERS FOR OPERATING: | | | |
| Provincial Government | 171,715 | 231,019 | 189,777 |
| Other Local Governments | 527,750 | 548,754 | 539,683 |
| | <u>699,465</u> | <u>779,773</u> | <u>729,460</u> |
| TRANSFERS FOR CAPITAL: | | | |
| Federal Government | - | 500,000 | 489,992 |
| Provincial Government | - | 114,091 | 1,031,819 |
| | <u>-</u> | <u>614,091</u> | <u>1,521,811</u> |
| TOTAL GOVERNMENT TRANSFERS | <u>699,465</u> | <u>1,393,864</u> | <u>2,251,271</u> |

**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Budget | 2024 | 2023 |
|---|-------------------|-------------------|-------------------|
| Contracted and general services | 4,309,821 | 4,744,960 | 6,436,132 |
| Salaries, wages and benefits | 4,231,900 | 3,758,481 | 3,784,617 |
| Amortization of tangible capital assets | 3,070,606 | 2,963,887 | 2,940,355 |
| Materials, goods, supplies and utilities | 1,989,818 | 2,369,029 | 2,046,026 |
| Transfers to other governments | 359,000 | 365,637 | 331,788 |
| Interest on long term debt | 436,924 | 315,410 | 275,281 |
| Other expenditures | 165,890 | 200,387 | 280,834 |
| Transfers to individuals and organizations | 282,469 | 253,228 | 214,618 |
| Bank charges and short term interest | 9,000 | 10,185 | 9,027 |
| Purchases from other governments | 1,000 | 503 | 495 |
| Net loss on sale of tangible capital assets | - | - | 617,405 |
| | <u>14,856,428</u> | <u>14,981,707</u> | <u>16,936,578</u> |

Town of Vermilion
Schedule of Accumulated Surplus
For the Year Ended December 31, 2024

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2024 \$ | 2023 \$ |
|---|-------------------------|-----------------------|--------------------------------------|-------------------|-------------------|
| BALANCE, BEGINNING OF YEAR | 4,860,221 | 5,222,623 | 61,206,746 | 71,289,590 | 72,757,552 |
| Excess (deficiency) of revenues over expenses | 827,437 | | | 827,437 | (1,467,962) |
| Unrestricted funds designated for future use | (941,186) | 941,186 | | - | - |
| Restricted funds used for operations | 494,281 | (494,281) | | - | - |
| Restricted funds used for tangible capital assets | | (1,692,824) | 1,692,824 | - | - |
| Current year funds used for tangible capital assets | (557,601) | | 557,601 | - | - |
| Annual amortization expense | 2,963,887 | | (2,963,887) | - | - |
| Long term debt repaid | (601,569) | | 601,569 | - | - |
| Change in accumulated surplus | 2,185,249 | (1,245,919) | (111,893) | 827,437 | (1,467,962) |
| BALANCE, END OF YEAR | 7,045,470 | 3,976,704 | 61,094,853 | 72,117,027 | 71,289,590 |

Town of Vermilion
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

| | Land | Land Improvements | Buildings | Engineered Structures | Machinery and Equipment | Vehicles | 2024 \$ | 2023 \$ |
|--|------------------|-------------------|------------------|-----------------------|-------------------------|------------------|-------------------|-------------------|
| COST: | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | 1,715,189 | 5,294,046 | 14,220,162 | 92,973,240 | 6,621,987 | 4,038,512 | 124,863,136 | 124,315,598 |
| Acquisition of tangible capital assets | - | - | 98,322 | 594,052 | 284,945 | - | 977,318 | 1,629,568 |
| Construction-in-progress | - | 103,598 | 33,850 | 970,700 | 189,978 | - | 1,298,126 | 25,019 |
| Disposal of tangible capital assets | - | - | - | - | (154,688) | - | (154,688) | (1,082,030) |
| BALANCE, END OF YEAR | 1,715,189 | 5,397,644 | 14,352,334 | 94,537,991 | 6,942,222 | 4,038,512 | 126,983,892 | 124,888,155 |
| ACCUMULATED AMORTIZATION: | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | - | 3,252,491 | 4,410,647 | 41,336,746 | 4,148,500 | 2,100,108 | 55,248,493 | 52,767,163 |
| Annual amortization | - | 218,204 | 285,397 | 1,873,485 | 334,992 | 251,809 | 2,963,887 | 2,940,355 |
| Accumulated amortization on disposals | - | - | - | - | (154,688) | - | (154,688) | (459,025) |
| BALANCE, END OF YEAR | - | 3,470,695 | 4,696,044 | 43,210,231 | 4,328,804 | 2,351,917 | 58,057,691 | 55,248,493 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 1,715,189 | 1,926,948 | 9,656,291 | 51,327,761 | 2,613,417 | 1,686,595 | 68,926,201 | 69,639,662 |
| 2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 1,715,189 | 2,041,555 | 9,814,734 | 51,656,294 | 2,473,487 | 1,938,403 | 69,639,663 | |

Town of Vermilion
Schedule of Segmented Disclosure
For the Year Ended December 31, 2024

Town of Vermilion

| | General Government | Protective Services | Transportation Services | Planning and Development | Recreation and Culture | Environmental Services | Other | Total \$ |
|---|-----------------------|------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------|-------------|
| REVENUE | | | | | | | | |
| Net municipal taxes | 6,236,500 | | | | | | | 6,236,500 |
| Government transfers | 219,941 | 133,827 | 500,204 | 56,490 | 315,000 | 3,600 | 164,801 | 1,393,864 |
| User fees and sales of goods | 7,600 | 86,774 | 118,618 | 402,205 | 408,448 | 5,236,903 | 192,879 | 6,453,426 |
| Investment income | 343,982 | - | - | - | - | - | - | 343,982 |
| Other revenues | 915,604 | 18,357 | 45,264 | 319,648 | 38,892 | 17,747 | 25,862 | 1,381,372 |
| | 7,723,626 | 238,957 | 664,086 | 778,343 | 762,340 | 5,258,250 | 383,542 | 15,809,144 |
| EXPENSES | | | | | | | | |
| Contract and general services | 436,694 | 444,150 | 197,160 | 158,383 | 501,347 | 2,959,151 | 48,076 | 4,744,960 |
| Salaries and wages | 921,803 | 259,591 | 684,914 | 312,233 | 801,683 | 628,759 | 149,498 | 3,758,481 |
| Goods and supplies | 56,797 | 80,021 | 565,817 | 580,017 | 520,609 | 534,562 | 31,206 | 2,369,029 |
| Transfers to other governments | 23,931 | 22,915 | 6,245 | 44,706 | - | 217,613 | - | 315,410 |
| Long-term debt interest | 9,714 | - | - | - | - | 471 | - | 10,185 |
| Other expenses | 57,321 | 8,000 | (104,700) | 2,921 | 169,800 | 555,132 | 131,282 | 819,756 |
| | 1,506,261 | 814,676 | 1,349,436 | 1,098,260 | 1,993,438 | 4,895,688 | 360,062 | 12,017,822 |
| NET REVENUE, BEFORE AMORTIZATION | 6,217,365 | (575,719) | (685,350) | (319,918) | (1,231,098) | 362,562 | 23,480 | 3,791,322 |
| Amortization expense | 68,649 | 165,113 | 1,246,711 | 5,605 | 458,015 | 1,003,993 | 15,801 | 2,963,887 |
| NET REVENUE | 6,148,716 | (740,832) | (1,932,060) | (325,523) | (1,689,114) | (641,431) | 7,679 | 827,435 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Vermilion are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of these accounting policies are as follows:

Reporting Entity

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

Vermilion Public Library
Family Community and Support Services

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

Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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

Property tax revenues are recorded at the time tax billings are issued and are based on market value assessments in accordance with the MGA and annually established tax rates. Tax revenues are recorded net of any tax appeals or allowances in the Consolidated Statement of Operations and Accumulated Surplus.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred, or transfers are due.

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 expenses 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.

Fund Accounting

Management funds consist of the operating, capital, and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

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. Prior to that time, any amounts received are recorded as deferred revenue.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 revenue over expenses, provides the consolidated Change in Net Financial Assets for the year.

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 tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

| | |
|-------------------------|-------|
| Land Improvements | 5-25 |
| Buildings | 25-50 |
| Engineered structures | 5-75 |
| Machinery and equipment | 5-40 |
| Vehicles | 7-25 |

No amortization is charged in the year of acquisition and the full year of amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contribution 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.

Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost and net realizable value.

Land inventory 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 capital assets under their respective function.

Investments

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality. Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings. In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

Landfill Closure and Post-Closure Liability

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 included 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 estimated remaining life of the landfill site based on usage.

Asset Retirement

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the 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 the asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with the use of the asset are recognized in the period incurred with a corresponding asset retirement cost expenses 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. Disbursement made to settle the liability are deducted from the reported liability when they are made.

2. CASH AND TEMPORARY INVESTMENTS

| | <u>2024</u> | <u>2023</u> |
|-----------------------|------------------|------------------|
| Cash | 2,774,961 | 1,644,875 |
| Temporary investments | <u>2,005,470</u> | <u>1,005,160</u> |
| | <u>4,780,431</u> | <u>2,650,035</u> |

Temporary investments consist of term deposits with maturities of twelve months or less.

TOWN OF VERMILION

Page 17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

3. TAXES AND GRANTS IN LIEU RECEIVABLES

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|----------------|----------------|
| Current taxes and grants in lieu | 169,554 | 130,509 |
| Tax arrears and grants in lieu | <u>64,010</u> | <u>42,289</u> |
| | 233,564 | 172,798 |
| Less: allowance for doubtful accounts | <u>(5,000)</u> | <u>(5,000)</u> |
| | <u>228,564</u> | <u>167,798</u> |

During the current and prior year no impairments were recorded.

4. DEBT CHARGES RECOVERABLE

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|----------------|----------------|
| Current debt charges recoverable | 57,345 | 56,887 |
| Non-current debt charges recoverable | <u>784,436</u> | <u>840,782</u> |
| | <u>841,781</u> | <u>896,603</u> |

| | | |
|---------------------------------------|-----|-------|
| Current debt charges accrued interest | 999 | 1,065 |
|---------------------------------------|-----|-------|

The Town of Vermilion has undertaken a joint development project with the Vermilion and District Housing Foundation. The Town assumed long-term financing totaling \$1,225,000 commencing in 2017, at a rate of 2.711%. Amounts are recoverable in blended semiannual installments of \$39,876 including interest and matures in 2037.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|------------------|-----------------|----------------|
| 2025 | 58,344 | 22,407 | 80,751 |
| 2026 | 58,910 | 20,842 | 79,752 |
| 2027 | 60,517 | 19,235 | 79,752 |
| 2028 | 62,170 | 17,582 | 79,752 |
| 2029 | 63,866 | 15,886 | 79,752 |
| 2030 and subsequent | <u>537,974</u> | <u>60,169</u> | <u>598,123</u> |
| | <u>841,781</u> | <u>156,121</u> | <u>997,902</u> |

5. INVESTMENTS

Investments consisted of three term deposits bearing interest at rate 5.47%, 3.9% and 4.75% per annum, with maturity date in 2025 and 2026.

6. DEFERRED REVENUE

| | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| Municipal Sustainability Initiative Capital | 943,114 | 1,006,207 |
| Canada Community Building Fund | 336,315 | 535,074 |
| Unearned Revenue | 35,464 | 20,498 |
| Vermilion Wellness Coalition | 3,603 | 5,909 |
| FCSS Grants-CMHA & RIFS | <u>1274</u> | <u>933</u> |
| | <u>1,319,770</u> | <u>1,568,621</u> |

7. EMPLOYEE OBLIGATIONS

The Town of Vermilion employee obligations liability is comprised of salary, vacation, sickness, and overtime that employees are deferring to the future year.

| | <u>2024</u> | <u>2023</u> |
|---------------------------|-------------|-------------|
| Accrued employee vacation | 172,656 | 172,929 |
| Accrued Salary | 88,735 | 89,319 |

TOWN OF VERMILION

Page 18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

| | | |
|------------------|----------------|----------------|
| Accrued overtime | <u>31,051</u> | <u>14,730</u> |
| | <u>292,442</u> | <u>276,978</u> |

8. LANDFILL CLOSURE

During the year 2003, the Town of Vermilion closed its landfill site. Post-closure procedures, including site clean-up and cell capping, took place during the year 2004. Landscaping and reclamation took place in 2005, at cost of \$5,421. Engineered monitoring of the site takes place annually with the 2023 cost of \$14,082 and 2024 cost of \$12,830.

9. LONG-TERM DEBT

| | | |
|--------------------------|------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| Tax supported debentures | <u>9,615,614</u> | <u>10,504,435</u> |

The current portion of the long-term debt amounts to \$875,714 (2023 - \$888,821).

Principal and interest repayments are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|------------------|------------------|-------------------|
| 2025 | 875,714 | 294,715 | 1,170,429 |
| 2026 | 867,041 | 269,340 | 1,136,381 |
| 2027 | 877,775 | 243,545 | 1,121,320 |
| 2028 | 825,373 | 217,279 | 1,042,652 |
| 2029 | 555,546 | 194,470 | 750,016 |
| 2030 and subsequent | <u>5,614,165</u> | <u>1,656,055</u> | <u>7,270,220</u> |
| | <u>9,615,614</u> | <u>2,875,404</u> | <u>12,491,018</u> |

Debenture debt is repayable to Alberta Capital Finance Authority, bears interest at rates ranging from 1.416% to 5.430% per annum, and matures in periods 2026 through 2048. The average annual interest rate is 2.617% for 2024 (2023 – 2.617%).

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

The Town's total cash payment for interest in 2024 was \$320,572 (2023 - \$254,405).

10. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Vermilion be disclosed as follows:

| | | |
|---------------------------------------|-------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| Total debt limit | <u>22,799,574</u> | <u>20,672,795</u> |
| Total guaranteed loans (Note 4) | <u>420,891</u> | <u>448,301</u> |
| Total debt outstanding | <u>9,615,614</u> | <u>10,504,435</u> |
| Amount of debt limit unused | <u>12,763,069</u> | <u>9,720,059</u> |
| Debt servicing limit | <u>3,799,929</u> | <u>3,445,466</u> |
| Debt servicing | <u>1,170,434</u> | <u>1,209,394</u> |
| Amount of debt servicing limit unused | <u>2,629,499</u> | <u>2,236,072</u> |

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 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 at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

TOWN OF VERMILION

Page 19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

11. TANGIBLE CAPITAL ASSETS

| Net Book Value | <u>2024</u> | <u>2023</u> |
|--------------------------------------|-------------------|-------------------|
| Land | 1,715,189 | 1,715,189 |
| Land Improvements | 1,926,948 | 2,041,555 |
| Buildings | 9,656,291 | 9,814,734 |
| Engineering Structures | | |
| Roadway system | 12,932,203 | 13,333,932 |
| Water distribution system | 11,888,247 | 12,240,890 |
| Wastewater treatment system | 23,891,777 | 23,405,584 |
| Storm System | 2,615,534 | 2,675,888 |
| Machinery, equipment and furnishings | 2,613,417 | 2,473,487 |
| Vehicles | <u>1,686,595</u> | <u>1,938,403</u> |
| | <u>68,926,201</u> | <u>69,639,662</u> |

12. EQUITY IN TANGIBLE CAPITAL ASSETS

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|--------------------|--------------------|
| Tangible capital assets (Schedule 2) | 126,983,892 | 124,888,155 |
| Accumulated amortization (Schedule 2) | (58,057,691) | (55,248,493) |
| Long-term debt | <u>(7,831,348)</u> | <u>(8,432,916)</u> |
| | <u>61,094,853</u> | <u>61,206,746</u> |

13. ACCUMULATED SURPLUS

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

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------|-------------------|-------------------|
| Unrestricted surplus | 7,045,470 | 4,860,221 |
| Restricted | 3,976,704 | 5,222,623 |
| Equity in tangible capital assets | <u>61,094,853</u> | <u>61,206,746</u> |
| | <u>72,117,027</u> | <u>71,289,590</u> |

14. SEGMENTED DISCLOSURE

The Town of Vermilion provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both 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 the Schedule of Segmented Disclosure (Schedule 3).

15. SALARIES AND BENEFITS DISCLOSURE

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

| | <u>2024</u> | | | <u>2023</u> |
|---------------|----------------|----------------------------|--------|-------------|
| | Salary/ Fee | Benefits and Allowances | Total | Total |
| Mayor | | | | |
| Greg Thronson | 15,650 | 1,513 | 17,163 | 33,802 |
| Councillors | | | | |
| Robert Pulyk | 19,575 | 2,335 | 21,910 | 23,207 |
| Paul Conlon | 17,425 | 1,578 | 19,003 | 19,558 |
| Kevin Martin | 21,450 | 2,253 | 24,003 | 19,981 |

TOWN OF VERMILION

Page 20

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

| | | | | |
|-------------------------------------|--------|--------|---------|---------|
| Joshua Rayment | 22,800 | 1,903 | 24,703 | 22,518 |
| Robert Snow | 24,300 | 4,229 | 28,529 | 23,372 |
| Kirby Whitlock | 22,710 | 1,787 | 24,497 | 21,326 |
| Chief Administrative Officer | | | | |
| Kevin Lucas | 63,321 | 14,464 | 77,785 | 177,622 |
| Acting Chief Administrative Officer | | | | |
| Mike Van Der Torre | 91,883 | 15,022 | 106,905 | |

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

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Vermilion participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta 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 become due.

The Town of Vermilion is required to make current service contributions to the LAPP of 8.45% (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. Employees of the Town are required to make current service contributions of 7.45% (2023 – 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2023 – 11.23%) on pensionable salary above this amount.

Total current service contributions by the Town of Vermilion to the LAPP in 2024 were \$213,490 (2023 - \$209,051). Total current service contributions by the employees of the Town of Vermilion to the LAPP in 2024 were \$189,868 (2023 - \$204,002). At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.057 billion.

17. CONTINGENCIES

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

The Town of Vermilion has a contingent liability to the Vermilion Credit Union Ltd. as a guarantor for a loan to the Vermilion & District Housing Foundation. The loan is secured by the Town of Vermilion and The County of Vermilion River and the outstanding balance as of December 31, 2024, is \$207,074. The loan is in good standing as at December 31, 2024.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

18. COMMITMENTS

The Town of Vermilion is committed to pay fifty percent of the annual deficit incurred in operating the Lakeland College swimming pool or such other amount that the Town may authorize by resolution of Town of Vermilion for a period of twenty years, expiring in 2027. The current allocation is \$120,000 (2023 - \$120,000).

19. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, accounts receivable, investments, debt charges recoverable, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in lieu receivables 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.

The Town is subject to Liquidity risk with respect to obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its long-term debt and accounts payable.

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

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.