

TOWN OF VALLEYVIEW
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of the Town of Valleyview

Qualified Opinion

We have audited the accompanying financial statements of the Town of Valleyview (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 a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the 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 and, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Management did not adopt PS3280 *Asset Retirement Obligations* in the current year, which constitutes a departure from the requirements of Canadian public sector accounting standards. As a result of management not able to complete their assessment of what, if any, implications there would be from the adoption of this accounting standard, we were not able to determine if any adjustments were required to the Town's tangible capital assets, expenses, accumulated surplus, and asset retirement obligations. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of this departure from Canadian public sector accounting standards and scope limitation.

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 the ethical requirements that are relevant to our audit of the 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 these 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 are responsible for overseeing the Town's financial reporting process.

(continues)



Independent Auditors' Report to the Mayor and Members of Council of the Town of Valleyview
(continued)

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 it 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 judgment 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 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.

METRIX GROUP LLP

Chartered Professional Accountants

Valleyview, Alberta
May 1, 2025



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Administration is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgemental is required.

In discharging its responsibility for the integrity and fairness of the financial statements, Administration designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The elected Mayor and Council of the Town of Valleyview are composed entirely of individuals who are neither administration nor employees of the Town. The Mayor and Council have the responsibility of meeting with Administration and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Town's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and Administration to discuss their audit findings.



Pat Brothers, Interim Chief Administrative Officer

Valleyview, Alberta
May 1, 2025

**TOWN OF VALLEYVIEW
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 2,159,990	\$ 5,823,471
Taxes and grants in place of taxes receivable (Note 3)	185,528	138,428
Trade and other receivables (Note 4)	1,013,375	987,766
Government receivables	3,367,564	641,762
Land held for resale inventory	<u>1,035,156</u>	<u>1,034,180</u>
	<u>7,761,613</u>	<u>8,625,607</u>
LIABILITIES		
Employee benefit obligations (Note 5)	150,682	132,612
Accounts payable and accrued liabilities	666,866	1,318,956
Deposit liabilities	33,485	32,445
Deferred revenue (Note 6)	58,344	1,468
Capital lease obligation	-	82,834
Long-term debt (Note 7)	<u>285,774</u>	<u>445,345</u>
	<u>1,195,151</u>	<u>2,013,660</u>
NET FINANCIAL ASSETS	<u>6,566,462</u>	<u>6,611,947</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 6)	36,022,903	36,904,241
Inventory for consumption	290,031	237,198
Prepaid expenses	<u>62,747</u>	<u>65,118</u>
	<u>36,375,681</u>	<u>37,206,557</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 42,942,143</u>	<u>\$ 43,818,504</u>
CONTINGENCIES (Note 12)		

APPROVED ON BEHALF OF COUNCIL:



Mayor: Vera Lymburger

TOWN OF VALLEYVIEW
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u> (Budget) (Note 16)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
REVENUES			
User fees and sales of goods	\$ 3,824,300	\$ 3,142,993	\$ 3,301,041
Net municipal property taxes (Schedule 3)	2,833,643	2,660,121	2,542,358
Government transfers for operating (Schedule 4)	3,261,934	3,403,285	4,407,304
Other	148,700	294,535	343,189
Franchise and concession	160,000	161,209	154,958
Fines	33,000	41,010	23,947
Penalties and costs on taxes	40,000	39,087	32,877
Rentals	32,000	92,056	124,834
Interest and investment income	140,800	187,401	360,024
License and permits	25,000	21,716	17,239
	<u>10,499,377</u>	<u>10,043,413</u>	<u>11,307,771</u>
EXPENSES			
Council and other legislative	222,200	188,818	129,602
Administration	985,200	992,510	1,210,886
Fire protection and safety services	454,900	480,688	546,599
Bylaws enforcement	268,200	260,556	211,811
Roads, streets, walks, and lighting	2,168,025	2,763,412	2,585,377
Airport	69,700	139,398	132,774
Storm sewers and drainage	25,800	23,576	90,537
Water supply and distribution	1,332,710	1,806,175	1,590,300
Wastewater treatment and disposal	-	559,247	1,733,027
Waste management and recycle	776,500	760,121	718,711
Family and community support	150,000	150,000	193,239
Other public health	-	103,732	84,070
Cemeteries	72,500	55,810	62,502
Land use planning, zoning and development	257,500	179,562	173,540
Subdivision land and development	5,000	95,504	111,519
Recreation boards	450,550	433,612	390,755
Parks and recreation	791,550	855,787	915,546
Culture and Tourism	278,450	274,733	332,230
Gas distribution	2,167,800	1,417,523	1,525,284
	<u>10,198,135</u>	<u>11,540,764</u>	<u>12,738,309</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>301,242</u>	<u>(1,497,351)</u>	<u>(1,430,538)</u>
OTHER INCOME			
Government transfers for capital (Schedule 4)	5,086,310	659,125	2,602,714
Gain (loss) on disposal of tangible capital assets	-	(38,135)	(2,191,438)
	<u>5,086,310</u>	<u>620,990</u>	<u>411,276</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>5,387,552</u>	<u>(876,361)</u>	<u>(1,019,262)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>43,818,504</u>	<u>43,818,504</u>	<u>44,837,766</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 49,206,056</u>	<u>\$ 42,942,143</u>	<u>\$ 43,818,504</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF VALLEYVIEW
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u> (Budget) (Note 16)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>5,387,552</u>	\$ <u>(876,361)</u>	\$ <u>(1,019,262)</u>
Acquisition of tangible capital assets	-	(1,326,037)	(5,425,489)
Loss (gain) on disposal of tangible capital assets	-	38,135	2,191,438
Proceeds on disposal of tangible capital assets	-	80,587	269,818
Amortization of tangible capital assets	<u>807,900</u>	<u>2,088,658</u>	<u>2,327,981</u>
	<u>807,900</u>	<u>881,343</u>	<u>(636,252)</u>
Net change in inventory for consumption	-	(52,838)	(47,621)
Net change in prepaid expenses	<u>-</u>	<u>2,371</u>	<u>106,131</u>
	<u>-</u>	<u>(50,467)</u>	<u>58,510</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	6,195,452	(45,485)	(1,597,004)
NET FINANCIAL ASSET, BEGINNING OF YEAR	<u>6,611,947</u>	<u>6,611,947</u>	<u>8,208,951</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 12,807,399</u>	<u>\$ 6,566,462</u>	<u>\$ 6,611,947</u>

TOWN OF VALLEYVIEW
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (876,361)	\$ (1,019,262)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	2,088,658	2,327,981
Loss (gain) on disposal of tangible capital assets	38,135	2,191,438
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(47,100)	(42,352)
Trade and other receivables	(25,609)	295,287
Government receivables	(2,725,802)	(624,584)
Employee benefits obligations	18,070	(138,462)
Accounts payable and accrued liabilities	(652,090)	482,394
Deposit liabilities	1,040	(1,000)
Deferred revenue	56,876	(11,069)
Prepaid expenses	2,371	106,131
Inventory for consumption	(52,838)	(47,621)
Inventory held for resale	(976)	-
CASH (USED) FROM OPERATING ACTIVITIES	<u>(2,175,626)</u>	<u>3,518,881</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,326,037)	(5,425,489)
Proceeds on disposal of tangible capital assets	80,587	269,818
Capital lease obligation acquisition	-	82,834
CASH USED FOR INVESTING ACTIVITIES	<u>(1,245,450)</u>	<u>(5,072,837)</u>
FINANCING ACTIVITIES		
Long-term debt repayments	(159,571)	(155,524)
Capital lease obligation payout	(82,834)	-
CASH FROM (USED) FOR FINANCING ACTIVITIES	<u>(242,405)</u>	<u>(155,524)</u>
INCREASE (DECREASE) IN CASH	<u>(3,663,481)</u>	<u>(1,709,480)</u>
CASH, BEGINNING OF YEAR	<u>5,823,471</u>	<u>7,532,951</u>
CASH, END OF YEAR	<u>\$ 2,159,990</u>	<u>\$ 5,823,471</u>

TOWN OF VALLEYVIEW
SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024 Total	2023 Total
Balance, Beginning of Year	\$ 5,608,349	\$ 1,834,093	\$ 36,376,062	\$ 43,818,504	\$ 44,867,766
Excess (deficiency) of Revenue over Expenses	(876,361)	-	-	(876,361)	(1,019,262)
Purchase of tangible capital assets	(1,326,037)	-	1,326,037	-	-
Capital lease obligations	(82,834)	-	82,834	-	-
Annual amortization expense	2,088,658	-	(2,088,658)	-	-
Disposal of tangible capital assets	118,717	-	(118,717)	-	-
Unrestricted funds designated for future use	375,710	(375,710)	-	-	-
Long-term debt repaid	(159,571)	-	159,571	-	-
Balance, End of Year	\$ 5,746,631	\$ 1,458,383	\$ 35,737,129	\$ 42,942,143	\$ 43,848,504

The accompanying notes are an integral part of these financial statements.

**TOWN OF VALLEYVIEW
SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SCHEDULE 2

	<u>2024</u>	<u>2023</u>
BALANCE, BEGINNING OF YEAR	\$ 36,376,062	\$ 35,667,110
Purchase and construction of tangible capital assets	1,326,037	5,425,489
Tangible Capital Asset Transfers	-	-
Cost of Tangible Capital Assets Disposed of	(190,665)	(4,558,178)
Accumulated Amortization of Capital Assets Disposed of	71,948	2,096,932
Amortization of Tangible Capital Assets	(2,088,658)	(2,327,981)
Long-term Debt Repayments	159,571	155,524
Capital Lease Obligations	<u>82,828</u>	<u>(82,834)</u>
BALANCE, END OF YEAR	<u>\$ 35,737,123</u>	<u>\$ 36,376,062</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible capital assets (net book value)	\$ 36,022,903	\$ 36,904,241
Capital long-term debt	(285,774)	(445,345)
Capital lease obligations	<u>-</u>	<u>(82,834)</u>
	<u>\$ 35,737,129</u>	<u>\$ 36,376,062</u>

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

SCHEDULE 3

	<u>2024</u> (Budget) (Note 16)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
TAXATION			
Real property taxes	\$ 3,184,738	\$ 3,024,311	\$ 2,910,730
Linear property taxes	95,689	95,689	88,677
Government grants in place of property taxes	110,201	94,847	65,842
Special assessments and local improvement tax	<u>163,170</u>	<u>162,315</u>	<u>175,240</u>
	<u>3,553,798</u>	<u>3,377,162</u>	<u>3,240,489</u>
REQUISITIONS			
Alberta School Foundation Fund	720,155	565,832	558,213
Holy Family Catholic Regional Division	-	72,623	71,228
Heart River Foundation	<u>-</u>	<u>78,586</u>	<u>68,690</u>
	<u>720,155</u>	<u>717,041</u>	<u>698,131</u>
NET MUNICIPAL TAXES	\$ <u>2,833,643</u>	\$ <u>2,660,121</u>	\$ <u>2,542,358</u>

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

SCHEDULE 4

	<u>2024</u> (Budget) (Note 16)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 152,734	\$ 277,145	\$ 1,289,814
Local governments	<u>3,109,200</u>	<u>3,126,140</u>	<u>3,117,490</u>
	<u>3,261,934</u>	<u>3,403,285</u>	<u>4,407,304</u>
TRANSFERS FOR CAPITAL			
Provincial government	5,086,310	238,659	2,393,560
Local government	<u>-</u>	<u>420,466</u>	<u>209,154</u>
	<u>5,086,310</u>	<u>659,125</u>	<u>2,602,714</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 8,348,244</u>	<u>\$ 4,062,410</u>	<u>\$ 7,010,018</u>

TOWN OF VALLEYVIEW

SCHEDULE 5

SCHEDULE OF SEGMENT DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation Culture & Health	Gas	2024
REVENUE								
Net municipal taxation	\$ 2,497,791	\$ -	\$ 161,269	\$ 1,061	\$ -	\$ -	\$ -	\$ 2,660,121
Penalties and costs on taxes	39,087	-	-	-	-	-	-	39,087
User fees and sales of goods	3,475	-	-	1,751,423	126,688	158,822	1,102,585	3,142,993
Government transfers	3,005,000	328,016	-	10,269	-	60,000	-	3,403,285
Licenses and permits	-	21,716	-	-	-	-	-	21,716
Fines	-	41,010	-	-	-	-	-	41,010
Franchise and concession	161,209	-	-	-	-	-	-	161,209
Rentals	19,892	-	-	-	-	72,164	-	92,056
Investment income	187,401	-	-	-	-	-	-	187,401
All other	39,306	107,780	39,765	10,337	19,715	-	77,632	294,535
	<u>5,953,161</u>	<u>498,522</u>	<u>201,034</u>	<u>1,773,090</u>	<u>146,403</u>	<u>290,986</u>	<u>1,180,217</u>	<u>10,043,413</u>
EXPENSES								
Contracted and general services	294,630	303,175	312,530	911,991	68,091	172,765	307,419	2,370,601
Salaries, wages, and benefits	664,122	187,438	1,024,794	986,561	167,948	956,605	491,357	4,478,825
Purchase from other governments	-	-	-	133,211	-	-	484,768	617,979
Materials, goods & utilities	74,925	119,857	421,414	518,617	15,414	304,135	62,346	1,516,708
Transfers - other government	-	-	-	-	-	150,000	-	150,000
Transfers - local board/agencies	-	-	-	-	-	8,776	-	8,776
Transfers - individual/organizations	-	80,000	-	-	-	155,487	-	235,487
Bank charges & short-term interest	35,498	-	-	-	-	-	-	35,498
Interest on long term debt	-	-	12,883	711	-	-	-	13,594
Other expenditures	24,638	-	-	-	-	-	-	24,638
Amortization	87,515	50,774	1,131,189	598,028	23,613	125,906	71,633	2,088,658
	<u>1,181,328</u>	<u>741,244</u>	<u>2,902,810</u>	<u>3,149,119</u>	<u>275,066</u>	<u>1,873,674</u>	<u>1,417,523</u>	<u>11,540,764</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	\$ 4,771,833	\$ (242,722)	\$ (2,701,776)	\$ (1,376,029)	\$ (128,663)	\$ (1,582,688)	\$ (237,306)	\$ (1,497,351)
Government transfers for capital	-	-	-	616,139	42,986	-	-	659,125
Loss on disposal of capital assets	-	-	852	(38,987)	-	-	-	(38,135)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 4,771,833	\$ (242,722)	\$ (2,700,924)	\$ (798,877)	\$ (85,677)	\$ (1,582,688)	\$ (237,306)	\$ (876,361)

The accompanying notes are an integral part of these financial statements.

TOWN OF VALLEYVIEW
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE 6

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress</u>	<u>2024</u>	<u>2023</u>
COST:									
Balance, Beginning of Year	\$ 1,499,623	\$ 178,400	\$ 18,283,382	\$ 49,865,854	\$ 5,325,761	\$ 1,441,261	\$ 285,445	\$ 76,879,726	\$ 76,012,415
Additions	-	-	-	895,629	119,348	146,530	-	1,161,507	5,140,044
Construction-in-progress	-	-	-	-	-	-	164,530	164,530	285,445
Disposals	(38,988)	-	-	(42,778)	(75,000)	(33,899)	-	(190,665)	(4,558,178)
Transfers	-	-	-	285,445	-	-	(285,445)	-	-
Balance, End of Year	<u>1,460,635</u>	<u>178,400</u>	<u>18,283,382</u>	<u>51,004,150</u>	<u>5,370,109</u>	<u>1,553,892</u>	<u>164,530</u>	<u>78,015,098</u>	<u>76,879,726</u>
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	154,272	7,119,511	28,153,847	3,567,620	980,235	-	39,975,485	39,744,436
Amortization expense	-	2,582	334,342	1,362,018	301,372	88,344	-	2,088,658	2,327,981
Disposals	-	-	-	(42,778)	(7,500)	(21,670)	-	(71,948)	(2,096,932)
Transfers	-	-	-	-	-	-	-	-	-
Balance, End of Year	<u>-</u>	<u>156,854</u>	<u>7,453,853</u>	<u>29,473,087</u>	<u>3,861,492</u>	<u>1,046,909</u>	<u>-</u>	<u>41,992,195</u>	<u>39,975,485</u>
NET BOOK VALUE	\$ 1,460,635	\$ 21,546	\$ 10,829,529	\$ 21,531,063	\$ 1,508,617	\$ 506,983	\$ 164,530	\$ 36,022,903	\$ 36,904,241

**TOWN OF VALLEYVIEW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Valleyview (the "Town") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountant of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

The financial statements reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of the municipal operations that are 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 Town's reporting entity.

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

(b) 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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated. 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, regular 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 fees are collected for which the related services have yet to be performed. Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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

(c) 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 change in net financial assets for the year.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) 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 expenditure during the period. Where management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

(e) Cash and temporary investments

Cash and cash equivalents consists of cash on hand, cash in banks and deposits with an original maturity date of purchase of three months or less. Due to the short term maturity of these investments, their carrying value approximates fair value.

(f) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investment. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

(g) Local improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the *Municipal Government Act*, to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owner's share of the improvements is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed.

(h) 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 un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(CONT'D)

TOWN OF VALLEYVIEW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Land held 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 their respective function.

(j) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(k) Tax revenue

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(l) 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 are 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.

(m) Equity in tangible capital assets

Equity in tangible capital assets represents the Town's net investment in tangible capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing, capital leases or other capital liabilities.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15 - 45
Buildings	25 - 50
Engineered structures	20 - 50
Storm system	45-75
Water system	45-75
Wastewater system	45-75
Gas system	35-75
Other engineering structures	5-65
Machinery and equipment	5 - 40
Vehicles	10 - 40

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

Leases

Leases are classified as capital or operating. 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

Inventory

Inventory held for consumption is valued at the lower of cost or replacement cost, with cost determined by the average cost method.

(o) 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.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Adoption of accounting standards

Effective the fiscal year beginning on or after April 1, 2023, the Town adopted PS3400 Revenue pertaining to performance obligations, PS3160 Public Private Partnerships and PSG-8 Purchases of Intangibles. There were no effects on the Town's financial statements for these standards.

The Town did not adopt PS3280, Asset Retirement Obligations, effective April 1, 2022. Management expects to perform the required assessments in the 2025 fiscal year.

(q) Future accounting standard pronouncements

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Town will continue to assess the impact and prepare for the adoption of these standards.

<i>New Standard</i>	<i>Name</i>	<i>Effective date</i>
PS1202	Financial Presentation	April 1, 2026

TOWN OF VALLEYVIEW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

2. CASH

	<u>2024</u>	<u>2023</u>
Operating cash	\$ 987,610	\$ 4,342,800
Internally restricted cash	<u>1,172,380</u>	<u>1,480,671</u>
	<u>\$ 2,159,990</u>	<u>\$ 5,823,471</u>

Council has designated funds of \$1,172,379 (2023 - \$1,480,671) for capital asset replacement (Note 10).

Within operating cash are trust funds that are administered by the Town:

TAX SALE SURPLUS

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 20,697	\$ 20,206
Contributions	2,587	-
Interest earned	-	491
Less: Drawings	<u>15,833</u>	<u>-</u>
	<u>7,451</u>	<u>20,697</u>

COMMUNITY GRANT FUND

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 24,833	\$ 42,655
Contributions	-	-
Interest earned	-	-
Less: Drawings	<u>24,833</u>	<u>17,822</u>
	<u>-</u>	<u>24,833</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2024</u>	<u>2023</u>
Current taxes, tax arrears and grants in lieu of taxes	\$ 114,056	\$ 88,751
Tax arrears	<u>71,472</u>	<u>49,677</u>
	<u>\$ 185,528</u>	<u>\$ 138,428</u>

TOWN OF VALLEYVIEW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

4. TRADE AND OTHER RECEIVABLES

	<u>2024</u>	<u>2023</u>
Local improvement levies	\$ 217,163	\$ 332,054
Trade accounts	268,238	\$ 62,093
Utility accounts	459,646	427,460
Goods and services tax recoverable	34,222	132,049
Other	<u>34,106</u>	<u>34,110</u>
	<u>\$ 1,013,375</u>	<u>\$ 987,766</u>

5. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2024</u>	<u>2023</u>
Sick pay benefits	\$ 31,000	\$ 36,829
Vacation and overtime	84,122	95,783
Government remittance payable	<u>35,560</u>	<u>-</u>
	<u>\$ 150,682</u>	<u>\$ 132,612</u>

Sick pay benefits

The sick pay benefits liability is comprised of sick pay that accumulates but does not vest and is paid only upon an illness or injury-related absence. The extent to which accumulated sick days are expected to be used by the employees has been considered in measuring this obligation.

Vacation and overtime

The vacation and overtime 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.

6. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2023</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2024</u>
Government Transfers				
<u>Capital</u>				
Local Government Fiscal Framework	\$ -	\$ 420,132	\$ (420,132)	\$ -
Strategic Transportation Infrastructure Program	-	100,000	(42,986)	57,014
Gas Tax Fund	-	147,464	(147,464)	-
Alberta Municipal Water/Waste Water Partnership	-	268,678	(268,678)	-
<u>Operating</u>				
Local Government Fiscal Framework	-	141,734	(141,734)	-
Fire Protection and Emergency	-	110,871	(110,871)	-
Prepaid user charges and other	<u>1,468</u>	<u>1,330</u>	<u>(1,468)</u>	<u>1,330</u>
	<u>\$ 1,468</u>	<u>\$ 1,190,209</u>	<u>\$ (1,133,333)</u>	<u>\$ 58,344</u>

TOWN OF VALLEYVIEW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

7. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Operating debentures (Supported by special levies):	231,898	346,790
Capital debenture:	<u>53,876</u>	<u>98,555</u>
	<u>\$ 285,774</u>	<u>\$ 445,345</u>

Capital Debenture is repayable to The Bank of Nova Scotia and is for financing of equipment. The loan bears interest at 3.05% per annum and is repayable in monthly installments of \$3,922. The loan will be fully repaid on February 18, 2026.

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 2.7% per annum and matures in 2037. Debenture debt is issued on the credit and security of the Town at large.

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 61,878	\$ 7,183	\$ 69,061
2026	24,062	5,778	29,840
2027	16,692	5,305	21,997
2028	17,147	4,850	21,997
2029	17,615	4,382	21,997
Thereafter	<u>148,380</u>	<u>20,977</u>	<u>169,357</u>
	<u>\$ 285,774</u>	<u>\$ 48,475</u>	<u>\$ 334,249</u>

TOWN OF VALLEYVIEW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

8. 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 be disclosed as follows:

	<u>2024</u>	<u>2023</u>
Total debt limit	\$ 15,065,120	\$ 16,961,657
Total debt	<u>(285,774)</u>	<u>(445,345)</u>
Amount of debt limit unused	<u>\$ 14,779,346</u>	<u>\$ 16,516,312</u>
Service on debt limit	\$ 2,510,853	\$ 2,826,943
Service on debt (Note 7)	<u>(69,061)</u>	<u>(170,312)</u>
Amount of service on debt limit unused	<u>\$ 2,441,792</u>	<u>\$ 2,656,631</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in *Alberta Regulation 255/00*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the financial statements must be interpreted as a whole.

9. SALARY AND BENEFITS DISCLOSURE

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

	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total 2024</u>	<u>Total 2023</u>
Mayor: Lymburner, Vern	26,285	1,329	27,614	21,731
Councillors:				
Boman, Tanya	14,400	851	15,251	11,082
Burke, Glenn	11,900	767	12,667	7,013
Wittig, Ken	15,900	851	16,751	6,596
McCallum, Daniel	9,700	851	10,551	1,692
Steinke, Samantha	19,100	851	19,951	7,139
Slomp, Delwin	<u>11,000</u>	<u>851</u>	<u>11,851</u>	<u>3,362</u>
	108,285	\$ 6,351	\$ 114,636	\$ 58,615
Chief Administrative Officer:				
Berlinguette, Ben	\$ 198,366	\$ 2,805	\$ 201,171	\$ 200,715
Assessor	<u>\$ 29,541</u>	<u>\$ -</u>	<u>\$ 29,541</u>	<u>\$ 28,936</u>
	\$ 227,907	\$ 2,805	\$ 230,712	\$ 229,651

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

Benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, employment insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long-term and short-term disability plans, professional membership dues, tuition, and mileage and subsistence.

TOWN OF VALLEYVIEW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

10. 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	\$ 5,746,631	\$ 5,608,349
Public land	3,570	3,570
Fire fighting and services	216,001	256,001
Economic planning	66,433	66,433
Public housing operations	-	18,188
Wellbeing	-	9,230
Restricted surplus - operating	<u>286,004</u>	<u>353,422</u>
Water supply and distribution	9,969	9,969
Wastewater treatment and disposal	9,272	9,272
Subdivision land and development	244,126	244,126
Parks and recreation	728,799	1,037,091
Gas production and distribution	<u>180,213</u>	<u>180,213</u>
Restricted surplus - capital	<u>1,172,379</u>	<u>1,480,671</u>
Equity in tangible capital assets	<u>35,737,129</u>	<u>36,376,062</u>
	<u>\$ 42,942,143</u>	<u>\$ 43,818,504</u>

11. SEGMENTED INFORMATION

The Town 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 5).

12. 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 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.

13. ECONOMIC DEPENDENCE

The Town received \$3,126,140 (2023: \$3,177,490) of transfers from the Municipal District of Greenview #16. This amount represents 32% (2023: 28%) of the Town's total revenues.

TOWN OF VALLEYVIEW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

14. FINANCIAL INSTRUMENTS

(a) Credit risk

The Town is subject to credit risk with respect to taxes and grants in lieu of taxes 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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

(b) Fair value

The Town's carrying value of cash, taxes and grants in lieu of taxes receivable, trade and other receivables, investments, and accounts payable and accrued liabilities approximates its fair value due to the immediate or short-term maturity of these instruments.

The carrying value of agreement receivable and long-term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Town for notes receivable and debt with similar terms.

(c) Currency risk

Currency risk is the risk to the Town's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

15. RELATED PARTY TRANSACTIONS

During the year, the Town paid \$150,000 (2023: \$158,181) to the Greenview Regional Waste Management Services Commission which it is a member of. As at December 31, 2024 the Town has an accounts payable to the Commission of \$63,751 (2023: \$34,369). These transactions were made in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

16. BUDGET DATA

The budget data presented in these financial statements is based on the 2024 operating and capital budgets approved by Council on May 27, 2024.

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.