

August 27, 2024

STATEMENT FROM THE VILLAGE OF EMPRESS REGARDING INTERNAL INVESTIGATION REGARDING GRAVEL PIT FINANCIAL ALLEGATIONS

In July 2024 there were various opinion articles and tweets from two “media” outlets alleging that there had been fraud, theft, or misappropriation of money or gravel in relation to the Village of Empress Gravel Pit. These allegations were also forwarded to Municipal Affairs, who contacted the Village for an explanation. As a result, the Village has conducted an internal investigation to determine what prompted these allegations. The Village of Empress has found ZERO evidence of fraud, theft, or misappropriation. The allegations appear to have stemmed from a change on the annual audited financial statements regarding how the Village accounts for gravel in the pit. The Village offers the following explanation:

- On Empress’ 2020 audited financial statements total capacity of the gravel pit and remaining capacity of the gravel pit were reported for the entire site.
- The Village of Empress is currently mining part of the site, referred to as the opened site.
- While reviewing the draft 2021 audited financial statements, the Official Administrator appointed by Municipal Affairs, requested that a change be made to the audited financial statements to reflect the original and remaining capacity of the OPENED site, as opposed to the ENTIRE site.
- Note 6 of the 2020 Audited Financial Statement says, “the total capacity of the site is estimated at 675,000 cubic meters with the estimated remaining capacity of 666,353 cubic meters.” Note 6 on the 2021 Audited Financial Statement reads, “the total capacity of the **opened** site is estimated at 100,000 tonnes with the estimated remaining **development** capacity of 47,632 tonnes.” The addition of the words “opened” and “development” note the change in accounting. Also of note is that the gravel measurement was changed from cubic meters (2020 audited financial statement) to tonnes (2021 audited financial statement).
- Using a conversion factor of 1.632 tonnes per cubic meter, the difference shown between the reported total capacity (675,000 cubic meters) and the reported opened site capacity (100,000 tonnes) is 1,001,600 tonnes. Therefore, the gravel in the unopened part of the pit amounts to approximately \$3,155,040. This is very similar to the number that is used in the “media” articles and any difference can be attributed to the conversion between cubic meters and tonnes.
- This is a matter of changing the accounting practice with regards to the gravel pit.
- The Villages Audited Financial Statements are publicly available at villageofempress.com