

TOWN OF MORINVILLE
Consolidated Financial Statements
For the Year Ended December 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Morinville

Opinion

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

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

Basis for Opinion

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

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

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

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, 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 consolidated 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.

Chartered Professional Accountants

Edmonton, Alberta
April 22, 2025

TOWN OF MORINVILLE
Consolidated Statement of Financial Position
As At December 31, 2024

| | 2024 | 2023 |
|---|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents (Note 2) | \$ 7,764,592 | \$ 9,872,455 |
| Accounts receivable (Note 3) | 2,400,729 | 1,594,516 |
| Investments (Note 4) | 4,049,768 | - |
| Loan receivable (Note 5) | 498,123 | 648,123 |
| | \$ 14,713,212 | \$ 12,115,094 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 6) | \$ 2,696,244 | \$ 2,488,167 |
| Deposit liabilities | 577,302 | 435,702 |
| Deferred revenue (Note 7) | 688,717 | 270,884 |
| Asset retirement obligation (Note 8) | 260,187 | 247,618 |
| Long-term debt (Note 9) | 16,141,520 | 17,207,414 |
| | 20,363,970 | 20,649,785 |
| NET DEBT | (5,650,758) | (8,534,691) |
| NON-FINANCIAL ASSETS | | |
| Prepaid expenses | 95,859 | 114,618 |
| Tangible Capital Assets (Schedule 1) | 138,386,847 | 140,192,579 |
| | 138,482,706 | 140,307,197 |
| ACCUMULATED SURPLUS (Note 11) | \$132,831,948 | \$131,772,506 |
| Accumulated Surplus is comprised of: | | |
| Accumulated surplus from operations | 132,773,771 | 131,772,506 |
| Accumulated remeasurement gains and (losses) | 58,177 | - |
| | \$132,831,948 | \$131,772,506 |
| CONTINGENCIES (Note 14) | | |

ON BEHALF OF TOWN COUNCIL:

Mayor

Deputy Mayor

TOWN OF MORINVILLE
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2024

| | Budget 2024 (Note19) | Actual 2024 | Actual 2023 |
|---|----------------------------|----------------|----------------|
| REVENUE | | | |
| Net taxation (Schedule 2) | \$ 13,023,717 | \$ 13,015,509 | \$ 11,903,192 |
| Wastewater and storm fees | 3,497,750 | 3,467,356 | 2,974,372 |
| Water fees | 3,402,301 | 3,388,457 | 3,312,702 |
| Franchise fees (Note 15) | 2,118,431 | 2,108,440 | 1,976,096 |
| Government transfers for operating (Schedule 3) | 1,840,844 | 1,849,997 | 1,833,599 |
| Sales to other governments | 1,128,434 | 1,062,431 | 1,065,814 |
| Solid waste fees | 982,712 | 972,630 | 952,621 |
| Rentals | 594,879 | 684,373 | 695,253 |
| Investment income | 400,000 | 516,775 | 456,665 |
| Development fees and permits | 180,000 | 447,062 | 197,160 |
| Penalties and fines | 336,200 | 294,063 | 262,294 |
| Offsite levies | - | 230,729 | 98,094 |
| Other | 284,956 | 225,507 | 370,808 |
| Sales and user charges | 181,123 | 188,450 | 208,943 |
| | 27,971,347 | 28,451,779 | 26,307,613 |
| EXPENSES | | | |
| General administration | 6,714,989 | 6,630,223 | 6,241,774 |
| Parks and recreation | 5,685,337 | 5,286,804 | 5,035,019 |
| Public works | 6,955,506 | 4,805,886 | 4,601,527 |
| Protective services | 4,092,919 | 3,740,880 | 3,739,238 |
| Water | 3,362,063 | 2,803,441 | 2,901,585 |
| Wastewater and storm | 3,201,037 | 2,721,586 | 2,519,912 |
| Solid waste | 1,186,350 | 1,190,666 | 1,311,954 |
| Library | 781,714 | 819,183 | 826,762 |
| Planning and development | 664,285 | 607,832 | 441,388 |
| Family and community support services | 533,663 | 519,601 | 400,762 |
| Council and legislative | 516,297 | 429,104 | 422,008 |
| | 33,694,160 | 29,555,206 | 28,441,929 |
| ANNUAL DEFICIT BEFORE OTHER ITEMS | (5,722,813) | (1,103,427) | (2,134,316) |
| OTHER ITEMS | | | |
| Government transfers for capital (Schedule 3) | - | 2,017,092 | 2,480,882 |
| Contributed tangible capital assets | - | 55,000 | - |
| Gain on disposal of tangible capital assets | - | 32,600 | 74,279 |
| | - | 2,104,692 | 2,555,161 |
| ANNUAL SURPLUS (DEFICIT) | (5,722,813) | 1,001,265 | 420,845 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 131,772,506 | 131,772,506 | 131,351,661 |
| ACCUMULATED SURPLUS, END OF YEAR | \$126,049,693 | \$132,773,771 | \$131,772,506 |

TOWN OF MORINVILLE

Consolidated Statement of Remeasurement Gains and Losses

For the Year Ended December 31, 2024

| | 2024 | 2023 |
|---|------------------|-------------|
| ACCUMULATED REMEASUREMENT GAINS (LOSSES) - BEGINNING OF YEAR | \$ - | \$ - |
| Unrealized gains (losses) attributable to: Designated at fair value | 58,177 | - |
| ACCUMULATED REMEASUREMENT GAINS (LOSSES) - END OF YEAR | \$ 58,177 | \$ - |

TOWN OF MORINVILLE

Consolidated Statement of Changes in Net (Debt) Financial Assets

For the Year Ended December 31, 2024

| | Budget 2024 (Note19) | Actual 2024 | Actual 2023 |
|--|----------------------------|-----------------------|-----------------------|
| ANNUAL SURPLUS (DEFICIT) | \$ (5,722,813) | \$ 1,001,265 | \$ 420,845 |
| Purchase of tangible capital assets | (4,917,000) | (3,659,954) | (3,547,185) |
| Contributed tangible capital assets | - | (55,000) | - |
| Proceeds on disposal of tangible capital assets | - | 32,600 | 90,696 |
| Amortization of tangible capital assets | 7,233,193 | 5,520,686 | 5,450,763 |
| Change in accumulated remeasurement gains (losses) | - | 58,177 | - |
| Gain on disposal of tangible capital assets | - | (32,600) | (74,279) |
| | 2,316,193 | 1,863,909 | 1,919,995 |
| Use (acquisition) of prepaid expenses | - | 18,759 | (41,774) |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | (3,406,620) | 2,883,933 | 2,299,066 |
| NET DEBT, BEGINNING OF YEAR | (8,534,691) | (8,534,691) | (10,833,757) |
| NET DEBT, END OF YEAR | \$ (11,941,311) | \$ (5,650,758) | \$ (8,534,691) |

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

| | 2024 | 2023 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Annual Surplus (Deficit) | \$ 1,001,265 | \$ 420,845 |
| Non-cash items included in annual surplus: | | |
| Amortization of tangible capital assets | 5,520,686 | 5,450,763 |
| Contributed tangible capital assets | (55,000) | - |
| Amortization of net investment premiums | 10,467 | - |
| Gain on disposal of tangible capital assets | (32,600) | (74,279) |
| | <u>6,444,818</u> | <u>5,797,329</u> |
| Change in non-cash working capital balances: | | |
| Accounts receivable | (806,213) | 119,208 |
| Loan receivable | 150,000 | - |
| Prepaid expenses | 18,759 | (41,774) |
| Asset retirement obligations | 12,569 | 11,753 |
| Accounts payable and accrued liabilities | 208,077 | (421,534) |
| Deposit liabilities | 141,600 | 124,342 |
| Deferred revenue | 417,833 | (639,572) |
| | <u>142,625</u> | <u>(847,577)</u> |
| | <u>6,587,443</u> | <u>4,949,752</u> |
| FINANCING ACTIVITIES | | |
| Long-term debt principal repayments | (1,065,894) | (1,035,754) |
| CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | (3,659,954) | (3,547,185) |
| Proceeds on disposal of tangible capital assets | 32,600 | 90,696 |
| Change in investments | (4,002,058) | - |
| | <u>(7,629,412)</u> | <u>(3,456,489)</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR | (2,107,863) | 457,509 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 9,872,455 | 9,414,946 |
| CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2) | \$ 7,764,592 | \$ 9,872,455 |

Consolidated 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 | \$ 12,922,120 | \$ 14,742,672 | \$ 42,695,736 | \$ 182,555,807 | \$ 7,366,031 | \$ 4,784,530 | \$ 265,066,896 | \$ 262,088,169 |
| Acquisition of tangible capital assets | - | 1,113 | 357,352 | 2,431,322 | 776,702 | 93,465 | 3,659,954 | 3,547,185 |
| Contributed tangible capital assets | - | - | - | - | 55,000 | - | 55,000 | - |
| Disposal of tangible capital assets | - | - | - | - | - | (133,654) | (133,654) | (568,458) |
| Balance, End of Year | 12,922,120 | 14,743,785 | 43,053,088 | 184,987,129 | 8,197,733 | 4,744,341 | 268,648,196 | 265,066,896 |
| ACCUMULATED AMORTIZATION: | | | | | | | | |
| Balance, Beginning of Year | - | 5,767,629 | 12,496,911 | 99,141,290 | 4,892,719 | 2,575,768 | 124,874,317 | 119,975,595 |
| Annual amortization | - | 622,005 | 1,109,202 | 3,101,999 | 423,144 | 264,336 | 5,520,686 | 5,450,763 |
| Accumulated amortization on disposals | - | - | - | - | - | (133,654) | (133,654) | (552,041) |
| Balance, End of Year | - | 6,389,634 | 13,606,113 | 102,243,289 | 5,315,863 | 2,706,450 | 130,261,349 | 124,874,317 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | \$ 12,922,120 | \$ 8,354,151 | \$ 29,446,975 | \$ 82,743,840 | \$ 2,881,870 | \$ 2,037,891 | \$ 138,386,847 | \$ 140,192,579 |

The cost of tangible capital assets included \$977,586 (2023 - \$69,931) of work in progress for which no amortization has been provided.

Consolidated Schedule of Property Taxes

For the Year Ended December 31, 2024

| | Budget 2024 (Note19) | Actual 2024 | Actual 2023 |
|--|----------------------------|-----------------------------|----------------------|
| TAXATION | | | |
| Real property taxes | \$ 16,795,301 | \$ 16,702,137 | \$ 15,479,389 |
| Linear and industrial property taxes | 123,459 | 175,375 | 175,375 |
| Supplementary taxes | - | 35,824 | 13,373 |
| Government grants in place of property taxes | 71,881 | 17,425 | 17,425 |
| Designated industrial property taxes | - | 971 | 971 |
| | <u>16,990,641</u> | <u>16,931,732</u> | <u>15,686,533</u> |
| DEDUCT: | | | |
| Education | 3,846,290 | 3,791,484 | 3,660,769 |
| Seniors Foundation | 120,634 | 123,657 | 122,572 |
| Designated industrial property | - | 1,082 | - |
| | <u>3,966,924</u> | <u>3,916,223</u> | <u>3,783,341</u> |
| NET MUNICIPAL PROPERTY TAXES | <u>\$ 13,023,717</u> | <u>\$ 13,015,509</u> | <u>\$ 11,903,192</u> |

Consolidated Schedule of Government Transfers

For the Year Ended December 31, 2024

| | Budget 2024 (Note 19) | Actual 2024 | Actual 2023 |
|---|-----------------------------|---------------------|---------------------|
| GOVERNMENT TRANSFERS FOR OPERATING | | | |
| Local Governments | \$ 1,008,102 | \$ 952,133 | \$ 930,815 |
| Provincial | 792,742 | 866,364 | 864,984 |
| Federal | 40,000 | 31,500 | 37,800 |
| | <u>1,840,844</u> | <u>1,849,997</u> | <u>1,833,599</u> |
| GOVERNMENT TRANSFERS FOR CAPITAL | | | |
| Provincial | - | 1,814,225 | 1,831,249 |
| Federal | - | 152,867 | 599,633 |
| Local | - | 50,000 | 50,000 |
| | <u>-</u> | <u>2,017,092</u> | <u>2,480,882</u> |
| Capital Government Transfers | - | 2,017,092 | 2,480,882 |
| | <u>\$ 1,840,844</u> | <u>\$ 3,867,089</u> | <u>\$ 4,314,481</u> |

TOWN OF MORINVILLE

Schedule 4

Consolidated Schedule of Segmented Information

For the Year Ended December 31, 2024

| | General Administration | Protective Services | Parks and Recreation | Public Works | Water, Wastewater and Solid Waste | Planning and Development | Other | Total |
|--|---------------------------|------------------------|-------------------------|-----------------------|--------------------------------------|-----------------------------|--------------------|-----------------------|
| REVENUE | | | | | | | | |
| Net taxation | \$ 5,067,248 | \$ 2,899,715 | \$ 3,606,156 | \$ - | \$ - | \$ 267,148 | \$ 1,175,242 | \$ 13,015,509 |
| Water, wastewater, storm and solid waste fees | - | - | - | - | 7,828,443 | - | - | 7,828,443 |
| Franchise fees | 2,108,440 | - | - | - | - | - | - | 2,108,440 |
| Government transfers | - | 414,580 | 1,040,693 | - | - | - | 394,724 | 1,849,997 |
| Sales to other governments | 90,372 | 452,320 | - | - | 507,018 | 8,890 | 3,831 | 1,062,431 |
| Penalties and fines | 151,174 | 105,982 | - | - | 32,096 | - | 4,811 | 294,063 |
| Rentals | 121,158 | 636 | 562,579 | - | - | - | - | 684,373 |
| Other | 93,526 | 23,474 | 66,621 | 15,408 | - | 5,293 | 21,185 | 225,507 |
| Development fees and permits | - | 14,820 | - | - | - | 432,242 | - | 447,062 |
| Sales and user charges | 38,755 | - | 12,455 | - | - | 120 | 137,120 | 188,450 |
| Investment income | 516,775 | - | - | - | - | - | - | 516,775 |
| Offsite levies | 230,729 | - | - | - | - | - | - | 230,729 |
| | 8,418,177 | 3,911,527 | 5,288,504 | 15,408 | 8,367,557 | 713,693 | 1,736,913 | 28,451,779 |
| EXPENSES | | | | | | | | |
| Salaries, wages and benefits | 4,060,412 | 1,710,453 | 2,302,120 | 1,253,380 | 1,074,192 | 380,280 | 1,400,401 | 12,181,238 |
| Contracted and general services | 1,605,642 | 1,524,334 | 229,694 | 344,646 | 913,373 | 201,070 | 54,845 | 4,873,604 |
| Materials, goods and utilities | 534,388 | 239,811 | 695,232 | 1,302,105 | 589,701 | 26,482 | 195,110 | 3,582,829 |
| Purchases from other governments | - | - | - | - | 2,576,984 | - | - | 2,576,984 |
| Interest on long-term debt | 18,478 | - | 471,955 | - | - | - | - | 490,433 |
| Transfers to governments | 113,516 | - | 43,450 | - | - | - | 117,532 | 274,498 |
| Other expenses | 26,837 | - | - | - | 1,319 | - | - | 28,156 |
| Bank charges and short-term interest | 14,209 | - | - | - | - | - | - | 14,209 |
| Amortization of tangible capital assets | 256,741 | 261,039 | 1,544,353 | 1,898,429 | 1,560,124 | - | - | 5,520,686 |
| Accretion expense | - | 5,243 | - | 7,326 | - | - | - | 12,569 |
| | 6,630,223 | 3,740,880 | 5,286,804 | 4,805,886 | 6,715,693 | 607,832 | 1,767,888 | 29,555,206 |
| ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS | \$ 1,787,954 | \$ 170,647 | \$ 1,700 | \$ (4,790,478) | \$ 1,651,864 | \$ 105,861 | \$ (30,975) | \$ (1,103,427) |

Consolidated Schedule of Expenses by Object

For the Year Ended December 31, 2024

| | Budget 2024 (Note 19) | Actual 2024 | Actual 2023 |
|--|-----------------------------|----------------------|----------------------|
| Salaries, wages and benefits | \$ 12,668,431 | \$ 12,181,238 | \$ 11,446,527 |
| Amortization | 7,233,193 | 5,520,686 | 5,450,763 |
| Contracted and general services | 5,817,966 | 4,873,604 | 5,026,225 |
| Materials, goods and utilities | 4,218,765 | 3,582,829 | 3,251,465 |
| Purchases from other governments | 2,968,954 | 2,576,984 | 2,464,049 |
| Interest on long-term debt | 490,251 | 490,433 | 521,518 |
| Transfers to governments, agencies and organizations | 273,084 | 274,498 | 233,887 |
| Other expenses (recoveries) | 15,000 | 28,156 | 20,846 |
| Bank charges and short-term interest | 8,516 | 14,209 | 14,896 |
| Accretion expense | - | 12,569 | 11,753 |
| | \$ 33,694,160 | \$ 29,555,206 | \$ 28,441,929 |

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are the representations of the Town of Morinville's (the "Town") management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenue, expenses, and changes in accumulated surplus balances and cash flows of the reporting entity. The reporting entity is comprised of the municipal operations plus all organizations that are owned or controlled by the Town. Included within the reporting entity is the Town of Morinville Library Board.

(b) Basis of Accounting

The consolidated 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 and services and / or the legal obligation to pay.

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

(c) Cash and Cash Equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition.

(d) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

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 Town and are recognized as revenue in the year the tax is levied.

(e) Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where management uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(f) Government Transfers

Government transfers are recognized in the consolidated financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Town, and reasonable estimates of the amounts can be made.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Requisition of Over-Levies and Under-Levies**

Over-levies and under-levies arise from the difference between the actual 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. In situations 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.

(h) 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 annual surplus, provides the change in net (debt) financial assets for the year.

i) Tangible Capital Assets

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

| | |
|-------------------------|--------------|
| Land improvements | 10-50 years |
| Buildings | 25-50 years |
| Engineered structures | 20-100 years |
| Machinery and equipment | 5-40 years |
| Vehicles | 5-20 years |

Assets under construction are not amortized until the asset is available for productive use.

ii) Contributed Tangible Capital Assets

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

iii) Leases

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

(i) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(continues)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Valuation of Financial Assets and Liabilities**

The Town's financial assets and liabilities are measured as follows:

| <u>Financial statement component</u> | <u>Measurement</u> |
|--|--|
| Cash and cash equivalents | Cost and amortized cost |
| Accounts receivables | Lower of cost or net recoverable value |
| Loans receivable | Cost |
| Investments | Fair value or amortized cost |
| Accounts payable and accrued liabilities | Cost |
| Deposit liabilities | Cost |
| Long-term debt | Amortized cost |

(k) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

(l) Investments

Investments are recorded at amortized cost. Investment premiums or discounts, if any, are amortized over the term of the respective instruments. 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.

The Town holds derivatives in the form of principal protected notes which are recorded at fair value in the consolidated statement of financial position. Unrealized gains and losses from changes in the fair value of derivatives are recognized in the statement of remeasurement gains and losses. Upon settlement, the realized gains and losses are reclassified as revenue or expense in the consolidated statement of operations.

2. CASH AND CASH EQUIVALENTS

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------|---------------------|---------------------|
| Bank accounts | \$ 7,669,260 | \$ 9,781,503 |
| Servus Credit Union common shares | 92,367 | 87,987 |
| Petty cash | 2,965 | 2,965 |
| | <u>\$ 7,764,592</u> | <u>\$ 9,872,455</u> |

TOWN OF MORINVILLE**Notes to Consolidated Financial Statements****December 31, 2024****3. ACCOUNTS RECEIVABLE**

| | 2024 | 2023 |
|---------------------------------|---------------------|---------------------|
| Utilities | \$ 791,671 | \$ 684,208 |
| Property taxes | 759,952 | 529,168 |
| Trade | 656,244 | 219,727 |
| Goods and Services Tax | 188,641 | 191,413 |
| Accrued interest | 34,221 | - |
| | <u>2,430,729</u> | <u>1,624,516</u> |
| Allowance for doubtful accounts | <u>(30,000)</u> | <u>(30,000)</u> |
| | <u>\$ 2,400,729</u> | <u>\$ 1,594,516</u> |

All receivables other than taxes are current. The age of taxes that are not impaired are as follows:

| | 2024 | 2023 |
|---------------------------------|---------------------|---------------------|
| Current | \$ 2,227,493 | \$ 1,508,360 |
| 1 year | 182,710 | 111,187 |
| 2 years | 19,347 | 1,228 |
| 3 years | - | - |
| Over 3 years | 1,179 | 3,741 |
| Allowance for doubtful accounts | <u>(30,000)</u> | <u>(30,000)</u> |
| | <u>\$ 2,400,729</u> | <u>\$ 1,594,516</u> |

4. INVESTMENTS

| | 2024 | | 2023 | |
|--|---------------------|---------------------|----------------|--------------|
| | Carrying Value | Market Value | Carrying Value | Market Value |
| Fixed income securities - amortized cost | \$ 2,391,191 | \$ 2,434,000 | \$ - | \$ - |
| Derivatives - principal protected note (b) | 1,658,577 | 1,658,577 | - | - |
| | <u>\$ 4,049,768</u> | <u>\$ 4,092,577</u> | <u>\$ -</u> | <u>\$ -</u> |

The fixed income securities have effective interest rates ranging from 4.39% to 4.58% (2023 - NIL) with maturity dates from November 3, 2026 to August 1, 2029 (2023 - NIL).

Derivative investments are carried at fair market value in which the measurements are derived from:

- Level 1 - Quoted prices in active markets for identical assets.
- Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Unrealized gains (losses) on derivative investments carried at fair value of \$58,177 (2023 - \$NIL) have been recognized in the consolidated statement of remeasurement gains and losses.

TOWN OF MORINVILLE

Notes to Consolidated Financial Statements

December 31, 2024

5. LOAN RECEIVABLE

Loan receivable from the sale of land is non-interest bearing and payable in annual installments of \$324,062, with the final payment due January 2025.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2024 | 2023 |
|------------------------------------|---------------------|---------------------|
| Trade | \$ 2,345,857 | \$ 2,157,167 |
| Vacation | 141,280 | 141,817 |
| Accrued interest on long-term debt | 121,648 | 127,891 |
| Government payroll remittances | 77,930 | 60,664 |
| Construction holdbacks | 9,529 | 628 |
| | <u>\$ 2,696,244</u> | <u>\$ 2,488,167</u> |

7. DEFERRED REVENUE

Deferred revenue consists of the following amounts which have been restricted by third parties for a specific purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

| | 2023 | Receipts | Revenue | 2024 |
|---------------------------------------|-------------------|---------------------|-----------------------|-------------------|
| Local Government Fiscal Framework | \$ - | \$ 1,407,230 | \$ (786,242) | \$ 620,988 |
| Other | 26,509 | 60,871 | (19,651) | 67,729 |
| Municipal Sustainability Initiative | 239,697 | - | (239,697) | - |
| Family and Community Support Services | 4,678 | - | (4,678) | - |
| | <u>\$ 270,884</u> | <u>\$ 1,468,101</u> | <u>\$ (1,050,268)</u> | <u>\$ 688,717</u> |

8. ASSET RETIREMENT OBLIGATIONS

The Town has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Town to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or being demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town to remove the materials when the asset retirement activities occur.

| | 2024 | 2023 |
|----------------------------|-------------------|-------------------|
| Balance, Beginning of Year | \$ 247,618 | \$ 235,865 |
| Accretion expense | <u>12,569</u> | <u>11,753</u> |
| | <u>\$ 260,187</u> | <u>\$ 247,618</u> |

TOWN OF MORINVILLE

Notes to Consolidated Financial Statements

December 31, 2024

9. LONG-TERM DEBT

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$374,750 including interest at 3.209%; due September 17, 2038. | \$ 8,399,352 | \$ 8,868,007 |
| Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$199,284 including interest at 2.930%; due March 15, 2039. | 4,680,971 | 4,936,751 |
| Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$92,650 including interest at 2.084%; due December 15, 2040. | 2,510,149 | 2,641,087 |
| Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$114,602 including interest at 2.634%; due June 15, 2027. | 551,048 | 761,569 |
| | \$ 16,141,520 | \$ 17,207,414 |

| | Principal | Interest | Total |
|------------|----------------------|---------------------|----------------------|
| 2025 | \$ 1,096,928 | \$ 465,642 | \$ 1,562,570 |
| 2026 | 1,128,880 | 433,690 | 1,562,570 |
| 2027 | 1,047,177 | 400,791 | 1,447,968 |
| 2028 | 961,900 | 371,466 | 1,333,366 |
| 2029 | 990,580 | 342,786 | 1,333,366 |
| Thereafter | 10,916,055 | 1,654,123 | 12,570,178 |
| | \$ 16,141,520 | \$ 3,668,498 | \$ 19,810,018 |

Interest on long-term debt expense amounted to \$490,433 (2023 - \$521,517).

The Town's total cash payments for interest amounted to \$496,675 (2023 - \$526,817).

10. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2024 | 2023 |
|---------------------------------------|-----------------------|-----------------------|
| Tangible capital assets (Schedule 1) | \$ 268,648,196 | \$ 265,066,896 |
| Accumulated amortization (Schedule 1) | (130,261,349) | (124,874,317) |
| Long-term debt (Note 9) | (16,141,520) | (17,207,414) |
| Asset retirement obligations (Note 8) | (260,187) | (247,618) |
| | \$ 121,985,140 | \$ 122,737,547 |

TOWN OF MORINVILLE
Notes to Consolidated Financial Statements
December 31, 2024

11. ACCUMULATED SURPLUS

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| Restricted surplus | | |
| General operating reserve (formerly Tax stabilization) | \$ 290,568 | \$ (789,569) |
| Snow removal | 350,000 | 336,662 |
| Capital renewal projects (formerly General capital projects) | 8,226,886 | 7,972,602 |
| Capital growth projects (formerly Sanitary capital projects) | 3,467,604 | 3,586,681 |
| Library | 280,583 | 286,437 |
| Parks, recreation and culture | 443,060 | 339,173 |
| Land | 580,796 | 441,482 |
| Offsite levies - transportation | 492,114 | 337,979 |
| Offsite levies - sanitary | (167,736) | (215,036) |
| Offsite levies - water | (3,215,464) | (3,296,908) |
| Offsite levies - stormwater | 40,218 | 35,456 |
| | 10,788,629 | 9,034,959 |
| Equity in tangible capital assets (Note 10) | 121,985,140 | 122,737,547 |
| Accumulated remeasurement gains (losses) | 58,177 | - |
| | \$ 132,831,948 | \$ 131,772,506 |

12. 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:

| | Salary (1) | Benefits (2) | 2024 Total | 2023 Total |
|----------------------------------|------------|--------------|---------------|---------------|
| Mayor S. Boersma | \$ 71,266 | \$ 6,883 | \$ 78,149 | \$ 76,898 |
| Councillors | | | | |
| R. Balanko | 43,336 | 8,783 | 52,119 | 51,978 |
| J. Anheliger | 40,186 | 8,723 | 48,909 | 48,640 |
| S. Dafoe | 39,764 | 8,604 | 48,368 | 47,952 |
| R. White | 38,864 | 8,551 | 47,415 | 48,110 |
| M. St. Denis | 38,064 | 8,503 | 46,567 | 46,362 |
| S. Richardson | 37,964 | 8,497 | 46,461 | 46,839 |
| Chief Administrative Officer (3) | 400,110 | 55,542 | 455,652 | 250,086 |

(1) Salary includes regular base pay, per diem payments and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of the employee benefits and contributions 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.

(3) Chief Administrative Officer salary includes the former and acting Chief Administrative Officer during the 2024 fiscal year.

13. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

| | 2024 | 2023 |
|---------------------------------------|---------------|---------------|
| Total debt limit | \$ 42,677,669 | \$ 39,461,420 |
| Total debt | (16,141,520) | (17,207,414) |
| Amount of total debt limit unused | \$ 26,536,149 | \$ 22,254,006 |
| Debt servicing limit | \$ 7,112,945 | \$ 6,576,903 |
| Debt servicing | (1,562,570) | (1,562,570) |
| Amount of debt servicing limit unused | \$ 5,550,375 | \$ 5,014,333 |

The debt limit is calculated at 1.50 times revenue of the Town (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

TOWN OF MORINVILLE

Notes to Consolidated Financial Statements

December 31, 2024

14. CONTINGENCIES

- (a) The Town is a member of the Alberta Municipal Insurance Exchange. Under the terms of 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.
- (b) The Town is involved in a legal dispute as at December 31, 2024, the outcome of which is not determinable at year-end. Any related settlements not covered by insurance will be recorded as an expense in the year incurred.

15. FRANCHISE FEES

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

| | Budget 2024 (Note19) | Actual 2024 | Actual 2023 |
|----------------|----------------------------|---------------------|---------------------|
| Fortis Alberta | \$ 1,233,568 | \$ 1,245,032 | \$ 1,194,531 |
| AltaGas Ltd. | 884,863 | 863,408 | 781,565 |
| | \$ 2,118,431 | \$ 2,108,440 | \$ 1,976,096 |

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Town is required to make current service contributions to the Plan of 8.45% (2023 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 11.65% (2023 - 12.23%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2023 - 11.23%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2024 were \$675,099 (2023 - \$647,542). Total current and past service contributions made by the employees of the Town to the LAPP in 2023 were \$601,284 (2023 - \$577,790).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.1 billion (2022 - \$12.7 billion).

TOWN OF MORINVILLE

Notes to Consolidated Financial Statements

December 31, 2024

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, accounts receivables, loans receivable, investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant currency, liquidity, market or other price risk arising from these financial instruments. Unless otherwise noted, the carrying value of the financial instruments approximates their fair value.

Credit risk

The Town is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that ratepayers and other customers may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of ratepayers and other customers minimizes the Town's credit risk.

Interest rate risk

Interest rate risk is the risk that the Town's annual surplus will be affected by the fluctuation and degree of volatility in interest rates. Interest rate risk on the Town's long term debt is managed through fixed rate debentures with the Province of Alberta (Note 8).

18. SEGMENTED INFORMATION

The Town provides a range of services to its residents. 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 consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 4).

19. BUDGET FIGURES

| | Budget 2024 |
|---|------------------------|
| Annual deficit (per consolidated statement of operations and accumulated surplus) | \$ (5,722,813) |
| Amortization | 7,233,193 |
| Purchase of tangible capital assets | (4,917,000) |
| Debenture repayments | (1,063,208) |
| Net transfers from restricted surplus (per below) | 4,469,828 |
| | \$ - |
| | |
| Purchase of tangible capital assets funded from restricted surplus | \$ 3,282,909 |
| Debenture repayments funded from restricted surplus | 1,063,208 |
| Tax supported deficit funded from restricted surplus | 898,133 |
| Utility supported surplus transferred to restricted surplus | (774,422) |
| Net transfers from restricted surplus | \$ 4,469,828 |

The budget data presented in these consolidated financial statements is based on the operating and capital budgets approved by the Town Council on December 12, 2023. The chart above reconciles the approved financial plan to the figures reported in these consolidated financial statements.

TOWN OF MORINVILLE

Notes to Consolidated Financial Statements

December 31, 2024

20. CREDIT FACILITIES

The Town is authorized for overdraft on its main operating bank account of \$1,000,000 that is available, if needed, for operating cash flow. The interest rate is set at prime minus 0.50%. The loan has not been drawn upon as of December 31, 2024 or December 31, 2023. The loan is secured by a general security agreement over the assets of the Town.

21. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and Management.
