

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

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.

METRIX GROUP LLP

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
	<u>\$ 14,713,212</u>	<u>\$ 12,115,094</u>
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
	<u>20,363,970</u>	<u>20,649,785</u>
NET DEBT	<u>(5,650,758)</u>	<u>(8,534,691)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	95,859	114,618
Tangible Capital Assets (Schedule 1)	138,386,847	140,192,579
	<u>138,482,706</u>	<u>140,307,197</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$132,831,948</u>	<u>\$131,772,506</u>
Accumulated Surplus is comprised of:		
Accumulated surplus from operations	132,773,771	131,772,506
Accumulated remeasurement gains and (losses)	58,177	-
	<u>\$132,831,948</u>	<u>\$131,772,506</u>
CONTINGENCIES (Note 14)		
ON BEHALF OF TOWN COUNCIL:		
	<i>Mayor</i>	
	<i>Deputy Mayor</i>	

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	<u>(32,600)</u>	<u>(74,279)</u>
	6,444,818	5,797,329
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	<u>417,833</u>	<u>(639,572)</u>
	142,625	(847,577)
	6,587,443	4,949,752
FINANCING ACTIVITIES		
Long-term debt principal repayments	<u>(1,065,894)</u>	<u>(1,035,754)</u>
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	<u>(4,002,058)</u>	<u>-</u>
	(7,629,412)	(3,456,489)
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

TOWN OF MORINVILLE
Schedule 1
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.

TOWN OF MORINVILLE
Consolidated Schedule of Property Taxes
For the Year Ended December 31, 2024

Schedule 2

	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
	16,990,641	16,931,732	15,686,533
DEDUCT:			
Education	3,846,290	3,791,484	3,660,769
Seniors Foundation	120,634	123,657	122,572
Designated industrial property	-	1,082	-
	3,966,924	3,916,223	3,783,341
NET MUNICIPAL PROPERTY TAXES	\$ 13,023,717	\$ 13,015,509	\$ 11,903,192

TOWN OF MORINVILLE
Consolidated Schedule of Government Transfers
For the Year Ended December 31, 2024

Schedule 3

	Budget 2024 (Note19)	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
	1,840,844	1,849,997	1,833,599
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial	-	1,814,225	1,831,249
Federal	-	152,867	599,633
Local	-	50,000	50,000
Capital Government Transfers		2,017,092	2,480,882
	\$ 1,840,844	\$ 3,867,089	\$ 4,314,481

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)

TOWN OF MORINVILLE**Schedule 5****Consolidated Schedule of Expenses by Object****For the Year Ended December 31, 2024**

	Budget 2024 (Note19)	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

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

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

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

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

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	-
	<hr/>	<hr/>
Allowance for doubtful accounts	2,430,729	1,624,516
	(30,000)	(30,000)
	<hr/>	<hr/>
	\$ 2,400,729	\$ 1,594,516

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	(30,000)	(30,000)
	<hr/>	<hr/>
	\$ 2,400,729	\$ 1,594,516

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	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 4,049,768	\$ 4,092,577	\$ -	\$ -

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:

- a) Level 1 - Quoted prices in active markets for identical assets.
- b) 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
	<u>\$ 16,141,520</u>	<u>\$ 17,207,414</u>

	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	<u>10,916,055</u>	<u>1,654,123</u>	<u>12,570,178</u>
	<u>\$ 16,141,520</u>	<u>\$ 3,668,498</u>	<u>\$ 19,810,018</u>

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)	<u>(260,187)</u>	<u>(247,618)</u>
	<u>\$ 121,985,140</u>	<u>\$ 122,737,547</u>

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

TOWN OF MORINVILLE**Notes to Consolidated Financial Statements****December 31, 2024****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
Councilors				
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
Designated Officers	317,256	61,282	378,538	418,943

(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	<u>(16,141,520)</u>	<u>(17,207,414)</u>
Amount of total debt limit unused	<u>\$ 26,536,149</u>	<u>\$ 22,254,006</u>
Debt servicing limit	\$ 7,112,945	\$ 6,576,903
Debt servicing	<u>(1,562,570)</u>	<u>(1,562,570)</u>
Amount of debt servicing limit unused	<u>\$ 5,550,375</u>	<u>\$ 5,014,333</u>

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	Actual 2024	Actual 2023
	(Note19)		
Fortis Alberta AltaGas Ltd.	\$ 1,233,568 884,863	\$ 1,245,032 863,408	\$ 1,194,531 781,565
	<hr/>	<hr/>	<hr/>
	\$ 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)	<u>4,469,828</u>
	\$ -
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	<u>(774,422)</u>
Net transfers from restricted surplus	<u>\$ 4,469,828</u>

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.
