

TOWN OF MORINVILLE
Financial Statements
For the Year Ended December 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Morinville

Opinion

We have audited the financial statements of the Town of Morinville (the "Town"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net (debt) financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2022, and the results of its operations, changes in net (debt) financial assets, 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 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 the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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 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 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 25, 2023

TOWN OF MORINVILLE
Statement of Financial Position
As At December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 9,414,946	\$ 7,374,239
Accounts receivable (Note 3)	1,713,724	2,898,107
Loan receivable (Note 4)	648,123	972,185
	<u>\$ 11,776,793</u>	<u>\$ 11,244,531</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 2,909,701	\$ 2,550,656
Deposit liabilities	311,360	249,365
Deferred revenue (Note 6)	910,456	1,819,295
Long-term debt (Note 7)	18,243,168	19,314,869
	<u>22,374,685</u>	<u>23,934,185</u>
NET DEBT	<u>(10,597,892)</u>	<u>(12,689,654)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	72,844	76,653
Tangible Capital Assets (Schedule 1)	142,099,046	145,830,608
	<u>142,171,890</u>	<u>145,907,261</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$131,573,998</u>	<u>\$133,217,607</u>

CONTINGENCIES (Note 12)

ON BEHALF OF TOWN COUNCIL:


 _____ Mayor


 _____ Deputy Mayor

TOWN OF MORINVILLE

Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2022

	Budget 2022 (Note17)	Actual 2022	Actual 2021
REVENUE			
Net taxation (Schedule 2)	\$ 10,910,453	\$ 10,926,534	\$ 10,295,959
Water fees	3,560,227	3,221,772	3,324,195
Wastewater and storm fees	2,840,872	2,589,287	2,514,145
Franchise fees (Note 13)	1,998,342	1,934,182	1,839,027
Government transfers for operating (Schedule 3)	1,636,590	1,730,892	1,841,377
Solid waste fees	789,348	934,657	900,015
Sales to other governments	946,685	916,408	799,455
Rentals	484,704	586,235	280,886
Offsite levies	-	423,286	-
Penalties and fines	432,000	358,959	261,095
Other	291,267	287,226	157,414
Investment income	75,000	180,874	43,292
Development fees and permits	196,000	173,288	187,409
Sales and user charges	193,600	170,885	105,344
	24,355,088	24,434,485	22,549,613
EXPENSES			
Public works	6,332,076	6,161,825	5,684,794
General administration	5,851,951	5,870,236	5,895,514
Parks and recreation	5,378,039	5,187,765	4,872,832
Protective services	4,091,309	3,460,421	3,599,105
Water	2,926,511	2,918,108	2,841,339
Wastewater and storm	2,693,308	2,492,041	2,417,596
Solid waste	1,249,215	1,319,366	1,303,159
Library	743,178	739,434	668,446
Council and legislative	464,576	417,078	423,475
Family and community support services	420,000	392,521	380,777
Planning and development	614,766	275,480	385,263
	30,764,929	29,234,275	28,472,300
ANNUAL DEFICIT BEFORE OTHER ITEMS	(6,409,841)	(4,799,790)	(5,922,687)
OTHER ITEMS			
Government transfers for capital (Schedule 3)	2,698,963	3,147,288	3,345,220
Gain on disposal of tangible capital assets	-	8,893	1,229,322
	2,698,963	3,156,181	4,574,542
ANNUAL SURPLUS (DEFICIT)	(3,710,878)	(1,643,609)	(1,348,145)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	133,217,607	133,217,607	134,565,752
ACCUMULATED SURPLUS, END OF YEAR	\$129,506,729	\$131,573,998	\$133,217,607

TOWN OF MORINVILLE

Statement of Changes in Net (Debt) Financial Assets

For the Year Ended December 31, 2022

	Budget 2022 (Note17)	Actual 2022	Actual 2021
ANNUAL SURPLUS (DEFICIT)	\$ (3,710,878)	\$ (1,643,609)	\$ (1,348,145)
Purchase of tangible capital assets	(3,526,072)	(3,227,160)	(3,960,908)
Proceeds on disposal of tangible capital assets	-	8,893	1,229,322
Amortization of tangible capital assets	6,952,309	6,958,722	6,785,741
Gain on disposal of tangible capital assets	-	(8,893)	(1,229,322)
	3,426,237	3,731,562	2,824,833
Use (acquisition) of prepaid expenses	-	3,809	(27,286)
DECREASE IN NET FINANCIAL ASSETS	(284,641)	2,091,762	1,449,402
NET (DEBT) FINANCIAL ASSETS, BEGINNING OF YEAR	(12,689,654)	(12,689,654)	(14,139,056)
NET DEBT, END OF YEAR	\$ (12,974,295)	\$ (10,597,892)	\$ (12,689,654)

TOWN OF MORINVILLE
Statement of Cash Flows

For the Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual Surplus (Deficit)	\$ (1,643,609)	\$ (1,348,145)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	6,958,722	6,785,741
Gain on disposal of tangible capital assets	(8,893)	(1,229,322)
	5,306,220	4,208,274
Change in non-cash working capital balances:		
Accounts receivable	1,184,383	2,287,316
Loan receivable	324,062	(972,185)
Prepaid expenses	3,809	(27,286)
Accounts payable and accrued liabilities	359,045	(1,014,947)
Deposit liabilities	61,995	(30,257)
Deferred revenue	(908,839)	1,458,886
	1,024,455	1,701,527
	6,330,675	5,909,801
FINANCING ACTIVITIES		
Long-term debt principal repayments	(1,071,701)	(1,039,573)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,227,160)	(3,960,908)
Proceeds on disposal of tangible capital assets	8,893	1,229,322
	(3,218,267)	(2,731,586)
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	2,040,707	2,138,642
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,374,239	5,235,597
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	\$ 9,414,946	\$ 7,374,239

Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
COST:								
Balance, Beginning of Year	\$ 12,922,120	\$ 13,534,985	\$ 42,423,478	\$ 179,321,004	\$ 6,357,074	\$ 4,251,890	\$ 258,810,551	\$ 254,849,644
Acquisition of tangible capital assets	-	641,863	17,000	1,515,314	421,837	631,146	3,227,160	3,960,907
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
Balance, End of Year	12,922,120	14,176,848	42,440,478	180,836,318	6,778,911	4,883,036	262,037,711	258,810,551
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	4,502,235	10,245,525	91,493,196	4,252,007	2,486,980	112,979,943	106,194,202
Annual amortization	-	628,415	1,102,933	4,592,218	402,630	232,526	6,958,722	6,785,741
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
Balance, End of Year	-	5,130,650	11,348,458	96,085,414	4,654,637	2,719,506	119,938,665	112,979,943
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 12,922,120	\$ 9,046,198	\$ 31,092,020	\$ 84,750,904	\$ 2,124,274	\$ 2,163,530	\$ 142,099,046	\$ 145,830,608

The cost of tangible capital assets included \$767,450 (2021 - \$1,296,651) of work in progress for which no amortization has been provided.

Schedule of Property Taxes

For the Year Ended December 31, 2022

	Budget 2022 (Note17)	Actual 2022	Actual 2021
TAXATION			
Real property taxes	\$ 14,577,213	\$ 14,651,559	\$ 13,933,473
Designated industrial property taxes	103,030	100,347	100,347
Government grants in place of property taxes	62,490	31,200	62,490
	<u>14,742,733</u>	<u>14,783,106</u>	<u>14,096,310</u>
DEDUCT:			
Education	3,696,934	3,740,622	3,667,659
Seniors Foundation	135,346	115,950	132,692
	<u>3,832,280</u>	<u>3,856,572</u>	<u>3,800,351</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 10,910,453</u>	<u>\$ 10,926,534</u>	<u>\$ 10,295,959</u>

Schedule of Government Transfers

For the Year Ended December 31, 2022

	Budget 2022 (Note17)	Actual 2022	Actual 2021
GOVERNMENT TRANSFERS FOR OPERATING			
Provincial	\$ 772,172	\$ 759,090	\$ 949,444
Local Governments	864,418	882,424	852,516
Federal	-	89,378	39,417
	1,636,590	1,730,892	1,841,377
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial	2,698,963	2,497,655	3,235,220
Federal	-	599,633	60,000
Local	-	50,000	50,000
Capital Government Transfers	2,698,963	3,147,288	3,345,220
	\$ 4,335,553	\$ 4,878,180	\$ 5,186,597

TOWN OF MORINVILLE

Schedule of Segmented Information

For the Year Ended December 31, 2022

	General Administration	Protective Services	Parks and Recreation	Public Works	Water, Wastewater and Solid Waste	Planning and Development	Other	Total
REVENUE								
Net taxation	\$ 3,499,863	\$ 2,605,742	\$ 3,702,238	\$ -	\$ -	\$ 87,857	\$ 1,030,834	\$ 10,926,534
Water, wastewater, storm and solid waste fees	-	-	-	-	6,745,716	-	-	6,745,716
Franchise fees	1,934,182	-	-	-	-	-	-	1,934,182
Government transfers	89,378	379,144	887,076	-	-	-	375,294	1,730,892
Sales to other governments	54,929	232,374	-	-	596,787	24,383	7,935	916,408
Penalties and fines	112,555	124,761	-	-	117,061	-	4,582	358,959
Rentals	86,288	172	499,775	-	-	-	-	586,235
Other	88,288	86,250	87,577	10,478	-	5,000	9,632	287,225
Development fees and permits	-	15,065	-	-	-	158,223	-	173,288
Sales and user charges	22,101	16,913	11,099	-	-	17	120,755	170,885
Investment income	180,874	-	-	-	-	-	-	180,874
Offsite levies	423,286	-	-	-	-	-	-	423,286
	6,491,744	3,460,421	5,187,765	10,478	7,459,564	275,480	1,549,032	24,434,484
EXPENSES								
Salaries, wages and benefits	3,324,119	1,515,047	2,218,209	1,221,528	1,024,784	219,696	1,206,349	10,729,732
Contracted and general services	1,675,654	1,536,138	225,088	389,625	1,042,778	51,066	47,226	4,967,575
Materials, goods and utilities	386,622	160,991	606,481	1,258,887	560,876	4,718	187,903	3,166,478
Purchases from other governments	-	-	-	-	2,549,369	-	-	2,549,369
Interest on long-term debt	29,186	-	523,331	-	-	-	-	552,517
Transfers to governments	107,000	-	4,000	-	-	-	107,555	218,555
Other expenses	76,766	-	-	-	7,961	-	-	84,727
Bank charges and short-term interest	6,600	-	-	-	-	-	-	6,600
Amortization of tangible capital assets	264,289	248,245	1,610,656	3,291,785	1,543,747	-	-	6,958,722
	5,870,236	3,460,421	5,187,765	6,161,825	6,729,515	275,480	1,549,033	29,234,275
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	\$ 621,508	\$ -	\$ -	\$ (6,151,347)	\$ 730,049	\$ -	\$ (1)	\$ (4,799,791)

Schedule of Expenses by Object

For the Year Ended December 31, 2022

	Budget 2022 (Note17)	Actual 2022	Actual 2021
Salaries, wages and benefits	\$ 11,244,549	\$ 10,729,732	\$ 10,458,422
Amortization	6,952,309	6,958,722	6,785,741
Contracted and general services	5,581,822	4,967,575	4,858,927
Materials, goods and utilities	3,578,269	3,166,477	3,007,050
Purchases from other governments	2,533,083	2,549,369	2,520,663
Interest on long-term debt	553,632	552,517	584,520
Transfers to governments, agencies and organizations	247,267	218,555	227,502
Other expenses (recoveries)	15,000	84,727	23,308
Bank charges and short-term interest	58,998	6,600	6,167
	\$ 30,764,929	\$ 29,234,274	\$ 28,472,300

1. SIGNIFICANT ACCOUNTING POLICIES

These 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 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 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 financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where management uncertainty exists, the 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 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.

(continues)

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.

(j) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets. Effective for fiscal years beginning on or after April 1, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and non exchange transactions.

TOWN OF MORINVILLE
Notes to Financial Statements
December 31, 2022

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Bank accounts	\$ 9,328,566	\$ 7,290,819
Servus Credit Union common shares	83,415	80,214
Petty cash	2,965	3,206
	<u>\$ 9,414,946</u>	<u>\$ 7,374,239</u>

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Government transfers	\$ 168,612	\$ 1,263,075
Utilities	662,433	715,582
Property taxes	393,164	613,029
Trade	367,999	244,421
Goods and Services Tax	151,516	178,210
	<u>1,743,724</u>	<u>3,014,317</u>
Allowance for doubtful accounts	<u>(30,000)</u>	<u>(116,210)</u>
	<u>\$ 1,713,724</u>	<u>\$ 2,898,107</u>

4. 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 September 2024.

TOWN OF MORINVILLE
Notes to Financial Statements
December 31, 2022

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade	\$ 2,580,577	\$ 1,816,793
Construction holdbacks	15,295	364,848
Vacation	123,442	172,192
Accrued interest on long-term debt	133,192	140,684
Government payroll remittances	57,195	56,139
	\$ 2,909,701	\$ 2,550,656

6. 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.

	<u>Opening</u>	<u>Receipts</u>	<u>Revenue</u>	<u>Ending</u>
Municipal Sustainability Initiative	\$ 1,645,764	\$ 1,076,904	\$(1,904,808)	\$ 817,860
Other	111,999	60,040	(79,443)	92,596
Family and Community Support Services	61,532	-	(61,532)	-
Canada Community Building Fund	-	592,847	(592,847)	-
	\$ 1,819,295	\$ 1,729,791	\$(2,638,630)	\$ 910,456

TOWN OF MORINVILLE
Notes to Financial Statements
December 31, 2022

7. LONG-TERM DEBT

	2022	2021
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.	\$ 9,321,978	\$ 9,761,723
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.	5,185,199	5,426,524
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.	2,769,338	2,894,958
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.	966,653	1,166,440
Debenture debt held by the Government of Alberta, repayable in annual installments of \$69,138 including interest at 6%; matured August 15, 2022.	-	65,224
	\$ 18,243,168	\$ 19,314,869

	Principal	Interest	Total
2023	\$ 1,035,753	\$ 526,817	\$ 1,562,570
2024	1,065,895	496,675	1,562,570
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
Thereafter	12,868,535	2,368,374	15,236,909
	\$ 18,243,168	\$ 4,691,989	\$ 22,935,157

Interest on long-term debt expense amounted to \$552,514 (2021 - \$584,518).

The Town's total cash payments for interest amounted to \$560,006 (2021 - \$592,134).

TOWN OF MORINVILLE
Notes to Financial Statements
December 31, 2022

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 1)	\$ 262,037,711	\$ 258,810,551
Accumulated amortization (Schedule 1)	(119,938,665)	(112,979,943)
Long-term debt (Note 7)	(18,243,168)	(19,314,869)
	<u>\$ 123,855,878</u>	<u>\$ 126,515,739</u>

9. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Restricted surplus		
Tax stabilization	\$ (1,917,431)	\$ (1,917,431)
Safety initiative	145,973	166,449
Snow removal	32,794	20,059
Utility stabilization	709,292	673,836
General capital	(338,186)	(422,110)
Water capital	5,969,040	5,714,040
Sanitary capital	3,928,419	3,959,543
Storm sewer capital	383,313	452,764
Transportation	547,042	340,862
Library	255,668	255,721
Fleet and equipment replacement	521,474	451,983
Parks, recreation and culture	295,494	468,479
Land	441,482	257,137
Offsite levies - transportation	308,080	199,532
Offsite levies - sanitary	(240,487)	(469,781)
Offsite levies - water	(3,323,847)	(3,449,215)
	<u>7,718,120</u>	<u>6,701,868</u>
Equity in tangible capital assets (Note 8)	<u>123,855,878</u>	<u>126,515,739</u>
	<u>\$ 131,573,998</u>	<u>\$ 133,217,607</u>

TOWN OF MORINVILLE
Notes to Financial Statements
December 31, 2022

10. 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)	2022 Total	2021 Total
Mayor S. Boersma	\$ 72,567	\$ 5,874	\$ 78,441	\$ 15,135
Mayor B. Turner	-	-	-	63,541
Councillors				
R. Balanko	42,636	7,539	50,175	48,033
R. White	42,586	7,536	50,122	9,508
J. Anheliger	42,436	7,528	49,964	9,501
S. Dafoe	41,086	7,451	48,537	49,299
M. St. Denis	39,551	7,363	46,914	9,502
S. Richardson	38,936	7,344	46,280	46,083
S. Hall	-	-	-	39,033
N. Boutestein	-	-	-	39,666
L. Giffin	-	-	-	39,139
Chief Administrative Officer	250,964	42,624	293,588	263,634

(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.

TOWN OF MORINVILLE
Notes to Financial Statements
December 31, 2022

11. 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:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 36,651,728	\$ 33,824,420
Total debt	(18,243,168)	(19,314,869)
Amount of total debt limit unused	\$ 18,408,560	\$ 14,509,551
Debt servicing limit	\$ 6,108,621	\$ 5,637,403
Debt servicing	(1,562,570)	(1,631,707)
Amount of debt servicing limit unused	\$ 4,546,051	\$ 4,005,696

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 financial statements must be interpreted as a whole.

12. 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, 2022, 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.
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TOWN OF MORINVILLE

Notes to Financial Statements

December 31, 2022

13. 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 2022 (Note17)	Actual 2022	Actual 2021
Fortis Alberta	\$ 1,168,483	\$ 1,176,991	\$ 1,147,317
AltaGas Ltd.	829,859	757,190	691,709
	\$ 1,998,342	\$ 1,934,181	\$ 1,839,026

14. 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% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.80% for the excess. Employees of the Town are required to make current service contributions of 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.80% on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2022 were \$628,896 (2021 - \$691,461). Total current and past service contributions made by the employees of the Town to the LAPP in 2022 were \$551,497 (2021 - \$630,814).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2020 - \$5.0 billion).

TOWN OF MORINVILLE

Notes to Financial Statements

December 31, 2022

15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest, liquidity, currency or credit risk arising from these financial instruments.

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

The Town is exposed to interest rate price risk as the long term debt bears interest at fixed interest rates. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

16. 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 financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 4).

17. BUDGET FIGURES

	Budget 2022
Annual surplus (per statement of operations and accumulated surplus)	\$ (3,710,878)
Amortization	6,952,309
Purchase of tangible capital assets	(3,526,072)
Debenture repayments	(1,071,701)
Net transfers from restricted surplus (per below)	1,356,342
	\$ -
Purchase of tangible capital assets funded from restricted surplus	\$ 827,109
Debenture repayments funded from restricted surplus	1,071,701
Tax supported deficit funded from restricted surplus	1,850,278
Utility supported surplus transferred to restricted surplus	(2,392,746)
Net transfers from restricted surplus	\$ 1,356,342

The budget data presented in these financial statements is based on the operating and capital budgets approved by the Town Council on March 22, 2022. The chart above reconciles the approved financial plan to the figures reported in these financial statements.

TOWN OF MORINVILLE

Notes to Financial Statements

December 31, 2022

18. 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, 2022 or December 31, 2021. The loan is secured by a general security agreement over the assets of the Town.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.
