
TOWN OF MORINVILLE
Financial Statements
For the Year Ended December 31, 2021

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, 2021, 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, 2021, 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.



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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but 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

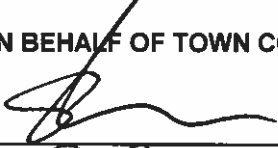
April 12, 2022


TOWN OF MORINVILLE
Statement of Financial Position
As At December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 7,374,239	\$ 5,235,597
Accounts receivable (Note 3)	2,898,107	5,185,423
Loan receivable (Note 4)	972,185	-
	<u>\$ 11,244,531</u>	<u>\$ 10,421,020</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 2,550,656	\$ 3,565,603
Deposit liabilities	249,365	279,622
Deferred revenue (Note 6)	1,819,295	360,409
Long-term debt (Note 7)	19,314,869	20,354,442
	<u>23,934,185</u>	<u>24,560,076</u>
NET DEBT	<u>(12,689,654)</u>	<u>(14,139,056)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	76,653	49,366
Tangible Capital Assets (Schedule 1)	145,830,608	148,655,442
	<u>145,907,261</u>	<u>148,704,808</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$133,217,607</u>	<u>\$134,565,752</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, 2021

	Budget 2021 (Note17)	Actual 2021	Actual 2020
REVENUE			
Net taxation (Schedule 2)	\$ 10,558,617	\$ 10,295,959	\$ 10,325,403
Water fees	3,477,709	3,324,195	3,091,587
Wastewater and storm fees	2,619,863	2,514,145	2,304,805
Government transfers for operating (Schedule 3)	1,109,125	1,841,377	1,916,968
Franchise fees (Note 13)	1,868,111	1,839,027	1,825,012
Solid waste fees	833,153	900,015	929,214
Sales to other governments	757,073	799,455	848,881
Rentals	392,320	280,886	294,086
Penalties and fines	505,000	261,095	378,085
Development fees and permits	171,000	187,409	133,709
Other	380,150	157,414	226,061
Sales and user charges	203,836	105,344	135,507
Investment income	75,000	43,292	45,754
Offsite levies	-	-	645,036
	<u>22,950,957</u>	<u>22,549,613</u>	<u>23,100,108</u>
EXPENSES			
General administration	5,673,049	5,895,514	5,905,753
Public works	5,935,729	5,684,794	6,016,609
Parks and recreation	5,058,181	4,872,832	4,423,783
Protective services	4,013,320	3,599,105	3,223,839
Water	2,780,751	2,841,339	2,836,829
Wastewater and storm	2,505,092	2,417,596	2,072,729
Solid waste	1,251,958	1,303,159	1,344,197
Library	712,730	668,446	620,523
Council and legislative	442,776	423,475	368,753
Planning and development	525,928	385,263	506,487
Family and community support services	442,710	380,777	374,958
	<u>29,342,224</u>	<u>28,472,300</u>	<u>27,694,460</u>
ANNUAL DEFICIT BEFORE OTHER ITEMS	<u>(6,391,267)</u>	<u>(5,922,687)</u>	<u>(4,594,352)</u>
OTHER ITEMS			
Government transfers for capital (Schedule 3)	4,188,739	3,345,220	1,628,010
Gain on disposal of tangible capital assets	-	1,229,322	39,452
Contributed tangible capital assets	-	-	674,741
	<u>4,188,739</u>	<u>4,574,542</u>	<u>2,342,203</u>
ANNUAL SURPLUS (DEFICIT)	<u>(2,202,528)</u>	<u>(1,348,145)</u>	<u>(2,252,149)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>134,565,752</u>	<u>134,565,752</u>	<u>136,817,901</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$132,363,224</u>	<u>\$133,217,607</u>	<u>\$134,565,752</u>

TOWN OF MORINVILLE**Statement of Changes in Net (Debt) Financial Assets****For the Year Ended December 31, 2021**

	Budget 2021 (Note17)	Actual 2021	Actual 2020
ANNUAL SURPLUS (DEFICIT)	\$ (2,202,528)	\$ (1,348,145)	\$ (2,252,149)
Purchase of tangible capital assets	(5,786,824)	(3,960,908)	(5,331,702)
Contributed tangible capital assets	-	-	(674,741)
Proceeds on disposal of tangible capital assets	-	1,229,322	205,000
Amortization of tangible capital assets	6,556,586	6,785,741	6,825,461
Gain on disposal of tangible capital assets	-	(1,229,322)	(39,452)
	769,762	2,824,833	984,566
Use (acquisition) of prepaid expenses	-	(27,286)	17,440
DECREASE IN NET FINANCIAL ASSETS	(1,432,766)	1,449,402	(1,250,143)
NET (DEBT) FINANCIAL ASSETS, BEGINNING OF YEAR	(14,139,056)	(14,139,056)	(12,888,913)
NET DEBT, END OF YEAR	\$ (15,571,822)	\$ (12,689,654)	\$ (14,139,056)

TOWN OF MORINVILLE
Statement of Cash Flows
For the Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual Surplus (Deficit)	\$ (1,348,145)	\$ (2,252,149)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	6,785,741	6,825,461
Contributed tangible capital assets	-	(674,741)
Gain on disposal of tangible capital assets	(1,229,322)	(39,452)
	<u>4,208,274</u>	<u>3,859,119</u>
Change in non-cash working capital balances:		
Accounts receivable	2,287,316	545,224
Loan receivable	(972,185)	-
Prepaid expenses	(27,286)	17,440
Accounts payable and accrued liabilities	(1,014,947)	581,071
Deposit liabilities	(30,257)	64,464
Deferred revenue	1,458,886	88,769
	<u>1,701,527</u>	<u>1,296,968</u>
	<u>5,909,801</u>	<u>5,156,087</u>
FINANCING ACTIVITIES		
Long-term debt proceeds	-	3,018,000
Long-term debt principal repayments	(1,039,573)	(887,955)
Repayment of bank indebtedness	-	(2,425,476)
	<u>(1,039,573)</u>	<u>(295,431)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,960,908)	(5,331,702)
Proceeds on disposal of tangible capital assets	1,229,322	205,000
	<u>(2,731,586)</u>	<u>(5,126,702)</u>
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	2,138,642	(266,046)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,235,597	5,501,643
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	\$ 7,374,239	\$ 5,235,597

TOWN OF MORINVILLE
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
COST:								
Balance, Beginning of Year	\$ 12,922,120	\$ 11,806,534	\$ 42,399,764	\$ 178,028,563	\$ 6,082,840	\$ 3,609,823	\$ 254,849,644	\$ 251,606,867
Acquisition of tangible capital assets	-	1,299,817	-	1,273,996	90,443	-	2,664,256	5,826,512
Work in progress	-	428,634	23,714	18,445	825,858	-	1,296,651	179,931
Disposal of tangible capital assets	-	-	-	-	-	-	-	(2,763,666)
Balance, End of Year	12,922,120	13,534,985	42,423,478	179,321,004	6,999,141	3,609,823	258,810,551	254,849,644
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	3,884,545	9,142,282	86,957,559	3,887,333	2,322,483	106,194,202	101,966,858
Annual amortization	-	617,690	1,103,243	4,535,637	364,674	164,497	6,785,741	6,825,461
Accumulated amortization on disposals	-	-	-	-	-	-	-	(2,598,117)
Balance, End of Year	-	4,502,235	10,245,525	91,493,196	4,252,007	2,486,980	112,979,943	106,194,202
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 12,922,120	\$ 9,032,750	\$ 32,177,953	\$ 87,827,808	\$ 2,747,134	\$ 1,122,843	\$ 145,830,608	\$ 148,655,442

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

TOWN OF MORINVILLE

Schedule 2

Schedule of Property Taxes

For the Year Ended December 31, 2021

	Budget 2021 (Note17)	Actual 2021	Actual 2020
TAXATION			
Real property taxes	\$ 14,151,223	\$ 13,933,473	\$ 13,916,090
Designated industrial property taxes	103,030	100,347	100,347
Government grants in place of property taxes	62,490	62,490	61,030
	<u>14,316,743</u>	<u>14,096,310</u>	<u>14,077,467</u>
DEDUCT:			
Education	3,624,447	3,667,659	3,624,447
Seniors Foundation	132,692	132,692	127,617
Designated industrial property	987	-	-
	<u>3,758,126</u>	<u>3,800,351</u>	<u>3,752,064</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 10,558,617</u>	<u>\$ 10,295,959</u>	<u>\$ 10,325,403</u>

TOWN OF MORINVILLE
Schedule of Government Transfers
For the Year Ended December 31, 2021

Schedule 3

	Budget 2021 (Note17)	Actual 2021	Actual 2020
GOVERNMENT TRANSFERS FOR OPERATING			
Provincial	\$ 773,172	\$ 949,444	\$ 1,584,521
Local Governments	335,953	852,516	332,447
Federal	-	39,417	-
	<u>1,109,125</u>	<u>1,841,377</u>	<u>1,916,968</u>
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial	4,188,739	3,235,220	1,628,010
Federal	-	60,000	-
Local	-	50,000	-
Capital Government Transfers	<u>4,188,739</u>	<u>3,345,220</u>	<u>1,628,010</u>
	<u>\$ 5,297,864</u>	<u>\$ 5,186,597</u>	<u>\$ 3,544,978</u>

TOWN OF MORINVILLE

**Schedule of Segmented Information
For the Year Ended December 31, 2021**

	General Administration	Protective Services	Parks and Recreation	Public Works	Water, Wastewater and Solid Waste	Planning and Development	Other	Total
REVENUE								
Net taxation	\$ 1,775,195	\$ 2,827,449	\$ 4,500,810	\$ -	\$ -	\$ 204,144	\$ 988,361	\$ 10,295,959
Water, wastewater, storm and solid waste fees	-	-	-	-	6,738,355	-	-	6,738,355
Franchise fees	1,839,027	-	-	-	-	-	-	1,839,027
Government transfers	1,017,542	379,144	75,671	-	-	-	369,020	1,841,377
Sales to other governments	-	219,453	-	-	566,980	5,105	7,917	799,455
Penalties and fines	126,117	106,191	-	-	25,433	-	3,354	261,095
Rentals	43,702	1,589	235,595	-	-	-	-	280,886
Other	16,019	22,421	57,481	7,000	-	5,000	49,493	157,414
Development fees and permits	-	16,395	-	-	-	171,014	-	187,409
Sales and user charges	21,052	26,463	3,275	-	-	-	54,554	105,344
Investment income	43,292	-	-	-	-	-	-	43,292
Offsite levies	-	-	-	-	-	-	-	-
	4,881,946	3,599,105	4,872,832	7,000	7,330,768	385,263	1,472,699	22,549,613
EXPENSES								
Salaries, wages and benefits	3,498,469	1,422,600	1,887,112	1,139,313	1,043,732	299,005	1,168,191	10,458,422
Contracted and general services	1,559,357	1,771,004	177,631	214,304	972,439	86,122	78,070	4,858,927
Materials, goods and utilities	400,804	209,438	660,852	1,129,670	486,551	136	119,599	3,007,050
Purchases from other governments	-	-	-	-	2,520,663	-	-	2,520,663
Interest on long-term debt	34,353	-	550,167	-	-	-	-	584,520
Transfers to governments	107,663	-	13,000	-	-	-	106,839	227,502
Other expenses	20,845	-	-	-	2,463	-	-	23,308
Bank charges and short-term interest	6,167	-	-	-	-	-	-	6,167
Amortization of tangible capital assets	267,855	196,063	1,584,070	3,201,507	1,536,246	-	-	6,785,741
	5,895,513	3,599,105	4,872,832	5,684,794	6,562,094	385,263	1,472,699	28,472,300
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	\$ (1,013,567)	\$ -	\$ -	\$ (5,677,794)	\$ 768,674	\$ -	\$ -	\$ (5,922,687)

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

TOWN OF MORINVILLE
Schedule of Expenses by Object
For the Year Ended December 31, 2021

Schedule 5

	Budget 2021 (Note17)	Actual 2021	Actual 2020
Salaries, wages and benefits	\$ 11,123,178	\$ 10,458,422	\$ 10,047,332
Amortization	6,556,586	6,785,741	6,825,463
Contracted and general services	4,892,756	4,858,927	4,679,078
Materials, goods and utilities	3,407,315	3,007,050	3,242,420
Purchases from other governments	2,392,857	2,520,663	2,222,752
Interest on long-term debt	669,681	584,520	556,349
Transfers to governments, agencies and organizations	274,330	227,502	219,230
Other expenses (recoveries)	15,000	23,308	(107,464)
Bank charges and short-term interest	10,521	6,167	9,300
	\$ 29,342,224	\$ 28,472,300	\$ 27,694,460

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, 2021

2. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
Bank accounts	\$ 7,290,819	\$ 5,153,420
Servus Credit Union common shares	80,214	78,187
Petty cash	3,206	3,990
	<u>\$ 7,374,239</u>	<u>\$ 5,235,597</u>

3. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Government transfers	\$ 1,263,075	\$ 3,306,247
Utilities	715,582	703,393
Property taxes	613,029	558,830
Trade	244,421	515,088
Goods and Services Tax	178,210	218,075
	<u>3,014,317</u>	<u>5,301,633</u>
Allowance for doubtful accounts	<u>(116,210)</u>	<u>(116,210)</u>
	<u>\$ 2,898,107</u>	<u>\$ 5,185,423</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, 2021

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade	\$ 1,816,793	\$ 3,096,455
Construction holdbacks	364,848	74,416
Vacation	172,192	212,824
Accrued interest on long-term debt	140,684	148,299
Government payroll remittances	56,139	33,609
	\$ 2,550,656	\$ 3,565,603

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.

	Opening	Receipts	Revenue	Ending
Municipal Sustainability Initiative	\$ -	\$ 3,587,842	\$(1,942,078)	\$ 1,645,764
Other	162,338	5,141	(55,480)	111,999
Family and Community Support Services	24,456	283,198	(246,122)	61,532
Municipal Operating Support Transfer	173,615	-	(173,615)	-
	\$ 360,409	\$ 3,876,181	\$(2,417,295)	\$ 1,819,295

TOWN OF MORINVILLE
Notes to Financial Statements
December 31, 2021

7. LONG-TERM DEBT

	<u>2021</u>	<u>2020</u>
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.	\$ 9,761,723	\$ 10,187,690
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.	5,426,524	5,660,930
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.	2,894,958	3,018,000
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.	1,166,440	1,361,066
Debenture debt held by the Government of Alberta, repayable in annual installments of \$69,138 including interest at 6%; due August 15, 2022.	65,224	126,756
	<u>\$ 19,314,869</u>	<u>\$ 20,354,442</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,071,701	\$ 560,006	\$ 1,631,707
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
Thereafter	13,915,712	2,769,165	16,684,877
	<u>\$ 19,314,869</u>	<u>\$ 5,251,995</u>	<u>\$ 24,566,864</u>

Interest on long-term debt expense amounted to \$584,518 (2020 - \$556,349).

The Town's total cash payments for interest amounted to \$592,134 (2020 - \$558,454).

TOWN OF MORINVILLE
Notes to Financial Statements
December 31, 2021

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Tangible capital assets (Schedule 1)	\$ 258,810,551	\$ 254,849,644
Accumulated amortization (Schedule 1)	(112,979,943)	(106,194,202)
Long-term debt (Note 7)	(19,314,869)	(20,354,442)
	<u>\$ 126,515,739</u>	<u>\$ 128,301,000</u>

9. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
Restricted surplus		
Tax stabilization	\$ (1,917,431)	\$ (467,054)
Safety initiative	166,449	207,536
Snow removal	20,059	309,119
Utility stabilization	673,836	196,818
General capital	(422,110)	(223,275)
Water capital	5,714,040	4,198,367
Sanitary capital	3,959,543	3,679,539
Storm sewer capital	452,764	364,018
Transportation	340,862	340,862
Library	255,721	261,232
Fleet and equipment replacement	451,983	574,941
Parks, recreation and culture	468,479	542,113
Land	257,137	-
Offsite levies - transportation	199,532	199,532
Offsite levies - sanitary	(469,781)	(469,781)
Offsite levies - water	(3,449,215)	(3,449,215)
	<u>6,701,868</u>	<u>6,264,752</u>
Equity in tangible capital assets (Note 8)	<u>126,515,739</u>	<u>128,301,000</u>
	<u>\$ 133,217,607</u>	<u>\$ 134,565,752</u>

TOWN OF MORINVILLE
Notes to Financial Statements
December 31, 2021

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)	2021 Total	2020 Total
Mayor B. Turner	\$ 55,743	\$ 7,798	\$ 63,541	\$ 78,702
Mayor S. Boersma	14,026	1,109	15,135	-
Councillors				
S. Hall	32,770	6,263	39,033	48,301
S. Dafoe	42,136	7,163	49,299	47,196
L. Giffin	32,870	6,269	39,139	47,511
N. Boutestein	33,370	6,296	39,666	47,353
R. Balanko	40,936	7,097	48,033	45,933
S. Richardson	39,086	6,997	46,083	44,196
J. Anheliger	8,251	1,250	9,501	-
M. St. Denis	8,252	1,250	9,502	-
R. White	8,253	1,255	9,508	-
Chief Administrative Officer	229,048	34,586	263,634	262,202

(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
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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>2021</u>	<u>2020</u>
Total debt limit	\$ 33,824,420	\$ 34,650,162
Total debt	(19,314,869)	(20,354,442)
Amount of total debt limit unused	<u>\$ 14,509,551</u>	<u>\$ 14,295,720</u>
Debt servicing limit	\$ 5,637,403	\$ 5,775,027
Debt servicing	(1,631,707)	(1,631,708)
Amount of debt servicing limit unused	<u>\$ 4,005,696</u>	<u>\$ 4,143,319</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 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, 2021, 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, 2021

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 2021 (Note17)	Actual 2021	Actual 2020
Fortis Alberta	\$ 1,106,075	\$ 1,147,317	\$ 1,059,365
AltaGas Ltd.	762,036	691,709	765,647
	<u>\$ 1,868,111</u>	<u>\$ 1,839,026</u>	<u>\$ 1,825,012</u>

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 9.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% for the excess. Employees of the Town are required to make current service contributions of 8.39% of pensionable earnings up to the year's maximum pensionable earnings and 12.84% on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2021 were \$691,461 (2020 - \$598,337). Total current and past service contributions made by the employees of the Town to the LAPP in 2021 were \$630,814 (2020 - \$665,918).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$5.0 billion (2019 - \$7.9 billion).

TOWN OF MORINVILLE
Notes to Financial Statements
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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 2021
Annual surplus (per statement of operations and accumulated surplus)	\$ (2,202,528)
Amortization	6,556,586
Purchase of tangible capital assets	(5,786,824)
Debenture repayments	(916,532)
Net transfers from restricted surplus (per below)	<u>2,349,298</u>
	<u>\$ -</u>
Purchase of tangible capital assets funded from restricted surplus	\$ 1,598,085
Debenture repayments funded from restricted surplus	916,532
Tax supported deficit funded from restricted surplus	2,175,575
Utility supported surplus transferred to restricted surplus	<u>(2,340,894)</u>
Net transfers from restricted surplus	<u>\$ 2,349,298</u>

The budget data presented in these financial statements is based on the operating and capital budgets approved by the Town Council on December 16, 2020. 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, 2021

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, 2021 or December 31, 2020. 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.
