

TOWN OF MAGRATH
Consolidated Financial Statements
Year Ended December 31, 2024

TOWN OF MAGRATH

Table of Contents

Year Ended December 31, 2024

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets (Debt)	6
Consolidated Statement of Cash Flows	7
Consolidated Schedule of Changes in Accumulated Surplus (<i>Schedule 1</i>)	8
Consolidated Schedule of Tangible Capital Assets (<i>Schedule 2</i>)	9
Consolidated Schedule of Property and Other Taxes (<i>Schedule 3</i>)	10
Consolidated Schedule of Government Transfers (<i>Schedule 4</i>)	11
Consolidated Schedule of Consolidated Expenses by Object (<i>Schedule 5</i>)	12
Consolidated Schedule of Segmented Disclosure (<i>Schedule 6</i>)	13
Notes to Consolidated Financial Statements	14 - 25

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Town Of Magrath (the "Town").

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the consolidated financial statements and discussions with the auditors, the Council approves of the consolidated financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Shawn Cook Professional Corporation has full and free access to the Council.



Mr. James Suffredine, CAO



CFO

Magrath, AB



INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the Town of Magrath

Opinion

We have audited the consolidated financial statements of Town of Magrath (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, changes in net 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 consolidated financial position of the Town as at December 31, 2024, and the consolidated results of its operations, changes in net 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with 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 these 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 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 related 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 are responsible for overseeing the Town's financial reporting process.

Auditor's 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 auditor's 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.

(continues)

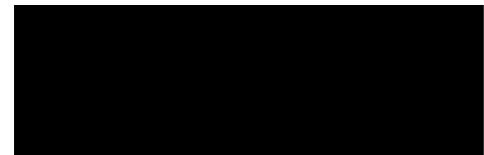
Independent Auditor's Report to the Members of Council of the Town of Magrath *(continued)*

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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated 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.

Lethbridge, Alberta
April 22, 2025



Chartered Professional Accountants



TOWN OF MAGRATH
Consolidated Statement of Financial Position
December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 1,464,071	\$ 1,074,037
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	91,072	147,238
Trade and other receivables <i>(Note 3)</i>	345,115	334,873
Land held for resale	127,125	92,909
	<u>2,027,383</u>	<u>1,649,057</u>
LIABILITIES		
Accounts payable and accrued liabilities	674,211	443,719
Employee benefit obligation <i>(Note 4)</i>	51,785	47,962
Deferred revenue <i>(Note 5)</i>	129,242	180,184
Long term debt <i>(Note 6)</i>	730,584	901,271
	<u>1,585,822</u>	<u>1,573,136</u>
NET FINANCIAL ASSETS	<u>441,561</u>	<u>75,921</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2)</i>	29,695,279	29,544,946
Land held for resale	837,075	384,199
Prepaid expenses and deposits	138,377	133,777
Inventory for consumption	135,640	162,771
	<u>30,806,371</u>	<u>30,225,693</u>
ACCUMULATED SURPLUS <i>(Schedule 1 and Note 9)</i>	<u>\$ 31,247,932</u>	<u>\$ 30,301,614</u>

CONTINGENCIES *(Note 17)*

APPROVED ON BEHALF OF COUNCIL:



Chief Elected Officer

Councillor

TOWN OF MAGRATH
Consolidated Statement of Operations
Year Ended December 31, 2024

	Budget (Unaudited)	2024	2023
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 2,459,502	\$ 2,505,160	\$ 2,266,102
User fees and sales of goods	1,404,000	1,486,258	1,435,671
Government transfers for operating <i>(Schedule 4)</i>	553,673	553,883	556,108
Land sales	-	385,362	778,000
Franchise and concession contracts <i>(Note 11)</i>	282,000	290,327	283,647
Other revenue	45,000	144,829	115,746
Investment income	40,000	71,969	49,024
Penalties and costs of taxes	62,000	46,669	49,574
Licenses and permits	31,300	30,067	33,526
Gain on disposal of tangible capital assets	-	456	61,850
Donations	-	-	12,860
	4,877,475	5,514,980	5,642,108
EXPENSES			
Legislative	128,120	129,203	116,451
Administration	805,660	789,449	724,323
Fire services	142,100	110,031	125,782
Bylaw enforcement and protective services	161,822	154,574	108,298
Public works	1,534,209	1,429,825	1,320,510
Water supply and distribution	685,153	729,227	706,955
Wastewater treatment and disposal	82,385	100,779	79,419
Waste management	267,315	267,155	271,315
Family and community support services	200,953	198,362	196,539
Cemeteries	4,000	26,211	30,551
Land use planning and development	6,500	102,017	347,718
Parks and recreation	1,079,556	1,082,083	1,009,313
Culture - libraries, museums, halls	242,000	249,093	210,968
	5,339,773	5,368,009	5,248,142
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(462,298)	146,971	393,966
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	702,803	799,347	559,822
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	240,505	946,318	953,788
ACCUMULATED SURPLUS, BEGINNING OF YEAR	30,301,614	30,301,614	29,347,826
ACCUMULATED SURPLUS, END OF YEAR	\$ 30,542,119	\$ 31,247,932	\$ 30,301,614

TOWN OF MAGRATH**Consolidated Statement of Changes in Net Financial Assets (Debt)****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 240,505	\$ 946,318	\$ 953,788
Amortization of tangible capital assets	905,000	927,973	898,000
Acquisition of tangible capital assets	-	(1,195,866)	(964,899)
Proceeds on disposal of tangible capital assets	-	118,016	140,150
(Gain) on disposal of tangible capital assets	-	(456)	(61,850)
	905,000	(150,333)	11,401
Use (acquisition) of prepaid expenses and deposits	-	(4,600)	(17,858)
Decrease (increase) in inventory for consumption	-	27,131	(29,762)
Decrease (increase) in land held for resale	-	(452,876)	306,936
	-	(430,345)	259,316
	905,000	(580,678)	270,717
INCREASE IN NET FINANCIAL ASSETS	1,145,505	365,640	1,224,505
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	75,921	75,921	(1,148,584)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 1,221,426	\$ 441,561	\$ 75,921

TOWN OF MAGRATH
Consolidated Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
OPERATING		
Excess (deficiency) of revenue over expenses	\$ 946,318	\$ 953,788
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	927,973	898,000
(Gain) on disposal of tangible capital assets	(456)	(61,850)
	<u>1,873,835</u>	<u>1,789,938</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	56,166	39,668
Trade and other receivables	(10,242)	55,183
Land held for resale	(34,216)	691,136
Accounts payable and accrued liabilities	230,492	(206,347)
Employee benefit obligation	3,823	17,941
Deferred revenue	(50,942)	(88,492)
Prepaid expenses and deposits	(4,600)	(17,859)
Inventory for consumption	27,131	(29,762)
Land held for resale	(452,876)	(384,199)
	<u>(235,264)</u>	<u>77,269</u>
	<u>1,638,571</u>	<u>1,867,207</u>
CAPITAL		
Purchase of tangible capital assets	(1,195,866)	(964,899)
Proceeds on disposal of tangible capital assets	118,016	140,150
	<u>(1,077,850)</u>	<u>(824,749)</u>
FINANCING		
Repayment of long term debt	(170,687)	(255,518)
	<u>(170,687)</u>	<u>(255,518)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	390,034	786,940
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	1,074,037	287,097
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (Note 2)	\$ 1,464,071	\$ 1,074,037

TOWN OF MAGRATH

Schedule of Changes in Accumulated Surplus

(Schedule 1)

Year Ended December 31, 2024

	Unrestricted Surplus	Reserves	Equity in Tangible Capital Assets	2024	2023
BALANCE, BEGINNING OF THE YEAR	\$ 1,398,386	\$ 259,553	\$ 28,643,675	\$ 30,301,614	\$ 29,347,826
Excess (deficiency) of revenue over expenses	946,318	-	-	946,318	953,788
Unrestricted funds designated for future use	(56,321)	56,321	-	-	-
Current year funds used for tangible capital assets	(1,195,866)	-	1,195,866	-	-
Disposal of tangible capital assets	117,560	-	(117,560)	-	-
Annual amortization expense	927,973	-	(927,973)	-	-
Long-term debt repaid	(170,687)	-	170,687	-	-
Change in accumulated surplus	568,977	56,321	321,020	946,318	953,788
BALANCE, END OF THE YEAR	\$ 1,967,363	\$ 315,874	\$ 28,964,695	\$ 31,247,932	\$ 30,301,614

TOWN OF MAGRATH
Schedule of Tangible Capital Assets
Year Ended December 31, 2024

(Schedule 2)

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2024	2023
COST							
BALANCE, BEGINNING OF YEAR	\$ 2,249,188	\$ 9,489,226	\$ 29,622,437	\$ 2,766,175	\$ 468,267	\$ 44,595,293	\$ 43,758,133
Acquisition of tangible capital assets	-	226,822	537,438	421,324	10,282	1,195,866	926,970
Construction in-progress	-	-	-	-	-	-	37,929
Disposal of tangible capital assets	-	-	-	(135,193)	-	(135,193)	(127,739)
BALANCE, END OF YEAR	2,249,188	9,716,048	30,159,875	3,052,306	478,549	45,655,966	44,595,293
ACCUMULATED AMORTIZATION							
BALANCE, BEGINNING OF YEAR	-	3,307,650	9,873,591	1,542,563	326,543	15,050,347	14,201,786
Annual amortization	-	228,182	519,149	149,175	31,467	927,973	898,000
Accumulated amortization on disposals	-	-	-	(17,633)	-	(17,633)	(49,439)
BALANCE, END OF YEAR	-	3,535,832	10,392,740	1,674,105	358,010	15,960,687	15,050,347
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 2,249,188	\$ 6,180,216	\$ 19,767,135	\$ 1,378,201	\$ 120,539	\$ 29,695,279	\$ 29,544,946
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 2,249,188	\$ 6,181,576	\$ 19,748,846	\$ 1,223,612	\$ 141,724	\$ 29,544,946	

TOWN OF MAGRATH
Schedule of Property and Other Taxes
Year Ended December 31, 2024

(Schedule 3)

	Budget (Unaudited)	2024	2023
TAXATION			
Real property taxes	\$ 3,117,842	\$ 3,160,017	\$ 2,830,389
Linear property taxes	64,473	62,947	58,566
Special assessment and local improvement taxes	30,000	35,009	40,442
	<u>3,212,315</u>	<u>3,257,973</u>	<u>2,929,397</u>
REQUISITIONS			
Alberta School Foundation Fund	701,733	701,733	615,487
Seniors foundation	51,080	51,080	47,808
	<u>752,813</u>	<u>752,813</u>	<u>663,295</u>
NET MUNICIPAL PROPERTY TAXES	\$ 2,459,502	\$ 2,505,160	\$ 2,266,102

TOWN OF MAGRATH
Schedule of Government Transfers
Year Ended December 31, 2024

(Schedule 4)

	Budget (Unaudited)	2024	2023
TRANSFERS FOR OPERATING			
Provincial Government	\$ 416,946	\$ 417,156	\$ 415,296
Other Local Government	136,727	136,727	136,727
Federal Government	-	-	4,085
	<u>553,673</u>	<u>553,883</u>	<u>556,108</u>
TRANSFERS FOR CAPITAL			
Provincial Government	702,803	799,347	499,822
Other Local Government	-	-	60,000
	<u>702,803</u>	<u>799,347</u>	<u>559,822</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,256,476</u>	<u>\$ 1,353,230</u>	<u>\$ 1,115,930</u>

TOWN OF MAGRATH**Schedule of Consolidated Expenses by Object
Year Ended December 31, 2024****(Schedule 5)**

	Budget (Unaudited)	2024	2023
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 2,076,008	\$ 1,929,571	\$ 1,825,743
Materials, goods and utilities	1,352,778	1,346,555	1,253,381
Contracted and general services	848,753	1,003,265	1,125,829
Transfers to local boards and agencies	133,399	132,028	114,829
Interest on long-term debt	16,835	15,746	22,895
Bank charges and short-term interest	7,000	12,871	7,465
Amortization of tangible capital assets	905,000	927,973	898,000
	<u>\$ 5,339,773</u>	<u>\$ 5,368,009</u>	<u>\$ 5,248,142</u>

TOWN OF MAGRATH
Schedule of Segmented Disclosure
Year Ended December 31, 2024

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health Services	Planning and development	Recreation and culture	Total
REVENUE								
Net municipal taxes	\$ 2,505,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,505,160
User fees and sales of goods	743	-	1,082	1,271,426	38,802	-	174,205	1,486,258
Government transfers	459,957	-	560,368	30,000	139,028	-	163,877	1,353,230
Land sales	-	-	-	-	-	385,362	-	385,362
Franchise and concession contracts	290,327	-	-	-	-	-	-	290,327
Investment income	71,969	-	-	-	-	-	-	71,969
Other revenues	114,513	8,060	6,087	7,470	-	51,356	34,535	222,021
	<u>3,442,669</u>	<u>8,060</u>	<u>567,537</u>	<u>1,308,896</u>	<u>177,830</u>	<u>436,718</u>	<u>372,617</u>	<u>6,314,327</u>
EXPENSES								
Salaries, wages and benefits	524,154	-	416,585	172,347	197,928	-	618,557	1,929,571
Materials, goods, supplies and utilities	70,944	6,868	379,861	553,129	15,525	-	320,228	1,346,555
Contracted and general services	296,705	237,096	128,327	66,999	11,120	102,017	161,001	1,003,265
Transfers to local boards	-	-	-	76,930	-	-	55,098	132,028
Interest on long-term debt	-	-	9,562	6,184	-	-	-	15,746
Bank charges and short-term interest	12,871	-	-	-	-	-	-	12,871
	<u>904,674</u>	<u>243,964</u>	<u>934,335</u>	<u>875,589</u>	<u>224,573</u>	<u>102,017</u>	<u>1,154,884</u>	<u>4,440,036</u>
NET REVENUE BEFORE AMORTIZATION	<u>2,537,995</u>	<u>(235,904)</u>	<u>(366,798)</u>	<u>433,307</u>	<u>(46,743)</u>	<u>334,701</u>	<u>(782,267)</u>	<u>1,874,291</u>
Amortization expense	13,978	20,641	495,490	221,572	-	-	176,292	927,973
NET REVENUE	<u>\$ 2,524,017</u>	<u>\$ (256,545)</u>	<u>\$ (862,288)</u>	<u>\$ 211,735</u>	<u>\$ (46,743)</u>	<u>\$ 334,701</u>	<u>\$ (958,559)</u>	<u>\$ 946,318</u>

TOWN OF MAGRATH

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town Of Magrath are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

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 or 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.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant items subject to such estimates are the collectability of accounts receivable, and the useful lives of tangible capital assets.

(continues)

TOWN OF MAGRATH
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Prepaid Local Improvement Charges

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 collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowing, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

Revenue recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

User charges for which the related services have yet to be performed are recognized when related expenses are incurred, benefits are achieved, or tangible capital assets are acquired. Revenue on investments, fines, and penalties are recognized when earned

(continues)

TOWN OF MAGRATH
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax 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. 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.

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(continues)

TOWN OF MAGRATH
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(continues)

TOWN OF MAGRATH
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) 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:

	<u>Years</u>
Land improvements	15 - 20
Buildings	25 - 50
Engineered structures	
Water System	35 - 70
Wastewater System	35 - 70
Other Engineered Structures	15 - 40
Machinery and equipment	5 - 20
Vehicles	5 - 20

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of 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 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.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

iv. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

TOWN OF MAGRATH
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

2. CASH AND TEMPORARY INVESTMENTS

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,463,671	\$ 1,073,637
Cash on hand	<u>400</u>	<u>400</u>
	<u>\$ 1,464,071</u>	<u>\$ 1,074,037</u>

The Town has available a \$500,000 line of credit with ATB Financial which bears interest at prime plus 1% per annum. The overdraft is issued on the credit and security of the Town at large. The overdraft and line of credit balance at year end is nil (2023 - nil).

Included in cash and temporary investments is a restricted amount of \$44,617 (2023 - \$99,060) received from various grant programs which are held exclusively for approved projects (Note 5).

3. RECEIVABLES

	<u>2024</u>	<u>2023</u>
Property taxes		
Taxes and grants in place of taxes	\$ 20,182	\$ 27,111
Arrears	<u>70,890</u>	<u>120,127</u>
	<u>91,072</u>	<u>147,238</u>
Trade and other		
Trade accounts	155,477	177,453
Utility accounts	113,520	106,253
Property Servicing Agreements	40,957	43,967
Goods and Services Tax (GST)	<u>35,161</u>	<u>7,200</u>
	<u>345,115</u>	<u>334,873</u>

The Town has entered into Property Servicing Agreements in which the Town constructed certain utility works and improvements to link the land with new Town infrastructure. The owners have selected 10-year repayment plans with the following principal and interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 8,649	\$ 851	\$ 9,500
2026	6,279	441	6,720
2027	6,368	352	6,720
2028	6,460	260	6,720
2029	6,553	167	6,720
Thereafter	<u>6,648</u>	<u>72</u>	<u>6,720</u>
	<u>\$ 40,957</u>	<u>\$ 2,143</u>	<u>\$ 43,100</u>

4. EMPLOYEE BENEFIT OBLIGATION

The employee benefit obligation is comprised of accrued vacation that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

TOWN OF MAGRATH
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

5. DEFERRED REVENUE

	<u>2024</u>	<u>2023</u>
Prepaid taxes	\$ 75,063	\$ 71,675
Canada Community-Building Fund	44,617	99,060
Prepaid utilities	9,562	9,449
	<u>\$ 129,242</u>	<u>\$ 180,184</u>

6. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
Bank loans	\$ 730,584	\$ 881,124
Self-supported debentures	-	20,147
	<u>\$ 730,584</u>	<u>\$ 901,271</u>

The current portion of long-term debt amounts to \$153,519 (2023 - \$170,687).

Principal repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 153,519	\$ 12,067	\$ 165,586
2026	156,587	8,999	165,586
2027	159,748	5,838	165,586
2028	129,516	2,986	132,502
2029	131,214	1,288	132,502
	<u>\$ 730,584</u>	<u>\$ 31,178</u>	<u>\$ 761,762</u>

Debenture debt is repayable to the Alberta Capital Finance Authority which bears interest at rates ranging from 1.307% to 4.894% per annum, before provincial subsidy and matures in periods from 2027 to 2029. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$15,746 (2023 - \$22,895).

TOWN OF MAGRATH
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

7. 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>2024</u>	<u>2023</u>
Total debt limit	\$ 8,272,470	\$ 8,463,162
Total debt	<u>(730,584)</u>	<u>(901,271)</u>
Amount of debt limit unused	<u>7,541,886</u>	<u>7,561,891</u>
Debt servicing limit	1,378,745	1,410,527
Debt servicing	<u>(165,586)</u>	<u>(187,491)</u>
Amount of debt servicing limit unused	<u>1,213,159</u>	<u>1,223,036</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at 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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Tangible capital assets (Schedule 2)	\$ 45,655,966	\$ 44,595,293
Accumulated amortization (Schedule 2)	<u>(15,960,687)</u>	<u>(15,050,347)</u>
Long-term debt (Note 6)	<u>(730,584)</u>	<u>(901,271)</u>
	<u>\$ 28,964,695</u>	<u>\$ 28,643,675</u>

9. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2024</u>	<u>2023</u>
Unrestricted surplus	\$ 1,967,363	\$ 1,398,386
Reserves (Note 10)	315,874	259,553
Equity in tangible capital assets (Note 8)	<u>28,964,695</u>	<u>28,643,675</u>
	<u>\$ 31,247,932</u>	<u>\$ 30,301,614</u>

TOWN OF MAGRATH
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

10. RESERVES

	2024	2023
Restricted Reserves		
Municipal Reserve	\$ 128,830	\$ 122,487
Unrestricted Strategic Reserves		
Emergency Reserve	75,981	72,230
Parks Equipment Reserve	37,663	29,095
Water Infrastructure Reserve	31,014	15,102
Recreation Facilities Reserve	21,710	10,571
Irrigation Infrastructure Reserve	10,338	5,034
Sewer Infrastructure Reserve	10,338	5,034
	\$ 315,874	\$ 259,553

11. FRANCHISE AND CONCESSION CONTRACTS

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 (Unaudited)	2024	2023
Fortis electricity	\$ 200,724	\$ 206,651	\$ 185,997
ATCO gas	81,276	83,676	97,650
	\$ 282,000	\$ 290,327	\$ 283,647

12. SEGMENTED DISCLOSURE

The Town provides a range of services to its ratepayers. 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.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

13. BUDGET AMOUNTS

The 2024 budget for the Town was approved by Council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified

TOWN OF MAGRATH

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

14. LOCAL AUTHORITIES PENSION PLAN

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

Contributions for current service are recorded as expenditures in the year in which they become due.

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

Total current service contributions by the Town to LAPP in 2024 were \$91,172 (2023 - \$90,004). Total current service contributions by the employees of the Town to LAPP in 2024 were \$81,088 (2023 - \$80,126).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion.

15. CONTAMINATED SITES LIABILITY

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2024 (2023 - nil) as a result of this standard.

16. ASSET RETIREMENT OBLIGATION

The Town has adopted PS3280 Asset Retirement Obligation. The Town did not identify any financial liabilities in 2024 (2023 - nil) as a result of this standard.

17. COMMITMENTS AND CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the 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.

Employees of the Town are allowed to accrue sick leave up to a maximum of 120 days. As at December 31, 2024 the amount of accumulated sick leave was \$345,442 (2023 - \$294,456). The total amount was not recorded in the consolidated financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

TOWN OF MAGRATH

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

18. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, land for resale inventory, accounts payable and accrued liabilities, municipal line of credit, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

19. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

20. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.

TOWN OF MAGRATH

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

21. SALARY 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 & Allowances (2)	Additional Meetings (3)	Expenses Claimed	2024	2023
Mayor Cook	\$ 10,000	\$ 360	\$ 6,775	\$ 861	\$ 17,996	\$ 18,869
Councillor Baker	7,000	360	3,350	270	10,980	13,557
Councillor Baril	7,000	360	4,375	1,031	12,766	14,797
Councillor Bennett [2023 - 4 months]	-	-	-	-	-	1,688
Councillor Bourelle [2023 - 8 months]	7,000	360	2,650	1,070	11,080	5,868
Councillor Christensen	7,000	360	5,125	1,795	14,280	13,401
Councillor Ralph	7,000	360	3,500	728	11,588	11,590
Councillor Zaugg	7,000	360	3,150	644	11,154	12,581
Chief Administrative Officer	126,892	25,641	-	2,322	154,855	145,340
Designated Officer - 5 position	176,637	-	-	-	176,637	42,475

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments 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, if any. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, travel allowances, car allowances and club memberships, if any.

(3) Councillor's are all assigned committees and boards to sit on. Each assignment has a meeting schedule controlled by the third party and as such the meeting frequencies will vary from assignment to assignment.