

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Financial Statements
For the Year Ended December 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Council of Municipal District of Peace No. 135

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of consolidated financial statements.

JDP Wasserman LLP have been appointed by the Members of Council of Municipal District of Peace No. 135 to express an opinion on the consolidated financial statements.



Kelly Bunn
Interim Chief Administrative Officer



Doug Cooke
Director of Finance

Berwyn, AB
April 30, 2025



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INDEPENDENT AUDITORS' REPORT

To the Members of Council of Municipal District of Peace No. 135

Opinion

We have audited the consolidated financial statements of Municipal District of Peace No. 135 (the "MD"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, 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 financial position of the MD as at December 31, 2024, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the MD in accordance with ethical requirements that are relevant to our audit of 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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the MD'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 MD or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 MD'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 MD'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 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 auditors' report. However, future events or conditions may cause the MD 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.

Edmonton, Alberta
April 30, 2025

**JDP Wasserman
LLP**
Chartered Professional Accountants

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Statement of Financial Position
As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,557,814	\$ 2,128,836
Accounts receivable <i>(Note 3)</i>	1,278,392	1,261,218
Loan receivable <i>(Note 4)</i>	133,333	166,667
Land held for resale	17,194	17,194
Investments <i>(Note 5)</i>	7,004,669	7,239,211
	9,991,402	10,813,126
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 6)</i>	299,211	397,108
Deposit liabilities	60,000	60,000
Deferred revenue <i>(Note 7)</i>	1,564,765	1,429,267
	1,923,976	1,886,375
NET FINANCIAL ASSETS	8,067,426	8,926,751
NON-FINANCIAL ASSETS		
Prepaid expenses	83,971	90,372
Inventory for consumption	917,322	365,380
Tangible capital assets <i>(Schedule 1)</i>	16,663,769	16,731,963
	17,665,062	17,187,715
ACCUMULATED SURPLUS <i>(Note 9)</i>	\$ 25,732,488	\$ 26,114,466

CONTINGENCY *(Note 16)*

ON BEHALF OF COUNCIL:


 _____ Reeve


 _____ Councillor

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2024

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual)
REVENUES			
Net municipal property taxes (Schedule 3)	\$ 3,996,735	\$ 3,995,796	\$ 3,800,376
Government transfers for operating (Schedule 4)	345,505	374,705	369,446
Investment income	258,550	349,264	359,066
User fees and sales of goods	164,610	176,688	167,841
Penalties and costs on taxes	95,000	112,398	88,592
Other revenues	55,650	66,978	57,383
Rentals	38,300	35,561	44,702
Fines	1,100	2,300	1,050
Licenses and permits	4,560	2,000	4,070
	<u>4,960,010</u>	<u>5,115,690</u>	<u>4,892,526</u>
EXPENSES			
Roads, streets, walks, lighting	1,653,100	2,393,685	2,159,783
General administration (Note 19)	874,921	1,212,163	930,722
Parks and recreation	746,918	694,612	718,925
Agricultural development	514,713	558,447	509,857
Fire fighting and protective services	295,294	347,101	270,393
Council and legislative	248,750	253,199	216,025
Water and wastewater	132,450	134,427	149,365
Land use planning, zoning and development	100,567	95,633	98,682
Family and community support services	64,970	69,220	60,021
Waste management	62,379	60,430	81,190
Economic development	32,670	32,670	32,670
Culture	30,193	30,193	31,803
Cemeteries	15,000	12,176	7,213
Bylaw enforcement	11,700	8,732	9,484
	<u>4,783,625</u>	<u>5,902,688</u>	<u>5,276,133</u>
ANNUAL DEFICIT BEFORE OTHER	<u>176,385</u>	<u>(786,998)</u>	<u>(383,607)</u>
OTHER REVENUES (EXPENSES)			
Government transfers for capital (Schedule 4)	2,911,339	431,340	1,745,607
Gain (loss) on disposal of tangible capital assets	-	(26,320)	69,867
	<u>2,911,339</u>	<u>405,020</u>	<u>1,815,474</u>
ANNUAL SURPLUS (DEFICIT)	<u>3,087,724</u>	<u>(381,978)</u>	<u>1,431,867</u>
ACCUMULATED SURPLUS - TO BEGIN YEAR	<u>26,114,466</u>	<u>26,114,466</u>	<u>24,682,599</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 29,202,190</u>	<u>\$ 25,732,488</u>	<u>\$ 26,114,466</u>

The accompanying notes form an integral part of these consolidated financial statements.
JDP Wasserman LLP /// Chartered Professional Accountants

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2024

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 3,087,724	\$ (381,978)	\$ 1,431,867
Amortization of tangible capital assets	-	993,738	930,060
Purchase of tangible capital assets	(4,112,714)	(1,126,864)	(3,223,013)
Proceeds on disposal of tangible capital assets	-	175,000	193,000
Loss (gain) on disposal of tangible capital assets	-	26,320	(69,867)
Use (acquisition) of prepaid expenses	-	6,401	(21,274)
Use of inventory for consumption	-	(551,942)	157,174
	<u>(4,112,714)</u>	<u>(477,347)</u>	<u>(2,033,920)</u>
DECREASE IN NET FINANCIAL ASSETS	(1,024,990)	(859,325)	(602,053)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	<u>8,926,751</u>	<u>8,926,751</u>	<u>9,528,804</u>
NET FINANCIAL ASSETS - END OF YEAR	<u>\$ 7,901,761</u>	<u>\$ 8,067,426</u>	<u>\$ 8,926,751</u>

MUNICIPAL DISTRICT OF PEACE NO. 135**Consolidated Statement of Cash Flows****For the Year Ended December 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (381,978)	\$ 1,431,867
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	993,738	930,060
Loss (gain) on disposal of tangible capital assets	26,320	(69,867)
	<u>638,080</u>	<u>2,292,060</u>
Changes in non-cash working capital:		
Accounts receivable	(17,174)	594,261
Loan receivable	33,334	25,000
Accounts payable and accrued liabilities	(97,897)	149,525
Deposit liabilities	-	20,000
Deferred revenue	135,498	(1,171,495)
Prepaid expenses	6,401	(21,274)
Inventory for consumption	(551,942)	157,174
	<u>(491,780)</u>	<u>(246,809)</u>
Cash flow from operating activities	<u>146,300</u>	<u>2,045,251</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,126,864)	(3,223,013)
Proceeds on disposal of tangible capital assets	175,000	193,000
Net change in investments	234,542	23,294
Cash flow used by investing activities	<u>(717,322)</u>	<u>(3,006,719)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(571,022)</u>	<u>(961,468)</u>
Cash and cash equivalents - beginning of year	<u>2,128,836</u>	<u>3,090,304</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,557,814</u>	<u>\$ 2,128,836</u>

MUNICIPAL DISTRICT OF PEACE NO. 135

Schedule of Tangible Capital Assets

For the Year Ended December 31, 2024

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023
COST								
BALANCE, BEGINNING OF YEAR	\$ 710,218	\$ 472,099	\$ 3,538,348	\$ 14,398,045	\$ 5,097,600	\$ 2,115,690	\$ 26,332,000	\$ 23,519,430
Purchase of tangible capital assets	-	-	-	166,176	775,426	185,262	1,126,864	3,223,013
Disposal of tangible capital assets	-	-	-	-	(503,300)	-	(503,300)	(410,443)
BALANCE, END OF YEAR	\$ 710,218	\$ 472,099	\$ 3,538,348	\$ 14,564,221	\$ 5,369,726	\$ 2,300,952	\$ 26,955,564	\$ 26,332,000
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 266,616	\$ 1,013,911	\$ 4,650,521	\$ 2,691,579	\$ 977,410	\$ 9,600,037	\$ 8,957,287
Amortization of tangible capital assets	-	20,968	71,707	313,737	469,859	117,467	993,738	930,060
Disposal of tangible capital assets	-	-	-	-	(301,980)	-	(301,980)	(287,310)
BALANCE, END OF YEAR	\$ -	\$ 287,584	\$ 1,085,618	\$ 4,964,258	\$ 2,859,458	\$ 1,094,877	\$ 10,291,795	\$ 9,600,037
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 710,218	\$ 184,515	\$ 2,452,730	\$ 9,599,963	\$ 2,510,268	\$ 1,206,075	\$ 16,663,769	\$ 16,731,963
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, 2023	\$ 710,218	\$ 205,483	\$ 2,524,437	\$ 9,747,524	\$ 2,406,021	\$ 1,138,280		\$ 16,731,963

Included in the net book value of tangible capital assets is work-in-progress of \$103,539 (2023 - \$Nil).

MUNICIPAL DISTRICT OF PEACE NO. 135
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2024

(Schedule 2)

	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 16,731,963	\$ 14,562,143
Purchase of tangible capital assets	1,126,864	3,223,013
Amortization of tangible capital assets	(993,738)	(930,060)
Cost of tangible capital assets disposed of	(503,300)	(410,443)
Accumulated amortization of tangible capital assets disposed	301,980	287,310
BALANCE, END OF YEAR	\$ 16,663,769	\$ 16,731,963
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets <i>(Schedule 1)</i>	\$ 16,663,769	\$ 16,731,963

MUNICIPAL DISTRICT OF PEACE NO. 135

Schedule of Property Taxes

(Schedule 3)

For the Year Ended December 31, 2024

	2024 (Budget) <i>(Note 13)</i>	2024 (Actual)	2023 (Actual)
TAXATION			
Real property taxes	\$ 3,482,584	\$ 3,481,645	\$ 3,279,839
Designated industrial property taxes	1,022,560	1,022,560	1,046,167
Government grants in lieu of property taxes	598,269	598,269	516,947
	<u>\$ 5,103,413</u>	<u>\$ 5,102,474</u>	<u>\$ 4,842,953</u>
Alberta School Foundation Fund	\$ 923,413	\$ 923,413	\$ 869,116
North Peace Housing Foundation	178,040	178,040	167,930
Designated Industrial Property	5,225	5,225	5,531
	<u>\$ 1,106,678</u>	<u>\$ 1,106,678</u>	<u>\$ 1,042,577</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 3,996,735</u>	<u>\$ 3,995,796</u>	<u>\$ 3,800,376</u>

MUNICIPAL DISTRICT OF PEACE NO. 135

Schedule of Government Transfers

(Schedule 4)

For the Year Ended December 31, 2024

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 344,505	\$ 344,505	\$ 368,446
Local government	1,000	26,000	1,000
Federal government	-	4,200	-
	<u>\$ 345,505</u>	<u>\$ 374,705</u>	<u>\$ 369,446</u>
TRANSFERS FOR CAPITAL			
Provincial government	\$ 2,911,339	\$ 431,340	\$ 1,745,607
TOTAL GOVERNMENT TRANSFERS	<u>\$ 3,256,844</u>	<u>\$ 806,045</u>	<u>\$ 2,115,053</u>

MUNICIPAL DISTRICT OF PEACE NO. 135

Schedule of Expenses by Object

(Schedule 5)

For the Year Ended December 31, 2024

	2024 (Budget) <i>(Note 13)</i>	2024 (Actual)	2023 (Actual)
Salaries, wages and benefits	\$ 1,785,549	\$ 1,732,447	\$ 1,642,950
Contracted and general services	903,592	1,271,215	816,418
Amortization of tangible capital assets	-	993,738	930,060
Materials, goods and utilities	983,190	905,203	808,166
Transfers to other governments	928,194	832,663	876,927
Transfers to individuals and organizations	164,350	157,575	154,094
Transfers to local boards and agencies	17,500	17,500	21,127
Bank charges and short-term interest	1,250	1,176	1,016
Provision for allowances (recoveries)	-	(8,829)	25,375
	\$ 4,783,625	\$ 5,902,688	\$ 5,276,133

MUNICIPAL DISTRICT OF PEACE NO. 135

Schedule of Segmented Disclosure

For the Year Ended December 31, 2024

(Schedule 6)

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	2024
REVENUES								
Net municipal property taxes	\$ 858,810	\$ 283,351	\$ 1,618,781	\$ -	\$ 27,620	\$ 506,600	\$ 700,634	\$ 3,995,796
Government transfers for operating	126,282	26,000	-	-	51,976	170,447	-	374,705
Investment income	330,775	-	-	-	-	-	18,489	349,264
User fees and sales of goods	5,957	35,761	52,147	72,552	1,800	5,938	2,533	176,688
Penalties and costs on taxes	112,398	-	-	-	-	-	-	112,398
Other revenues	1,278	8,521	54,515	900	-	1,639	125	66,978
Rentals	29,564	-	2,647	-	-	325	3,025	35,561
Fines	300	2,000	-	-	-	-	-	2,300
Licenses and permits	-	200	-	-	-	1,800	-	2,000
	\$ 1,465,364	\$ 355,833	\$ 1,728,090	\$ 73,452	\$ 81,396	\$ 686,749	\$ 724,806	\$ 5,115,690
EXPENSES								
Salaries, wages and benefits	\$ 653,539	\$ 89	\$ 670,498	\$ 12,438	\$ 7,019	\$ 305,701	\$ 83,163	\$ 1,732,447
Contracted and general services	465,518	45,901	591,339	19,695	-	124,000	24,762	1,271,215
Materials, goods and utilities	201,105	43,546	463,383	52,568	157	101,960	42,484	905,203
Transfers to other governments	44,062	161,352	-	24,982	69,220	32,670	500,377	832,663
Transfer to individuals & organizations	37,446	28,375	-	50,379	5,000	17,780	18,595	157,575
Transfers to local boards and agencies	-	-	-	-	-	17,500	-	17,500
Bank charges and short-term interest	1,176	-	-	-	-	-	-	1,176
Provision for allowances	(8,829)	-	-	-	-	-	-	(8,829)
	1,394,017	279,263	1,725,220	160,062	81,396	599,611	669,381	4,908,950
NET REVENUE (DEFICIT) BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS								
	\$ 71,347	\$ 76,570	\$ 2,870	\$ (86,610)	\$ -	\$ 87,138	\$ 55,425	\$ 206,740
Amortization of tangible capital assets	\$ 71,347	\$ 76,570	\$ 668,464	\$ 34,794	\$ -	\$ 87,138	\$ 55,425	\$ 993,738
NET REVENUE (DEFICIT)	\$ -	\$ -	\$ (665,594)	\$ (121,404)	\$ -	\$ -	\$ -	\$ (786,998)

The accompanying notes form an integral part of these consolidated financial statements.
 JDP Wasserman LLP /// Chartered Professional Accountants

MUNICIPAL DISTRICT OF PEACE NO. 135

Schedule of Segmented Disclosure

For the Year Ended December 31, 2023

(Schedule 7)

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	2023
REVENUES								
Net municipal property taxes	\$ 627,343	\$ 230,217	\$ 1,849,302	\$ -	\$ 12,017	\$ 374,457	\$ 707,040	\$ 3,800,376
Government transfers for operating	24,500	21,000	-	-	51,417	252,529	20,000	369,446
Investment income	341,087	-	-	-	-	-	17,979	359,066
User fees and sales of goods	5,511	28,640	55,154	65,049	3,800	9,687	-	167,841
Penalties and costs on taxes	88,592	-	-	-	-	-	-	88,592
Other revenues	703	-	53,345	1,400	-	-	1,935	57,383
Rentals	32,791	-	7,651	-	-	485	3,775	44,702
Licenses and permits	-	20	-	-	-	4,050	-	4,070
Fines	1,050	-	-	-	-	-	-	1,050
	<u>\$ 1,121,577</u>	<u>\$ 279,877</u>	<u>\$ 1,965,452</u>	<u>\$ 66,449</u>	<u>\$ 67,234</u>	<u>\$ 641,208</u>	<u>\$ 750,729</u>	<u>\$ 4,892,526</u>
EXPENSES								
Salaries, wages and benefits	\$ 597,892	\$ 157	\$ 681,573	\$ 1,236	\$ 6,529	\$ 284,243	\$ 71,320	\$ 1,642,950
Transfers to other governments	40,957	155,300	-	44,315	60,021	32,670	543,664	876,927
Contracted and general services	196,715	23,353	418,099	14,105	-	131,970	32,176	816,418
Materials, goods and utilities	183,668	16,309	427,325	67,912	684	72,943	39,325	808,166
Transfer to individuals & organizations	28,136	20,764	-	69,055	-	18,758	17,381	154,094
Provision for allowances	25,375	-	-	-	-	-	-	25,375
Transfers to local boards and agencies	-	-	-	-	-	21,127	-	21,127
Bank charges and short-term interest	1,016	-	-	-	-	-	-	1,016
	<u>1,073,759</u>	<u>215,883</u>	<u>1,526,997</u>	<u>196,623</u>	<u>67,234</u>	<u>561,711</u>	<u>703,866</u>	<u>4,346,073</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>\$ 47,818</u>	<u>\$ 63,994</u>	<u>\$ 438,455</u>	<u>\$ (130,174)</u>	<u>\$ -</u>	<u>\$ 79,497</u>	<u>\$ 46,863</u>	<u>\$ 546,453</u>
Amortization of tangible capital assets	<u>\$ 72,989</u>	<u>\$ 63,994</u>	<u>\$ 632,785</u>	<u>\$ 33,932</u>	<u>\$ -</u>	<u>\$ 79,497</u>	<u>\$ 46,863</u>	<u>\$ 930,060</u>
NET REVENUE (DEFICIT)	<u>\$ (25,171)</u>	<u>\$ -</u>	<u>\$ (194,330)</u>	<u>\$ (164,106)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (383,607)</u>

The accompanying notes form an integral part of these consolidated financial statements.
JDP Wasserman LLP /// Chartered Professional Accountants

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES

The consolidated financial statements of Municipal District of Peace No. 135 (the "MD") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the MD are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the MD and are, therefore, accountable to MD Council for the administration of their financial affairs and resources.

The schedule of property taxes also includes requisitions that are not part of the reporting entity.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

The MD follows the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the MD has met any eligibility criteria, and reasonable estimates of the amounts can be made.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes 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 90 days or less at acquisition.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investment. When there has been a loss in value that is other than a temporary decline, the respective investment is written-down to recognize the loss. Gains on principal protected notes are recognized as income when sold.

(e) Land Held 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 leveling 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.

(continues)

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES (continued)

(f) 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 (deficit), provides the Consolidated Statement of Changes in Net Financial Assets for the year (page 7).

(g) Inventories for Consumption

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

(h) 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	20 years
Buildings	50 years
Engineered structures:	
Bridges	variable
Water system	60 years
Wastewater system	60 years
Other	30 - 40 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 15 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue. Tangible capital assets received or purchased as part of a restructuring transaction are recorded at carrying value at the date of receipt and also are recorded as revenue.

Tangible capital assets under construction are not amortized until the asset is substantially complete and available for productive use. Those tangible capital assets not meeting this criteria are categorized as work-in-progress as of year-end.

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

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) Landfill Closure and Post-Closure Liability

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the MD is required to fund the closure of its landfill site and provide for post-closure costs of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is to be provided for over the estimated remaining useful life of the landfill site based on usage.

(continues)

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES (continued)

(j) Contaminated Sites

Contaminated sites are defined as a 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 MD 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.

(k) 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 MD and are recognized as revenue in the year in which the local improvement project is completed.

(l) Requisition Over-levies and Under-levies

Requisition 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. If 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.

(m) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The MD has used estimates to determine accrued liabilities, tangible capital asset useful lives and well as provisions made for allowances for amounts receivable or any provision for impairment.

(continues)

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES (continued)

(n) Asset Retirement

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 MD 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 the 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 MD reviews the carrying amount of the liability. The MD 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 MD 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.

2. CASH AND CASH EQUIVALENTS

	2024	2023
Bank accounts	\$ 1,352,988	\$ 1,925,445
Temporary investments	204,226	202,791
Pety cash / floats	600	600
	\$ 1,557,814	\$ 2,128,836

Temporary investments include investment portfolio cash and high interest savings accounts, as well as guaranteed investment certificates ("GICs") and bonds which have a maturity of 90 days or less at acquisition.

To access funds from certain bank accounts and temporary investment accounts requires notice of 31 to 90 days.

The MD does not have any existing credit facility agreements in place.

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

3. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Receivable from other governments	\$ 732,183	\$ 685,420
Taxes and grants in place of taxes	333,075	300,240
Accrued interest	163,109	171,701
Trade and other	35,994	31,337
Goods and Services Tax recoverable	18,882	77,861
Utility accounts	1,817	2,966
	<u>1,285,060</u>	<u>1,269,525</u>
Less: allowance for doubtful accounts	<u>(6,668)</u>	<u>(8,307)</u>
	<u>\$ 1,278,392</u>	<u>\$ 1,261,218</u>

4. LOAN RECEIVABLE

Loan to North Peace Housing Foundation has a variable interest rate equal to the ATB prime lending rate. The loan is repayable in quarterly principal payments of \$8,333 plus interest. The loan is expected to mature in October 2028.

5. INVESTMENTS

	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	Market Value	Cost	Market Value	Cost
Bonds	\$ 5,772,064	\$ 5,806,571	\$ 4,766,840	\$ 4,848,733
GICs	1,192,500	1,192,500	2,385,000	2,385,000
UFA Co-op Ltd. shares	5,598	5,598	5,478	5,478
	<u>\$ 6,970,162</u>	<u>\$ 7,004,669</u>	<u>\$ 7,157,318</u>	<u>\$ 7,239,211</u>

Investments bear interest at rates ranging from 2.05% to 5.40% (2023 - 2.05% - 5.40%) per annum and mature at dates between May 2025 - June 2037 (2023 - August 2024 - June 2035).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Trade and other	\$ 196,493	\$ 266,481
Employee earned vacation, sick and benefits liability	84,116	112,025
Landfill closure and post-closure liability	18,602	18,602
	<u>\$ 299,211</u>	<u>\$ 397,108</u>

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

7. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted funds that are related to expenses that will be incurred in a future period.

	2024	2023
Canada Community Building Fund	\$ 832,510	\$ 673,483
Municipal Sustainability Initiative - Capital	667,639	648,194
Local Government Fiscal Framework - Capital	48,374	-
Other	16,242	107,590
	\$ 1,564,765	\$ 1,429,267

8. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the MD be disclosed as follows:

	2024	2023
Total debt limit	\$ 7,673,535	\$ 7,338,789
Total debt	-	-
Service on debt limit	\$ 1,278,923	\$ 1,223,132
Service on debt	-	-

The debt limit is calculated at 1.5 times revenues of the MD (as defined by Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenues. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the MD. Rather, the consolidated financial statements must be interpreted as a whole.

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

9. ACCUMULATED SURPLUS

	2024	2023
Unrestricted surplus	\$ 1,029,195	\$ 2,110,127
Restricted surplus		
Operating reserves (Note 10)	356,107	356,107
Capital reserves (Note 10)	7,683,417	6,916,269
Equity in tangible capital assets (Schedule 2)	16,663,769	16,731,963
	\$ 25,732,488	\$ 26,114,466

10. RESTRICTED SURPLUS

	2024	2023
Operating Reserves		
Tax rate stabilization	\$ 255,600	\$ 255,600
Fire services	50,000	50,000
Economic development	50,000	50,000
Brownvale water and sewer	507	507
	\$ 356,107	\$ 356,107
Capital Reserves		
Public works	\$ 3,965,221	\$ 3,730,561
Recreation - other	809,088	342,588
Fire services	780,466	580,466
Hamlet of Brownvale	754,000	874,000
Agricultural Service Board	600,997	633,497
Recreation - public reserve for parks and recreation	358,270	339,782
Environment	250,000	250,000
Garbage	90,000	90,000
Administration	75,375	75,375
	\$ 7,683,417	\$ 6,916,269

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

11. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for MD officials, the MD Chief Administrative Officer and designated officers are required by Alberta Regulation 313/200 is as follows:

	Salary (1)	Benefits (2)	2024	2023
Reeve Willing	\$ 42,475	\$ 4,540	\$ 47,015	\$ 42,323
Councillors				
Johnson	38,187	4,070	42,257	36,042
Eastman	35,747	3,803	39,550	31,016
Kinnee	29,719	3,143	32,862	28,852
Herlinveaux	26,640	2,806	29,446	27,921
Chief Administrative Officer				
McClarty	127,346	22,918	150,264	136,412
Johnson	-	-	-	56,237
Designated Officers				
Director of Legislative Services	87,936	16,860	104,796	110,637
Contracted Assessor	50,407	-	50,407	49,183
	\$ 438,457	\$ 58,140	\$ 496,597	\$ 518,623

(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. Benefits also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the MD 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 investment earnings of the LAPP Fund.

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

The MD is required to make current service contributions to the LAPP at 8.45% (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. Employees of the MD are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2023 - 11.23%) on pensionable earnings above this amount.

Total current and past service contributions by the MD to the LAPP in 2024 were \$86,421 (2023 - \$80,783). Total current and past service contributions by employees of the MD to the LAPP in 2024 were \$77,007 (2023 - \$72,076).

At December 31, 2023 the LAPP disclosed an actuarial surplus of \$15.057 billion (2022 - \$12.671 billion).

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

13. BUDGET FIGURES

	2024 (Budget)	2024 (Actual)
Annual surplus (deficit)	\$ 3,087,724	\$ (381,978)
Amortization of tangible capital assets	-	993,738
Acquisition of tangible capital assets	(4,112,714)	(1,126,864)
Net transfers (to) from reserves	-	(767,148)
Funding acquisition of tangible capital assets	1,106,340	-
Other net transfers from reserves	95,035	-
Other net transfers to reserves	(176,385)	-
Results of operations	\$ -	\$ (1,282,252)

The budget data presented in these consolidated financial statements is based on the operating and capital budgets approved by MD Council on April 9, 2024. The chart above reconciles the approved financial plan to the figures reported in these consolidated financial statements.

14. FINANCIAL INSTRUMENTS

The MD's financial instruments consist of cash and cash equivalents, investments, accounts receivable, loan receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the MD is not exposed to significant currency, other price or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The MD is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers, tax and rate-payers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers, tax and rate-payers minimizes the MD's credit risk.

The MD is exposed to interest rate risk with respect to its investments. Interest rate risk is the risk that the value of financial instruments might be adversely affected by a change in interest rates. The MD manages exposure through its normal operating and financing activities, and holding short-term investments that are approximately equal to any significant specific liabilities as they become due.

15. SEGMENTED INFORMATION

The MD provides a range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in *Note 1*. For additional information see the Schedules of Segmented Disclosure (*Schedule 6 & Schedule 7*).

16. CONTINGENCY

The MD is a member of the Genesis Reciprocal Insurance Exchange. Under the terms of membership, the MD 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.

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

17. TRUST FUNDS

The MD administers the following trusts which are not reflected in these consolidated financial statements. Changes in the balances are as follows:

	Opening	Receipts less disbursements	Interest earned	Ending
Tax sale surplus	\$ 11,706	\$ -	\$ 605	\$ 12,311
Northern Alberta Elected Leaders	24,937	(15,712)	922	10,147
	\$ 36,643	\$ (15,712)	\$ 1,527	\$ 22,458

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

19. WILDFIRES

In April 2024 the MD experienced wildfires resulting in evacuations and unbudgeted collaborative response expenses of approximately \$250,000 present in general administration expenses. A reasonable estimate of the final costs as a result of the wildfires, as well as the portion that will be recovered from other governments, cannot be made at this time.

20. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by MD Council and management.
