

VILLAGE OF MARWAYNE
Consolidated Financial Statements
Year Ended December 31, 2020

VILLAGE OF MARWAYNE
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Year Ended December 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Marwayne is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as at December 31, 2020 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Village Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by L&A CPA LLP, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.

Chief Administrative Officer

Financial Officer

Date

Date

Marwayne, Alberta
August 16, 2021

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Village of Marwayne

Opinion

We have audited the consolidated financial statements of Village of Marwayne (the Village), which comprise the consolidated statement of financial position as at December 31, 2020, 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 Village as at December 31, 2020, and the consolidated results of its operations and consolidated 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 Village 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 PSAS, 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 Village'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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

(continues)

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.

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 Village'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 Village'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 Village 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.

Independent Auditor's Report to the Members of Village of Marwayne (continued)

Report on Other Legal and Regulatory Requirements

- Debit Limit Regulation:

In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Village's debt limit can be found in Note 10.

- Supplementary Accounting Principles and Standards Regulation:

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

Lloydminster, Saskatchewan
August 16, 2021



CHARTERED PROFESSIONAL
ACCOUNTANTS

VILLAGE OF MARWAYNE
Consolidated Statement of Financial Position
December 31, 2020

FINANCIAL ASSETS

Cash and temporary investments <i>(Note 2)</i>	\$ 2,893,006	\$ 2,542,936
Receivable	-	-
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	117,695	69,275
Trade, utilities and grants receivable <i>(Note 3)</i>	134,504	91,878
Inventory held for resale	309,698	326,555
Investment <i>(Note 4)</i>	6	6
	3,454,909	3,030,650

LIABILITIES

Accounts payable and accrued liabilities	242,155	67,632
Deferred revenue <i>(Note 6)</i>	71,880	63,323
Long term debt <i>(Note 9)</i>	1,174,594	1,295,556
	1,488,629	1,426,511

NET FINANCIAL ASSETS

	1,966,280	1,604,139
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NON-FINANCIAL ASSETS

Prepaid expenses	-	6,849
Tangible capital assets <i>(Note 5)</i>	10,303,570	10,534,541
Cultural and historical assets <i>(Note 12)</i>	689	689
	10,304,259	10,542,079

ACCUMULATED SURPLUS

	\$ 12,270,539	\$ 12,146,218
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COMMITMENTS AND CONTINGENCIES *(Note 17)*

APPROVED ON BEHALF OF COUNCIL

_____ *Council member*

_____ *Council member*

VILLAGE OF MARWAYNE
Consolidated Statement of Operations
Year Ended December 31, 2020

	Budget	2020	2019
REVENUES			
Net municipal taxes (Schedule 3)	\$ 482,031	\$ 496,761	\$ 432,579
User fees and sale of goods	451,665	491,557	493,887
Government transfers for operating (Schedule 4)	111,866	236,563	181,479
Investment income	40,000	29,690	55,576
Penalties and costs of taxes	18,000	12,311	15,763
Licenses and permits	1,500	1,166	1,216
Other	64,404	128,858	70,455
Gain on disposal of capital assets	-	1,714	-
	<u>1,169,466</u>	<u>1,398,620</u>	<u>1,250,955</u>
EXPENSES			
Legislative	32,500	19,484	28,381
Administration	205,735	233,593	222,960
Fire and by-laws enforcement	35,000	27,210	31,753
Ambulance and disaster services	1,550	1,525	1,237
Roads, streets, walks, lighting	201,656	295,051	188,965
Water supply and distribution	379,176	407,528	348,784
Wastewater treatment and disposal	92,779	43,312	62,496
Waste management	107,179	71,937	59,746
Family and community services	57,451	20,799	28,043
Land use planning, housing, rentals	50,984	47,436	22,406
Recreation and parks	61,017	39,568	45,868
Culture, library	3,500	5,957	3,121
Amortization	345,596	401,063	420,308
	<u>1,574,123</u>	<u>1,614,463</u>	<u>1,464,068</u>
DEFICIENCY OF REVENUE OVER EXPENSES - BEFORE OTHER ITEMS	(404,657)	(215,843)	(213,113)
OTHER INCOME			
Government transfers for capital (Schedule 4)	629,576	340,164	476,065
EXCESS OF REVENUE OVER EXPENSES	224,919	124,321	262,952
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<u>12,146,218</u>	<u>12,146,218</u>	<u>11,883,266</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 12,371,137</u>	<u>\$ 12,270,539</u>	<u>\$ 12,146,218</u>

VILLAGE OF MARWAYNE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2020

	Budget	2020	2019
EXCESS OF REVENUES OVER EXPENSES	\$ 224,919	\$ 124,321	\$ 262,952
Purchase of tangible capital assets	(509,015)	(170,092)	(324,902)
Amortization of tangible capital assets	345,596	401,063	420,308
Proceeds on disposal of tangible capital assets	-	1,714	-
Gain on disposal of tangible capital assets	-	(1,714)	-
Decrease (increase) in prepaid expenses	-	6,849	(5,949)
	(163,419)	237,820	89,457
INCREASE IN NET FINANCIAL ASSETS	61,500	362,141	352,409
Net financial assets - beginning of year	1,604,139	1,604,139	1,251,730
NET FINANCIAL ASSETS - END OF YEAR	\$ 1,665,639	\$ 1,966,280	\$ 1,604,139

VILLAGE OF MARWAYNE
Consolidated Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 124,321	\$ 262,952
Items not affecting cash:		
Amortization of tangible capital assets	401,063	420,308
Gain on disposal of tangible capital assets	(1,714)	-
	<u>523,670</u>	<u>683,260</u>
Non-cash charges to operations (net change)		
Increase in taxes and grants in place of taxes receivable	(48,420)	(1,294)
(Increase) decrease in trade, utilities and grants receivable	(42,626)	476,422
Decrease (increase) in inventory held for resale	16,857	(204,235)
Decrease (increase) in accounts payable and accrued liabilities	174,523	(240,883)
Increase (decrease) in deferred revenue	8,557	(38,062)
Decrease (increase) in prepaid expenses	6,849	(5,949)
	<u>115,740</u>	<u>(14,001)</u>
Cash flow from operating activities	<u>639,410</u>	<u>669,259</u>
CAPITAL		
Acquisition of tangible capital assets	(170,092)	(324,902)
Proceeds on disposal of tangible capital assets	1,714	-
Cash flow used by capital	<u>(168,378)</u>	<u>(324,902)</u>
FINANCING		
Long-term debt repaid	(120,962)	(85,061)
Cash flow used by financing	<u>(120,962)</u>	<u>(85,061)</u>
INCREASE IN CASH FLOW	350,070	259,296
Cash - beginning of year	<u>2,542,936</u>	<u>2,283,640</u>
CASH - END OF YEAR (Note 2)	\$ 2,893,006	\$ 2,542,936

VILLAGE OF MARWAYNE
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2020

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 1,944,917	\$ 962,316	\$ 9,238,985	\$ 12,146,218	\$ 11,883,266
Excess of revenues over expenses	124,321	-	-	124,321	262,952
Internally restricted funds designated for capital	-	-	-	-	-
Current year funds used for tangible capital assets	(170,092)	-	170,092	-	-
Annual amortization expense	401,063	-	(401,063)	-	-
Long term debt repaid	(120,962)	-	120,962	-	-
Interfund transfer	(12,851)	12,851	-	-	-
Change in accumulated surplus	<u>221,479</u>	<u>12,851</u>	<u>(110,009)</u>	<u>124,321</u>	<u>262,952</u>
BALANCE, END OF YEAR	<u>\$ 2,166,396</u>	<u>\$ 975,167</u>	<u>\$ 9,128,976</u>	<u>\$ 12,270,539</u>	<u>\$ 12,146,218</u>

VILLAGE OF MARWAYNE
Schedule of Tangible Capital Assets
(Schedule 2)
Year Ended December 31, 2020

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction In Progress	2020	2019
COST:									
BALANCE DEC. 31, 2019	\$ 370,986	\$ 155,100	\$ 2,564,102	\$ 13,405,285	\$ 186,576	\$ 425,036	\$ -	\$ 17,107,085	\$ 16,782,183
Acquisition tangible assets	-	-	-	129,397	-	28,810	11,885	170,092	324,902
Disposal tangible assets	-	-	-	-	-	(17,304)	-	(17,304)	-
BALANCE DEC. 31, 2020	\$ 370,986	\$ 155,100	\$ 2,564,102	\$ 13,534,682	\$ 186,576	\$ 436,542	\$ 11,885	\$ 17,259,873	\$ 17,107,085
ACCUMULATED AMORTIZATION:									
BALANCE DEC. 31, 2019	\$ -	\$ 66,274	\$ 946,351	\$ 5,184,819	\$ 106,854	\$ 268,246	\$ -	\$ 6,572,544	\$ 6,152,236
Annual amortization	-	6,371	48,579	304,488	8,476	33,149	-	401,063	420,308
Accum. amort. disposals	-	-	-	-	-	(17,304)	-	(17,304)	-
BALANCE DEC. 31, 2020	\$ -	\$ 72,645	\$ 994,930	\$ 5,489,307	\$ 115,330	\$ 284,091	\$ -	\$ 6,956,303	\$ 6,572,544
NET BOOK VALUE OF CAPITAL ASSETS	\$ 370,986	\$ 82,455	\$ 1,569,172	\$ 8,045,375	\$ 71,246	\$ 152,451	\$ 11,885	\$ 10,303,570	\$ 10,534,541
2019 NET BOOK VALUE OF CAPITAL ASSETS	\$ 370,986	\$ 88,826	\$ 1,617,751	\$ 8,220,466	\$ 79,722	\$ 156,790	\$ -	\$ 10,534,541	

VILLAGE OF MARWAYNE
Schedule of Property and Other Taxes
(Schedule 3)

Year Ended December 31, 2020

	Budget	2020	2019
TAXATION			
Real property taxes	\$ 524,051	\$ 523,922	\$ 471,230
Business taxes	66,003	77,446	71,361
Linear property taxes	15,960	16,867	14,318
Government grants in place of property taxes	908	1,700	908
Special assessments and local improvement taxes	749	-	749
	607,671	619,935	558,566
REQUISITIONS			
Alberta School Foundation Fund	125,640	123,174	125,987
	<u>\$ 482,031</u>	<u>\$ 496,761</u>	<u>\$ 432,579</u>

Schedule of Government Transfers
(Schedule 4)

Year Ended December 31, 2020

	Budget	2020	2019
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 111,866	\$ 236,563	\$ 181,479
TRANSFERS FOR CAPITAL:			
Federal Government	82,905	124,053	225,552
Provincial Government	546,671	216,111	245,340
Other Local Government	-	-	5,173
	629,576	340,164	476,065
	<u>\$ 741,442</u>	<u>\$ 576,727</u>	<u>\$ 657,544</u>

VILLAGE OF MARWAYNE
Schedule of Consolidated Expenses By Object
(Schedule 5)
Year Ended December 31, 2020

	Budget	2020	2019
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages, and benefits	\$ 415,112	\$ 371,615	\$ 402,244
Contracted and general services	283,190	299,738	181,447
Materials, goods, supplies, and utilities	278,333	296,104	223,105
Provision for allowances	1,500	571	-
Transfers to local boards and agencies	35,225	50,772	33,244
Transfer to individuals and organizations	162,000	148,122	155,148
Bank charges and short term interest	1,600	531	498
Interest on capital long term debt	51,567	45,947	48,074
Amortization of tangible capital assets	345,596	401,063	420,308
	<u>\$ 1,574,123</u>	<u>\$ 1,614,463</u>	<u>\$ 1,464,068</u>

VILLAGE OF MARWAYNE
Schedule of Segmented Disclosure
(Schedule 6)
Year Ended December 31, 2020

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Property taxes	\$ 496,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,761
Government transfers	66,364	11,885	250,239	26,478	-	197,104	24,657	576,727
User fees and sale of goods	660	1,294	915	-	-	488,688	-	491,557
Investment income	29,690	-	-	-	-	-	-	29,690
Other revenue	47,504	3,480	66,022	16,068	-	9,236	25	142,335
Gain on disposal of tangible capital assets	-	-	-	-	-	-	1,714	1,714
	<u>640,979</u>	<u>16,659</u>	<u>317,176</u>	<u>42,546</u>	<u>-</u>	<u>695,028</u>	<u>26,396</u>	<u>1,738,784</u>
EXPENSES								
Salaries, wages, and benefits	126,323	-	70,141	-	24,603	150,548	-	371,615
Contracted and general services	80,706	6,691	63,657	47,436	-	100,402	846	299,738
Materials, goods, supplies, and utilities	30,573	10,334	144,511	-	6,647	102,820	1,219	296,104
Provision for allowances	571	-	-	-	-	-	-	571
Transfers to local boards and agencies	14,373	11,709	-	-	5,957	-	18,733	50,772
Transfer to individuals and organizations	-	-	-	-	-	148,122	-	148,122
Bank charges and short term interest	531	-	-	-	-	-	-	531
Interest on capital long term debt	-	-	16,743	-	8,318	20,886	-	45,947
	<u>253,077</u>	<u>28,734</u>	<u>295,052</u>	<u>47,436</u>	<u>45,525</u>	<u>522,778</u>	<u>20,798</u>	<u>1,213,400</u>
NET REVENUE, BEFORE AMORTIZATION	387,902	(12,075)	22,124	(4,890)	(45,525)	172,250	5,598	525,384
Amortization expense	-	29,594	152,533	-	38,631	169,336	10,969	401,063
NET REVENUE	\$ 387,902	\$ (41,669)	\$ (130,409)	\$ (4,890)	\$ (84,156)	\$ 2,914	\$ (5,371)	\$ 124,321

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Marwayne 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 Village are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, 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 Village and are, therefore, accountable to the Village Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Marwayne Water and Sewer Utilities
Marwayne Waste Disposal System

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 financial 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 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 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 expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(continues)

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash and Temporary Investments

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date. Temporary investments includes any investment with a maturity date of three months or less.

Inventory 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 waste water services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

Investments

Investments are recorded at cost or amortized cost. Investments includes any investment with a maturity date of greater than three months at the reporting date. 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.

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 borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

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 the municipal revenue.

(continues)

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Village is required to fund the closure of its landfill sites and provide for post-closure care 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 Village currently has a transfer station and a contract with Vermillion River Waste Management Authority for disposal of its waste.

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.

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 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.

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 revenue over expenses, provides the consolidated Change in Net Financial Assets for the year.

(continues)

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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	15-20
Buildings	25-65
Engineered structures	15-75
Machinery and equipment	5-20
Vehicles	3-20

Assets under construction are not amortized until the asset is available for productive use.

i. 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.

ii. 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.

iii. 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 in Note 12.

2. CASH AND TEMPORARY INVESTMENTS

	2020	2019
Cash	\$ 1,177,636	\$ 849,438
Temporary investments	1,715,370	1,693,498
	\$ 2,893,006	\$ 2,542,936

Temporary investments are short-term deposits with original maturity dates of three months or less with ATB Financial at interest rates ranging from 0.9% to 1.0%.

Council has designated funds of \$975,167 (2019 - \$962,316) included in the above amounts for capital purposes.

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

3. RECEIVABLES

	2020	2019
Property Taxes		
Taxes and grants in place of taxes receivable	\$ 71,017	\$ 42,312
Arrears of taxes	46,678	26,963
Total	117,695	69,275
Other		
Grants receivable	74,053	40,927
Utilities receivable	9,921	31,253
Trade accounts receivable	22,100	16,809
Goods and service tax recoverable	28,430	2,889
Total	134,504	91,878
Total	\$ 252,199	\$ 161,153

During the year, the company recorded impairments of \$571 (2019 - \$0). This amount is included in administration in the statement of operations and provision for allowances in Schedule 5.

4. INVESTMENT

	2020	2019
Alberta Central East Water Corporation	\$ 6	\$ 6

The Village of Marwayne owns 601 Class A voting shares in Alberta Central East Water Corporation. This represents a 5% interest in Alberta Central East Water Corporation.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 370,986	\$ -	\$ 370,986	\$ 370,986
Land improvements	155,100	72,645	82,455	88,826
Buildings	2,564,102	994,930	1,569,172	1,617,751
Engineered structures	13,534,682	5,489,307	8,045,375	8,220,466
Machinery and equipment	186,576	115,330	71,246	79,722
Vehicles	436,542	284,091	152,451	156,790
Construction-in-progress	11,885	-	11,885	-
	\$ 17,259,873	\$ 6,956,303	\$ 10,303,570	\$ 10,534,541

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

6. DEFERRED REVENUE

	2020	2019
Municipal Stimulus Program	\$ 27,794	\$ -
Business Revitalization Program	23,539	20,344
Municipal Sustainability Initiative - Capital	20,547	16,501
Alberta Community Partnership	-	26,478
	\$ 71,880	\$ 63,323

The Municipal Stimulus Program is to be used for the development of walking trails. The deferred revenue will be recognized in the year the related expenditures occur.

The Chamber of Commerce provides funds that are restricted for the revitalization of businesses within the Village of Marwayne. The deferred revenue will be recognized in the year the related expenses are incurred.

The Municipal Sustainability Initiative - Capital grant is restricted for the continuation of underground and surface infrastructure renewals. The deferred revenue will be recognized in the year the related expenditures occur.

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The Village of Marwayne has two landfill sites that have been closed for years. The Village monitors these sites as required by law. The Village has not estimated any costs of post-closure care for these landfill sites. There is no immediate designated use for the property. Any future use will be assessed and relevant post-closure care requirements will be addressed at that time.

The Village has not designated any assets for settling post-closure liabilities.

8. CONTAMINATED SITES LIABILITY

The town has adopted PS3260 Liability for Contaminated Sites. The town did not identify any financial liabilities in 2020 (2019- nil) as a result of this standard.

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

9. LONG TERM DEBT

	2020	2019
#2 Self supported debenture	\$ -	\$ 47,341
#3 Self supported debenture	188,423	202,384
#4 Self supported debenture	366,438	387,778
#5 Self supported debenture	619,733	658,053
	\$ 1,174,594	\$ 1,295,556

The current portion of long term debt amounts to \$76,236 (2019 - \$88,456).

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2021	\$ 76,236	\$ 40,453	\$ 116,689
2022	78,944	37,745	116,689
2023	81,750	34,939	116,689
2024	84,658	32,030	116,688
2025	87,672	29,017	116,689
2026 and subsequent	765,334	112,041	877,375
	\$ 1,174,594	\$ 286,225	\$ 1,460,819

#3 Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 4.269% per annum, before Provincial subsidy, and matures in 2031. The average annual interest rate is 4.269% for 2020 (4.269% in 2019). 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.

#4 Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 3.866% per annum, before Provincial subsidy, and matures in 2033. The average annual interest rate is 3.866% for 2020 (3.866% in 2019). 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.

#5 Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 3.051% per annum, before Provincial subsidy, and matures in 2033. The average annual interest rate is 3.051% for 2020 (3.051% in 2019). 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 Village of Marwayne at large.

Interest on long term debt amounted to \$45,947 (2019 - \$48,074).

The Village's total cash payments for interest in 2020 was \$48,805 (2019 - \$49,420).

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

10. 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 Village of Marwayne be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 2,097,930	\$ 1,876,433
Total debt	1,174,594	1,295,556
Total debt limit available	<u>923,336</u>	<u>580,877</u>
Service on debt limit	349,655	312,739
Service on debt	116,689	134,481
Service on debt limit available	<u>232,966</u>	<u>178,258</u>

The debt limit is calculated at 1.5 times revenue of the municipality (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 municipality. Rather, the financial statements must be interpreted as a whole.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 2)	\$ 17,259,873	\$ 17,107,085
Accumulated amortization (Schedule 2)	(6,956,303)	(6,572,544)
Long term debt (<i>Note 9</i>)	<u>(1,174,594)</u>	<u>(1,295,556)</u>
	<u>\$ 9,128,976</u>	<u>\$ 9,238,985</u>

12. CULTURAL AND HISTORICAL ASSETS

The Village of Marwayne owns a cenotaph. It is not recorded as a tangible capital asset in the financial statements and is not amortized.

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

13. ACCUMULATED SURPLUS

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

	2020	2019
Unrestricted surplus	\$ 2,166,396	\$ 1,944,917
Internally Restricted surplus		
Emergency services	51,243	50,568
Engineered structures	44,606	44,018
General equipment replacement	70,800	69,866
Roads	223,129	220,189
Water and sewer	585,389	577,675
Equity in tangible capital assets (Note 11)	9,128,976	9,238,985
	\$ 12,270,539	\$ 12,146,218

14. SEGMENTED DISCLOSURE

The Village of Marwayne 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 financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosures (Schedule 6).

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

15. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Allowances(2)	2020	2019
Mayor				
Eikeland	\$ 4,800	\$ -	\$ 4,800	\$ 5,500
Council				
Lawrence	3,200	-	3,200	3,400
McDonald	2,400	-	2,400	3,000
Neureuter	2,700	-	2,700	3,600
Rainey	3,000	-	3,000	3,300
	<u>11,300</u>	<u>-</u>	<u>11,300</u>	<u>13,300</u>
Chief Admin				
Harrower	75,011	6,650	81,661	8,003
Willner	-	-	-	89,134
	<u>75,011</u>	<u>6,650</u>	<u>81,661</u>	<u>97,137</u>
Designated Officers				
Wainwright Assessment Group Ltd.	7,879	-	7,879	8,359
	<u>\$ 98,990</u>	<u>\$ 6,650</u>	<u>\$ 105,640</u>	<u>\$ 124,296</u>

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.

16. ENVIRONMENTAL CONTAMINATION

During 2002, the Village of Marwayne acquired two lots through tax recovery that contain contamination. The lots previously were used for gas station facilities. Environmental studies have been performed by ConocoPhillips to determine the extent of damage. Section 434 of the Municipal Government Act specifically relieves the Village of any responsibility with respect to contamination that existed prior to acquisition through tax recovery. The lots held for resale have been reported at the assessor's assigned value for 2020 of \$1,370.

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

17. COMMITMENTS AND CONTINGENCIES

The Village of Marwayne has entered into a water and wastewater treatment systems agreement with the Village of Kitscoty and Village of Dewberry. This agreement will be used to co-ordinate their efforts and co-operate in having adequate provision and maintenance of the water and wastewater services in each municipality. This agreement remains in effect unless one of the parties gives the other parties six months notice in any calendar year to terminate.

The Village of Marwayne has entered into a three year contract with Wainwright Assessment Group Ltd. for assessment services. The following per annum costs will apply:

June 1, 2020 to May 31, 2021 - \$7,944

June 1, 2021 to May 31, 2022 - \$8,100

The Village of Marwayne is a partner in the Alberta Central East Water Corporation (ACE) regional water system project. The full regional system will include 350+ kilometers of pipeline, two Water Transfer (pump) Stations (WTS) located near Vegreville and Lloydminster along with community fill stations and truck fill stations. The water is supplied from the North Saskatchewan River sourced through two sources. The total capital costs of the regional water system is estimated to be approximately \$140 million with the provincial government and federal government contributing 90% of the costs. The remaining costs will be shared between the thirteen member municipalities through a pro-rated share (based on population) for each phase of construction. Total costs to date have been \$702,873. The Village of Marwayne has 5% of the voting shares and is responsible for 4.45% of all costs. The Village's portion is estimated to total \$879,761. As the Regional Water System is not a Village owned asset, none of the related liabilities, funding or expenditures are reflected in the Village except for the Village's portion. Annual consumption costs in 2021 will be based on the current ACE water rates.

The Village of Marwayne has entered into an annual waste management agreement with the Vermilion River Regional Waste Management Services Commission for annual fees of \$68,482 in 2021. Each year the fees are reviewed and adjusted to actual costs incurred. The adjustment is expensed in the year it is calculated and collected by the Commission.

The Village of Marwayne has entered into an annual rental agreement for office space with the Marwayne Agricultural Society for an annual fee of \$7,000. Each year this agreement is reviewed and adjusted if required.

The Village of Marwayne has entered into an agreement with Pioneer Lodge to provide financial support for any future operating deficit and debt servicing costs. The Village of Marwayne is responsible to cover any shortfalls to the extent of their participating interest. Currently Pioneer Lodge is in good standing.

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

18. RELATED PARTY TRANSACTIONS

Marwayne Agricultural Society - Village appoints a director to the Society and has a close working relationship with the Board.

	2020	2019
Marwayne Agricultural Society: Office rent - expense	\$ (7,000)	\$ (7,000)
Shannon Harrower: Telephone allowance - expense	(603)	-
Jordan Willner: Telephone allowance - expense	-	(497)
	\$ (7,603)	\$ (7,497)

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

19. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2020. The Village is not exposed to significant currency risk or other price risk.

Credit risk

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. The Village of Marwayne has also passed a bylaw authorizing transfer of utilities and other receivables to the tax roll.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of collection of its various receivables and the payment of its accounts payable and accrued liabilities and long term debt.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Village's exposure arises from their self-supported debentures and temporary investments that are guaranteed investment certificates. All interest rates are fixed, thus there is little exposure to interest rate risk.

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

VILLAGE OF MARWAYNE
Notes to Consolidated Financial Statements
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20. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies. As of August 16, 2021, the Village is aware of these changes in its operations as a result of the COVID-19 crisis. Council is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however there is uncertainty about the length and potential impact of the disturbance. As a result, we are unable to estimate the potential impact on the Village's operations as of the date of these financial statements.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

22. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited.