

VILLAGE OF MARWAYNE
Financial Statements
For The Year Ended December 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Village of Marwayne have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. 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 financial statements are presented fairly in all material respects.

The integrity and reliability of the Village of Marwayne's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The elected Mayor and Council of the Village of Marwayne are composed entirely of individuals who are neither management nor employees of the Village. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Village's external auditors.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Village's Council to express an opinion on the Village's financial statements and report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and management to discuss their audit findings.



Ms. Shannon Harrower,
Chief Administrative Officer

Marwayne, Alberta
May 9, 2022

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Marwayne

Opinion

We have audited the financial statements of the Village of Marwayne (the Village), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2021, and the results of its operations 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 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 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.

Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 16, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta

May 9, 2022

VILLAGE OF MARWAYNE
Statement of Financial Position
As at December 31, 2021

	2021 (Actual)	2020 (Restated) (Note 17)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 2,415,136	\$ 2,893,006
Taxes and grants in place of taxes receivable (Note 3)	104,670	106,861
Trade, utilities and grants receivable (Note 4)	632,773	322,927
Land held for resale	279,670	309,698
Investments	6	6
	<u>3,432,255</u>	<u>3,632,498</u>
LIABILITIES		
Accounts payable and accrued liabilities	149,347	242,155
Deferred revenue (Note 5)	86,724	71,880
Long term debt (Note 6)	1,098,358	1,174,594
	<u>1,334,429</u>	<u>1,488,629</u>
NET FINANCIAL ASSETS	<u>2,097,826</u>	<u>2,143,869</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 3)	10,215,144	10,343,649
Cultural and historical assets	689	689
Prepaid expenses	6,615	-
	<u>10,222,448</u>	<u>10,344,338</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 12,320,274</u>	<u>\$ 12,488,207</u>
CONTINGENT LIABILITY (Note 10)		
CONTRACTUAL OBLIGATIONS (Note 11)		

ON BEHALF OF COUNCIL


 _____ Mayor


 _____ Councillor

VILLAGE OF MARWAYNE
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2021

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Restated) (Note 17)
REVENUES			
Sales and user charges	\$ 435,000	\$ 542,276	\$ 499,175
Net municipal taxes <i>(Schedule 1)</i>	507,055	465,393	471,966
Government transfers for operating <i>(Schedule 2)</i>	96,515	148,045	192,321
Penalties and costs on taxes	12,000	32,054	12,311
Franchise and concession contracts <i>(Note 9)</i>	30,000	31,731	29,772
Investment income	10,000	21,471	29,690
Other	7,675	18,070	83,019
Rentals	8,300	13,708	8,450
Licenses and permits	850	1,150	1,166
	<u>1,107,395</u>	<u>1,273,898</u>	<u>1,327,870</u>
EXPENSES			
Water supply and distribution	565,282	620,653	580,705
Roads, streets, walks, lighting	381,712	378,157	402,665
Administration	229,640	326,974	233,752
Fire and by-laws enforcement	80,061	103,873	62,537
Recreation	96,504	98,251	87,666
Waste management	100,810	70,266	71,938
Waste water treatment and disposal	75,914	34,919	43,312
Family and community support	59,693	30,796	50,967
Land use planning, housing, rentals	12,822	21,000	19,834
Legislative	25,850	19,172	19,484
Ambulance and disaster services	1,500	1,107	1,525
	<u>1,629,788</u>	<u>1,705,168</u>	<u>1,574,385</u>
ANNUAL DEFICIT BEFORE OTHER INCOME	<u>(522,393)</u>	<u>(431,270)</u>	<u>(246,515)</u>
OTHER INCOME (EXPENSES)			
Government transfers for capital <i>(Schedule 2)</i>	-	249,819	384,405
Contributed land held for resale	-	15,000	-
Gain (loss) on disposal of tangible capital assets	-	(1,482)	1,714
	<u>-</u>	<u>263,337</u>	<u>386,119</u>
ANNUAL SURPLUS (DEFICIT)	<u>(522,393)</u>	<u>(167,933)</u>	<u>139,604</u>
ACCUMULATED SURPLUS - BEGINNING OF YEAR, AS PREVIOUSLY STATED	<u>12,270,539</u>	<u>12,270,539</u>	<u>12,146,218</u>
Restatement <i>(Note 17)</i>	<u>217,668</u>	<u>217,668</u>	<u>202,385</u>
ACCUMULATED SURPLUS - BEGINNING OF YEAR, AS RESTATED	<u>12,488,207</u>	<u>12,488,207</u>	<u>12,348,603</u>
ACCUMULATED SURPLUS - END OF YEAR <i>(Note 8)</i>	<u>\$ 11,965,814</u>	<u>\$ 12,320,274</u>	<u>\$ 12,488,207</u>

VILLAGE OF MARWAYNE
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2021

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Restated) (Note 17)
ANNUAL SURPLUS (DEFICIT)	\$ (522,393)	\$ (167,933)	\$ 139,604
Amortization of tangible capital assets	420,308	414,570	405,225
Purchase of tangible capital assets	-	(287,547)	(214,333)
Proceeds on disposal of tangible capital assets	-	-	1,714
Loss (gain) on disposal of tangible capital assets	-	1,482	(1,714)
	420,308	128,505	190,892
Decrease (increase) in prepaid expenses	-	(6,615)	6,849
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(102,085)	(46,043)	337,345
NET FINANCIAL ASSETS - BEGINNING OF YEAR	2,143,869	2,143,869	1,806,524
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,041,784	\$ 2,097,826	\$ 2,143,869

VILLAGE OF MARWAYNE
Statement of Cash Flows
For the Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (167,933)	\$ 139,604
Items not affecting cash:		
Amortization of tangible capital assets	414,570	405,225
Loss (gain) on disposal of tangible capital assets	1,482	(1,714)
	<u>248,119</u>	<u>543,115</u>
Changes in non-cash working capital:		
Trade, utilities and grants receivable	(309,846)	(42,626)
Taxes and grants in place of taxes receivable	2,191	(23,624)
Land held for resale	30,028	16,857
Prepaid expenses	(6,615)	6,849
Accounts payable and accrued liabilities	(92,808)	174,523
Deferred revenue	14,844	8,557
	<u>(362,206)</u>	<u>140,536</u>
	<u>(114,087)</u>	<u>683,651</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(287,547)	(214,333)
Proceeds on disposal of tangible capital assets	-	1,714
	<u>(287,547)</u>	<u>(212,619)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(76,236)	(120,962)
	<u>(76,236)</u>	<u>(120,962)</u>
INCREASE (DECREASE) IN CASH FLOWS	(477,870)	350,070
CASH AND TEMPORARY INVESTMENTS - BEGINNING OF YEAR	2,893,006	2,542,936
CASH AND TEMPORARY INVESTMENTS - END OF YEAR	\$ 2,415,136	\$ 2,893,006

VILLAGE OF MARWAYNE
Schedule of Property Taxes Levied
For the Year Ended December 31, 2021

(Schedule 1)

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Restated) (Note 17)
TAXATION			
Real property taxes	\$ 525,309	\$ 486,292	\$ 509,961
Non-residential	76,254	75,285	66,612
Linear property taxes	16,467	14,655	16,867
Government grants in place of property taxes	953	528	1,700
Special assessments and local improvement taxes	749	-	-
	619,732	576,760	595,140
REQUISITIONS			
Alberta School Foundation Fund	112,677	111,367	123,174
NET MUNICIPAL TAXES	\$ 507,055	\$ 465,393	\$ 471,966

VILLAGE OF MARWAYNE
Schedule of Government Transfers
For the Year Ended December 31, 2021

(Schedule 2)

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Actual)
TRANSFER FOR OPERATING			
Provincial government	\$ 96,515	\$ 148,045	\$ 192,321
TRANSFER FOR CAPITAL			
Provincial government	-	249,819	260,352
Federal government	-	-	124,053
	-	249,819	384,405
TOTAL GOVERNMENT TRANSFERS	\$ 96,515	\$ 397,864	\$ 576,726

VILLAGE OF MARWAYNE
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

(Schedule 3)

	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	Construction in Progress	2021	2020 (Restated - Note 17)
Cost									
Balance, beginning of year	\$ 370,986	\$ 199,341	\$ 2,564,102	\$ 251,946	\$ 436,541	\$ 13,469,312	\$ 11,885	\$ 17,304,113	\$ 17,107,084
Additions	-	56,980	215,846	-	-	6,181	8,540	287,547	214,333
Disposals	(1,482)	-	-	-	-	-	-	(1,482)	(17,304)
Transfers	-	-	11,885	-	-	-	(11,885)	-	-
Balance, end of year	\$ 369,504	\$ 256,321	\$ 2,791,833	\$ 251,946	\$ 436,541	\$ 13,475,493	\$ 8,540	\$ 17,590,178	\$ 17,304,113
Accumulated Amortization									
Balance, beginning of year	\$ -	\$ 74,414	\$ 994,929	\$ 119,176	\$ 284,091	\$ 5,487,854	\$ -	\$ 6,960,464	\$ 6,572,543
Amortization	-	10,258	57,015	12,587	32,000	302,710	-	414,570	405,225
Disposals	-	-	-	-	-	-	-	-	(17,304)
Impairment	-	-	-	-	-	-	-	-	-
Balance, end of year	\$ -	\$ 84,672	\$ 1,051,944	\$ 131,763	\$ 316,091	\$ 5,790,564	\$ -	\$ 7,375,034	\$ 6,960,464
Net Book Value	\$ 369,504	\$ 171,649	\$ 1,739,889	\$ 120,183	\$ 120,450	\$ 7,684,929	\$ 8,540	\$ 10,215,144	\$ 10,343,649

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

VILLAGE OF MARWAYNE**Schedule of Equity in Tangible Capital Assets****(Schedule 4)****For the Year Ended December 31, 2021**

	2021	2020
	(Actual)	(Actual)
BALANCE, BEGINNING OF YEAR	\$ 9,357,478	\$ 9,441,370
Amortization of tangible capital assets	(414,570)	(405,225)
Acquisition of tangible capital assets	287,547	214,333
Long term debt repaid	76,236	120,962
Levied portion of debt recoverable	(14,564)	(13,962)
Net book value of tangible capital assets disposed of	(1,482)	-
BALANCE, END OF YEAR	\$ 9,290,645	\$ 9,357,478
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 10,215,144	\$ 10,343,649
Local improvement levy receivable	173,859	188,423
Long term debt	(1,098,358)	(1,174,594)
	\$ 9,290,645	\$ 9,357,478

VILLAGE OF MARWAYNE
Schedule of Segmented Disclosure
For the Year Ended December 31, 2021

(Schedule 5)

	General Government	Protective Services	Transportation	Environmental Services	Planning & Development and Public Health	Recreation & Culture	2021	2020
REVENUE								
Net municipal taxes	\$ 465,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,393	\$ 471,965
Sales and user charges	500	30,672	(70)	502,174	9,000	-	542,276	499,175
Government transfers	121,295	222,025	27,794	-	23,600	3,150	397,864	576,726
Franchise and concession contracts	31,731	-	-	-	-	-	31,731	29,772
Penalties and costs on taxes	32,054	-	-	-	-	-	32,054	12,311
Other revenues	6,892	1,393	202	9,708	1,025	-	19,220	84,185
Rentals	-	-	-	-	13,708	-	13,708	8,450
Investment income	21,471	-	-	-	-	-	21,471	29,690
	679,336	254,090	27,926	511,882	47,333	3,150	1,523,717	1,712,274
EXPENSES								
Materials, goods and supplies	92,060	20,874	128,682	206,152	7,257	7,653	462,678	457,151
Salaries, wages and benefits	137,884	-	74,429	161,490	-	27,660	401,463	371,615
Contracted services	79,149	27,978	8,149	87,893	14,648	-	217,817	255,598
Provision for allowance	34,917	-	-	-	-	-	34,917	571
Transfers to local boards and agencies	-	18,963	-	91,010	18,891	4,563	133,427	37,847
Other expenses	528	-	-	-	-	-	528	530
Interest on long-term debt	-	-	17,923	7,890	-	13,955	39,768	45,947
	344,538	67,815	229,183	554,435	40,796	53,831	1,290,598	1,169,259
OTHER INCOME								
Amortization of tangible capital assets	(1,608)	(37,165)	(148,974)	(171,403)	(11,000)	(44,420)	(414,570)	(405,125)
Gain (loss) on disposal of tangible capital assets	(1,482)	-	-	-	-	-	(1,482)	1,714
Contributed land held for resale	-	-	-	-	15,000	-	15,000	-
	(3,090)	(37,165)	(148,974)	(171,403)	4,000	(44,420)	(401,052)	(403,411)
ANNUAL SURPLUS (DEFICIT)	\$ 331,708	\$ 149,110	\$ (350,231)	\$ (213,956)	\$ 10,537	\$ (95,101)	\$ (167,933)	\$ 139,604

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

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Marwayne (the "Village") are the representation of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows.

(a) Reporting entity

The financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial position and cash flow 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 Village 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.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods 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.

(c) Cash and temporary investments

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of three months or less at acquisition.

(d) Tax revenue

Property tax revenue is based on market value of assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax notices are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Village. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

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VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Requisition over-levies and under-levies

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. In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(f) 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 occurred, providing the transfers are authorized, any eligibility criteria have been met by the Village, and reasonable estimates of the amounts can be made.

(g) 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 change in net financial assets for the year.

(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 asset is amortized over their estimated useful lives on a straight-line basis at the following rates:

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

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

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

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VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, landfill closure and post-closure costs, and contingent liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements

(j) Future changes in significant accounting policies

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Village will continue to assess the impact and prepare for the adoption of these standards

(i) Financial statement presentation

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(ii) Foreign currency translation

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

(iii) Portfolio investments

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

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VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) *Future changes in significant accounting policies*

(iv) Financial instruments

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(v) Asset retirement obligations

PS 3280, Asset Retirement Obligations, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(vi) Public Private Partnerships

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership arrangements (recognition of infrastructure assets and the corresponding liability to the private partnership) along with the disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

(vii) Revenue

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2021</u>	<u>2020</u>
Cash	\$ 344,167	\$ 1,177,636
Temporary investments	<u>2,070,969</u>	<u>1,715,370</u>
	<u>\$ 2,415,136</u>	<u>\$ 2,893,006</u>

Temporary investments are short-term deposits with original maturity dates of three months or less with ATB Financial at interest rates ranging from 0.75% to 0.85%.

Council has designated funds of \$975,167 (2020 - \$975,167) included in the above amounts for capital purposes.

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2021</u>	<u>2020</u>
Current receivables	\$ 58,494	\$ 60,182
Receivables in arrears	46,176	46,679
	\$ 104,670	\$ 106,861

4. TRADE, UTILITIES AND GRANTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Due from other governments	\$ 383,846	\$ 74,053
Local improvement taxes	173,859	188,423
Trade and utilities	59,176	32,021
Goods and Services Tax recoverable	15,892	28,430
	\$ 632,773	\$ 322,927

5. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. Additions are composed of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	<u>2020</u>	<u>Funds Received</u>	<u>Revenue Recognized</u>	<u>2021</u>
Municipal Sustainability Initiative - Capital	\$ 20,547	\$ 238,716	\$ 222,025	\$ 37,238
Canada Community Building Fund	-	25,947	-	25,947
Business Revitalization Program	23,539	-	-	23,539
Federation of Community Municipalities	-	45,130	45,130	-
Municipal Stimulus Program	27,794	-	27,794	-
	\$ 71,880	\$ 309,793	\$ 294,949	\$ 86,724

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

6. LONG TERM DEBT

	<u>2021</u>	<u>2020</u>
Province of Albera Debenture, repayable in semi-annual installments of \$11,227 including interest at 4.269%; due March 15, 2031.	\$ 173,859	\$ 188,423
Province of Albera Debenture, repayable in semi-annual installments of \$18,064 including interest at 3.866%; due September 16, 2033.	344,264	366,438
Province of Albera Debenture, repayable in semi-annual installments of \$29,054 including interest at 3.051%; due September 17, 2033.	580,235	619,733
	<u>\$ 1,098,358</u>	<u>\$ 1,174,594</u>

Principal and interest repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 78,944	\$ 37,754	\$ 116,698
2023	81,750	34,939	116,689
2024	84,658	32,030	116,688
2025	87,672	29,017	116,689
2026	90,796	25,893	116,689
Thereafter	<u>674,538</u>	<u>86,148</u>	<u>760,686</u>
	<u>\$ 1,098,358</u>	<u>\$ 245,781</u>	<u>\$ 1,344,139</u>

The current portion of the long term debt amounts is \$78,944 (2020 - \$76,236).

Interest on long term debt amounted to \$39,768 (2020 - \$45,957).

The Village's total cash payments for interest is \$40,453 (2019 - \$48,805).

Debenture debt is issued on the credit and security of the Village at large.

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

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 Village be disclosed as follows:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 1,910,847	\$ 1,991,805
Total debt	<u>(1,098,358)</u>	<u>(1,174,594)</u>
Amount of debt limit unused	<u>\$ 812,489</u>	<u>\$ 817,211</u>
Debt servicing limit	\$ 318,475	\$ 162,381
Debt servicing	<u>(116,698)</u>	<u>(116,689)</u>
Amount of service on debt limit unused	<u>\$ 201,777</u>	<u>\$ 45,692</u>

The debt limit is calculated at 1.5 times revenue of the Village (as defined in *Alberta Regulation 255/2000*) and the debt service limit is calculated at 0.25 times such revenue. 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 financial stability of the Village. Rather, the financial statements must be interpreted as a whole.

8. ACCUMULATED SURPLUS

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

	<u>2021</u>	<u>2020</u>
Unrestricted surplus	\$ 2,054,462	\$ 2,155,562
Reserves		
Emergency services	51,243	51,243
Engineered structures	44,606	44,606
General equipment replacement	70,800	70,800
Roads	223,129	223,129
Water and sewer	<u>585,389</u>	<u>585,389</u>
	<u>975,167</u>	<u>975,167</u>
Equity in tangible capital assets	<u>9,290,645</u>	<u>9,357,478</u>
	<u>\$ 12,320,274</u>	<u>\$ 12,488,207</u>

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

9. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by *Alberta Regulation 313/2000* is as follows:

	<u>2021</u>	<u>2020</u>
ATCO Electric Ltd.	<u>\$ 31,731</u>	<u>\$ 29,772</u>

10. CONTINGENT LIABILITY

The Village is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of membership, the Village could become liable for its proportionate shares 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.

During 2002, the Village 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 and have been provided to Alberta Environment and Parks. At this time the Village is unaware of any liability it may have in relation to the contamination.

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.

11. CONTRACTUAL OBLIGATIONS

The Village is a partner in the Alberta Central East Water Corporation ("ACE") regional water system project to design and construct a water transfer and pump station, three fill stations, a truck fill station, and 246 kilometres of pipeline. The Government of Alberta is committed to fund approximately 90% of the estimated project costs as part of the Alberta Water for Life Program. The remaining 10% of costs will be distributed between the municipal partners. As of December 31, 2021, the Village's share of the remaining construction cost was estimated at \$61,855.

As the regional water system is not a Village owned asset, none of the related liabilities, funding, or expenditures are reflected in the Village's financial statement except for the Village's portion and consumption costs.

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

12. SEGMENTED DISCLOSURE

The Village provides a range of services to its taxpayers. For each reported segment, revenues and expenses 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.

(a) General Government

General Government is comprised of Village Council, the Office of the Chief Administrative Officer, and Corporate Services. Corporate Services is comprised of Financial Services and Human Resources.

Council makes decisions regarding service delivery and service levels on behalf of the Village in order to balance the needs and wants of Village residents in a financial responsible manner.

(b) Protective Services

Protective Services is comprised of Fire and Municipal Enforcement Services. Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education related to fire prevention; and the detection and/or extinguishments of fires. Municipal Enforcement Services provide bylaw enforcement that ranges from community standards, to traffic safety, to animal control as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta.

(c) Transportation

Transportation is comprised of Common Services and the Public Works area. They are responsible for the maintenance of the roadway and storm systems of the Village.

(d) Environmental Services

Public Utilities are comprised of water, waste water, and waste management services. They are responsible for providing a water supply, a sanitary sewage collection and disposal system, and a waste disposal service.

(e) Planning and Development

Planning and Development is responsible for the planning and development of the Village's infrastructure system and work with developers in planning the growth of the Village in a sustainable manner.

(f) Public Health

Public Health provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the Village.

(g) Recreation and Culture

Recreation and Culture provide recreational and cultural services and activities which promote the well-being of its citizens. These areas are responsible for the parks, playgrounds, facilities, and green spaces of the Village. This area also acts as a liaison between community groups and providing grant funding.

(continues)

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

12. SEGMENTED DISCLOSURE *(continued)*

Certain allocation methodologies are employed in the preparation of segmented financial information. Net municipal taxes are unallocated to segments and are presented under General Revenue. Sales and user charges have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. For additional information see the Schedule of Segmented Disclosure (Schedule 5).

13. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash, taxes and grants in place of taxes receivable, trade, utilities and grants receivable, accounts payable and accrued liabilities and long term debt. It is management's opinion that the Village is not exposed to significant market, liquidity and currency risk arising from these financial instruments.

The Village is exposed 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 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.

Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

14. BUDGET

Budget figures presented in these financial statements are based on the 2021 operating and capital budgets adopted by Council on May 3, 2021.

15. APPROVAL OF THE FINANCIAL STATEMENTS

Council and management have approved these financial statements on May 9, 2022.

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2021

16. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Village officials, the Chief Administrative Officer and designated officers are required by *Alberta Regulation 313/2000*, is as follows:

	Salary (1)	Benefits (2)	2021	2020
Mayor C. Eikeland	\$ 5,000	\$ -	\$ 5,000	\$ 4,800
Councillor R. McDonald	3,900	-	3,900	2,400
Councillor A. Rainey	3,600	-	3,600	3,000
Councillor C. Neureuter	2,800	-	2,800	2,700
Councillor M. Wood	600	-	600	-
Councillor T. Lawrence (former)	600	-	600	3,200
	\$ 16,500	\$ -	\$ 16,500	\$ 16,100
Chief administrative officer	\$ 83,611	\$ -	\$ 83,611	\$ 81,661
Designated officer (contract)	7,360	-	7,360	7,879
	\$ 90,971	\$ -	\$ 90,971	\$ 89,540

(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 health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition's.

17. RESTATEMENT

During 2020, the Village discovered it had expensed new walking trails and should have recorded them as part of tangible capital assets. Furthermore, the Village corrected its accounting treatment for local improvement taxes by adjusting opening accumulated surplus to reflect total revenue earned.

The effect on the financial statements has been as follows:

- Increase to trade, utilities and grants receivable of \$177,589.
- Increase to tangible capital asset of \$40,079.
- Increase to annual surplus by \$15,283.
- Increase to opening accumulated surplus by \$202,385.

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