

VILLAGE OF MARWAYNE
Financial Statements
For The Year Ended December 31, 2023

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, CLGM
Chief Administrative Officer

Marwayne, Alberta
April 15, 2024

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Marwayne

Opinion

We have audited the financial statements of Village of Marwayne (the "Village"), which comprise the statement of financial position as at December 31, 2023, 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, 2023, 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.

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.

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.

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Independent Auditors' Report to the Councillors of Village of Marwayne (*continued*)

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

- Identify and assess the risks of material misstatement of the 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

April 15, 2024

VILLAGE OF MARWAYNE
Statement of Financial Position
As at December 31, 2023

	2023	2022 (Restated) (Note 19)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 3,063,921	\$ 2,528,190
Taxes and grants in place of taxes receivable (Note 3)	86,736	78,668
Trade, utilities and grants receivable (Note 4)	197,584	594,861
Land held for resale	222,353	279,670
Investments	6	6
	<u>3,570,600</u>	<u>3,481,395</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	131,909	124,453
Deferred revenue (Note 6)	73,196	160,079
Long term debt (Note 7)	937,664	1,019,415
Asset retirement obligations (Note 9)	127,857	123,689
	<u>1,270,626</u>	<u>1,427,636</u>
NET FINANCIAL ASSETS	<u>2,299,974</u>	<u>2,053,759</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 3)	10,214,022	10,424,881
Cultural and historical assets	689	689
Prepaid expenses	12,399	12,530
	<u>10,227,110</u>	<u>10,438,100</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 12,527,084</u>	<u>\$ 12,491,859</u>
CONTINGENT LIABILITY (Note 12)		

ON BEHALF OF COUNCIL


 _____ Mayor


 _____ Councillor

VILLAGE OF MARWAYNE
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2023

	2023 (Budget) (Note 15)	2023 (Actual)	2022 (Restated) (Note 19)
REVENUES			
Sales and user charges	\$ 512,912	\$ 532,809	\$ 522,698
Net municipal taxes <i>(Schedule 1)</i>	633,533	508,372	495,011
Government transfers for operating <i>(Schedule 2)</i>	270,434	227,273	166,131
Investment income	20,000	152,563	65,846
Other	31,082	46,223	59,414
Franchise and concession contracts <i>(Note 11)</i>	30,000	36,909	38,534
Penalties and costs on taxes	20,000	19,553	27,557
Rentals	9,000	9,415	10,181
Licenses and permits	871	1,687	1,534
	<u>1,527,832</u>	<u>1,534,804</u>	<u>1,386,906</u>
EXPENSES			
Water supply and distribution	413,368	526,738	558,116
Roads, streets, walks, lighting	209,153	362,914	362,751
Administration	289,339	230,613	326,502
Land use planning, housing, rentals	2,575	162,534	84,045
Recreation	68,472	143,267	97,274
Fire and by-laws enforcement	60,457	80,420	77,048
Waste management	76,589	68,038	68,656
Family and community support	52,167	66,532	39,091
Waste water treatment and disposal	63,311	41,633	35,509
Legislative	28,062	13,852	21,417
Ambulance and disaster services	1,100	659	658
	<u>1,264,593</u>	<u>1,697,200</u>	<u>1,671,067</u>
ANNUAL DEFICIT BEFORE OTHER INCOME (EXPENSES)	<u>263,239</u>	<u>(162,396)</u>	<u>(284,161)</u>
OTHER INCOME (EXPENSES)			
Government transfers for capital <i>(Schedule 2)</i>	125,947	199,089	557,704
Loss on disposal of tangible capital assets	-	(1,468)	-
	<u>125,947</u>	<u>197,621</u>	<u>557,704</u>
ANNUAL SURPLUS	<u>389,186</u>	<u>35,225</u>	<u>273,543</u>
ACCUMULATED SURPLUS - BEGINNING OF YEAR, AS PREVIOUSLY STATED	<u>12,548,561</u>	<u>12,548,561</u>	<u>12,320,274</u>
Restatement <i>(Note 19)</i>	-	(56,702)	(101,958)
ACCUMULATED SURPLUS - BEGINNING OF YEAR, AS RESTATED	<u>12,548,561</u>	<u>12,491,859</u>	<u>12,218,316</u>
ACCUMULATED SURPLUS - END OF YEAR <i>(Note 10)</i>	<u>\$ 12,937,747</u>	<u>\$ 12,527,084</u>	<u>\$ 12,491,859</u>

VILLAGE OF MARWAYNE
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2023

	2023 (Budget) (Note 15)	2023 (Actual)	2022 (Restated) (Note 19)
ANNUAL SURPLUS	\$ 389,186	\$ 35,225	\$ 273,543
Amortization of tangible capital assets	-	419,251	407,883
Purchase of tangible capital assets	-	(219,059)	(599,924)
Proceeds on disposal of tangible capital assets	-	9,199	-
Loss on disposal of tangible capital assets	-	1,468	-
	-	210,859	(192,041)
Decrease (increase) in prepaid expenses	-	131	(5,915)
INCREASE IN NET FINANCIAL ASSETS	389,186	246,215	75,587
NET FINANCIAL ASSETS - BEGINNING OF YEAR	2,053,759	2,053,759	1,978,172
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,442,945	\$ 2,299,974	\$ 2,053,759

VILLAGE OF MARWAYNE
Statement of Cash Flows
For the Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 35,225	\$ 273,543
Items not affecting cash:		
Amortization of tangible capital assets	419,251	407,883
Loss on disposal of tangible capital assets	1,468	-
Asset retirement obligations accretion expense	4,168	4,032
	<u>460,112</u>	<u>685,458</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(8,068)	26,002
Trade, utilities and grants receivable	397,277	37,912
Land held for resale	57,317	-
Accounts payable and accrued liabilities	7,455	(24,891)
Deferred revenue	(86,883)	73,355
Prepaid expenses	131	(5,915)
	<u>367,229</u>	<u>106,463</u>
	<u>827,341</u>	<u>791,921</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(219,059)	(599,924)
Proceeds on disposal of tangible capital assets	9,199	-
	<u>(209,860)</u>	<u>(599,924)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(81,750)	(78,943)
INCREASE IN CASH FLOWS	535,731	113,054
CASH AND TEMPORARY INVESTMENTS - BEGINNING OF YEAR	2,528,190	2,415,136
CASH AND TEMPORARY INVESTMENTS - END OF YEAR	\$ 3,063,921	\$ 2,528,190

VILLAGE OF MARWAYNE
Schedule of Property Taxes Levied
For the Year Ended December 31, 2023

(Schedule 1)

	2022 (Budget) (Note 15)	2023 (Actual)	2022 (Actual)
TAXATION			
Real property taxes	\$ 535,357	\$ 517,750	\$ 509,862
Non-residential	78,626	79,704	81,908
Linear property taxes	17,822	17,175	14,823
Government grants in place of property taxes	979	1,542	1,095
Special assessments and local improvement taxes	749	-	-
	633,533	616,171	607,688
REQUISITIONS			
Alberta School Foundation Fund	-	107,799	112,677
NET MUNICIPAL TAXES	\$ 633,533	\$ 508,372	\$ 495,011

VILLAGE OF MARWAYNE
Schedule of Government Transfers
For the Year Ended December 31, 2023

(Schedule 2)

	2023 (Budget) (Note 15)	2023 (Actual)	2022 (Restated) (Note 19)
TRANSFER FOR OPERATING			
Provincial government	\$ 268,434	\$ 225,173	\$ 159,359
Federal government	2,000	2,100	6,772
	<u>270,434</u>	<u>227,273</u>	<u>166,131</u>
TRANSFER FOR CAPITAL			
Provincial government	-	96,804	134,042
Federal government	125,947	77,285	373,662
Local governments	-	25,000	50,000
	<u>125,947</u>	<u>199,089</u>	<u>557,704</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 396,381</u>	<u>\$ 426,362</u>	<u>\$ 723,835</u>

VILLAGE OF MARWAYNE
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

(Schedule 3)

	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	2023	2022 (Restated) (Note 19)
Cost								
Balance, beginning of year	\$ 369,504	\$ 754,538	\$ 2,791,833	\$ 251,946	\$ 450,541	\$ 13,571,740	\$ 18,190,102	\$ 17,590,178
Restatement (Note 19)	-	-	34,565	-	-	6,058	40,623	40,623
Balance, beginning of year, as Restated	369,504	754,538	2,826,398	251,946	450,541	13,577,798	18,230,725	17,630,801
Additions	-	22,963	-	27,499	-	168,597	219,059	599,924
Disposals	-	-	-	(15,316)	(21,907)	(1,423)	(38,646)	-
Balance, end of year	\$ 369,504	\$ 777,501	\$ 2,826,398	\$ 264,129	\$ 428,634	\$ 13,744,972	\$ 18,411,138	\$ 18,230,725
Accumulated Amortization								
Balance, beginning of year	\$ -	\$ 94,930	\$ 1,105,215	\$ 144,084	\$ 348,280	\$ 6,089,699	\$ 7,782,208	\$ 7,375,036
Restatement (Note 19)	-	-	20,992	-	-	2,644	23,636	22,925
Balance, beginning of year, as Restated	-	94,930	1,126,207	144,084	348,280	6,092,343	7,805,844	7,397,961
Amortization	-	29,759	53,870	12,321	32,827	290,474	419,251	407,883
Disposals	-	-	-	(5,105)	(21,907)	(967)	(27,979)	-
Balance, end of year	\$ -	\$ 124,689	\$ 1,180,077	\$ 151,300	\$ 359,200	\$ 6,381,850	\$ 8,197,116	\$ 7,805,844
Net Book Value	\$ 369,504	\$ 652,812	\$ 1,646,321	\$ 112,829	\$ 69,434	\$ 7,363,122	\$ 10,214,022	\$ 10,424,881

VILLAGE OF MARWAYNE**Schedule of Equity in Tangible Capital Assets****(Schedule 4)****For the Year Ended December 31, 2023**

	2023	2022 (Restated) (Note 19)
BALANCE, BEGINNING OF YEAR	\$ 9,440,444	\$ 9,188,685
Amortization of tangible capital assets	(419,251)	(407,883)
Acquisition of tangible capital assets	219,059	599,924
Long term debt repaid	81,750	78,943
Accretion expense	(4,168)	(4,032)
Levied portion of debt recoverable	(15,848)	(15,193)
Net book value of tangible capital assets disposed of	(10,667)	-
BALANCE, END OF YEAR	\$ 9,291,319	\$ 9,440,444
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 10,214,022	\$ 10,424,881
Local improvement levy receivable	142,818	158,666
Long term debt	(937,664)	(1,019,414)
Asset retirement obligations	(127,857)	(123,689)
	\$ 9,291,319	\$ 9,440,444

VILLAGE OF MARWAYNE
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023

(Schedule 5)

	General Government	Protective Services	Transportation	Environmental Services	Planning & Development and Public Health	Recreation & Culture	2023	2022 (Restated) (Note 19)
REVENUE								
Sales and user charges	\$ 1,350	\$ 5,012	\$ 681	\$ 494,266	\$ 31,500	\$ -	\$ 532,809	\$ 522,698
Net municipal taxes	508,372	-	-	-	-	-	508,372	495,011
Government transfers	152,330	121,804	75,947	1,338	72,843	2,100	426,362	723,835
Investment income	152,563	-	-	-	-	-	152,563	65,846
Other revenues	28,847	1,040	81	7,294	10,648	-	47,910	60,948
Franchise and concession contracts	36,909	-	-	-	-	-	36,909	38,534
Penalties and costs on taxes	19,553	-	-	-	-	-	19,553	27,557
Rentals	-	-	-	-	9,415	-	9,415	10,181
	899,924	127,856	76,709	502,898	124,406	2,100	1,733,893	1,944,610
EXPENSES								
Salaries, wages and benefits	129,279	-	84,913	162,362	-	48,476	425,030	430,507
Amortization of tangible capital assets	1,607	34,187	145,967	162,344	11,060	64,086	419,251	407,883
Contracted services	84,820	29,277	5,988	93,671	199,186	-	412,942	289,104
Materials, goods and supplies	27,594	11,226	118,308	202,358	2,645	12,630	374,761	403,109
Interest on long-term debt	-	-	6,606	15,222	-	12,189	34,017	36,934
Transfers to local boards and agencies	-	5,012	-	-	15,777	5,076	25,865	95,986
Accretion expense	-	1,377	1,132	452	398	810	4,169	4,032
Other expenses	1,165	-	-	-	-	-	1,165	1,196
Provision for allowance	-	-	-	-	-	-	-	2,316
	244,465	81,079	362,914	636,409	229,066	143,267	1,697,200	1,671,067
OTHER INCOME (EXPENSE)								
Loss on disposal of tangible capital assets	(1,468)	-	-	-	-	-	(1,468)	-
ANNUAL SURPLUS								
	\$ 653,991	\$ 46,777	\$ (286,205)	\$ (133,511)	\$ (104,660)	\$ (141,167)	\$ 35,225	\$ 273,543

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

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) 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.

(d) 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.

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VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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.

(f) 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.

(g) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other tangible capital assets to perform post-retirement activities.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the consolidated statement of operations.

(h) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

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VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital 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.

(j) 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, future cash flows associated with asset retirement obligations, and contingent liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements

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VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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) 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.

(ii) 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.

(iii) *Purchased Intangible Assets*

PSG-8, Purchased Intangible Assets, provides guidance regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This guideline is applicable to fiscal years beginning on or after April 1, 2023.

(iv) *Financial Statement Presentations*

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2023</u>	<u>2022</u>
Cash	\$ 703,070	\$ 289,130
Temporary investments	<u>2,360,851</u>	<u>2,239,060</u>
	<u>\$ 3,063,921</u>	<u>\$ 2,528,190</u>

Temporary investments are short-term deposits with original maturity dates of three months or less with ATB Financial at interest rates ranging from 5.30% to 5.60%.

Council has designated funds of \$880,167 (2022 - \$850,167) included in the above amounts for capital purposes.

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Current receivables	\$ 58,393	\$ 59,286
Receivables in arrears	<u>28,343</u>	<u>19,382</u>
	<u>\$ 86,736</u>	<u>\$ 78,668</u>

4. TRADE, UTILITIES AND GRANTS RECEIVABLE

	<u>2023</u>	<u>2022</u> (Restated) (Note 19)
Local improvement taxes	\$ 142,818	\$ 158,666
Trade and utilities	26,340	16,972
Due from other governments	15,561	386,371
Goods and Services Tax recoverable	<u>12,865</u>	<u>32,852</u>
	<u>\$ 197,584</u>	<u>\$ 594,861</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade and other accrued liabilities	\$ 84,968	\$ 93,924
Employee deductions	20,184	7,443
Payable to other governments	17,265	12,673
Interest payable	<u>9,492</u>	<u>10,413</u>
	<u>\$ 131,909</u>	<u>\$ 124,453</u>

6. 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>2022</u>	<u>Funds Received</u>	<u>Revenue</u> <u>Recognized</u>	<u>2023</u>
Canada Community Building Fund	\$ 75,947	\$ 50,000	\$ 75,947	\$ 50,000
Business Revitalization Program	18,405	-	6,273	12,132
ACP - Intermunicipal Collaboration	64,389	-	53,325	11,064
Canada Community Revitalization Fund	<u>1,338</u>	<u>-</u>	<u>1,338</u>	<u>-</u>
	<u>\$ 160,079</u>	<u>\$ 50,000</u>	<u>\$ 136,883</u>	<u>\$ 73,196</u>

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

7. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Province of Alberta Debenture, repayable in semi-annual installments of \$11,227 including interest at 4.269%; due March 15, 2031.	\$ 142,818	\$ 158,666
Province of Alberta Debenture, repayable in semi-annual installments of \$18,064 including interest at 3.866%; due September 16, 2033.	297,287	321,226
Province of Alberta Debenture, repayable in semi-annual installments of \$29,054 including interest at 3.051%; due September 17, 2033.	497,559	539,523
	<u>\$ 937,664</u>	<u>\$ 1,019,415</u>

Principal and interest repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 84,659	\$ 32,030	\$ 116,689
2025	87,672	29,017	116,689
2026	90,796	25,893	116,689
2027	94,033	22,656	116,689
2028	97,388	19,301	116,689
Thereafter	483,116	44,191	527,307
	<u>\$ 937,664</u>	<u>\$ 173,088</u>	<u>\$ 1,110,752</u>

The current portion of the long term debt amounts is \$84,659 (2022 - \$81,750).

Interest on long term debt amounted to \$34,018 (2022 - \$36,934).

The Village's total cash payments for interest is \$34,939 (2022 - \$37,745).

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, 2023

8. 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>2023</u>	<u>2022</u>
Total debt limit	\$ 2,302,206	\$ 2,080,359
Total debt	<u>(937,664)</u>	<u>(1,019,415)</u>
Amount of debt limit unused	<u>\$ 1,364,542</u>	<u>\$ 1,060,944</u>
Debt servicing limit	\$ 383,701	\$ 346,727
Debt servicing	<u>(116,698)</u>	<u>(116,698)</u>
Amount of service on debt limit unused	<u>\$ 267,003</u>	<u>\$ 230,029</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.

9. ASSET RETIREMENT OBLIGATIONS

Tangible capital assets with associated retirement obligations include buildings and engineered structures.

The Village has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Village to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Village to remove the materials when the asset retirement activities occur.

The Village has asset retirement obligations to decommission a water well. The Alberta Water Act requires the Village to decommission the water well. Regulations create an existing obligation for the Village to remediate the well when the asset retirement activities occur.

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 123,689	\$ 119,657
Net change in the year		
Accretion expense	<u>4,168</u>	<u>4,032</u>
Balance, End of Year	<u>\$ 127,857</u>	<u>\$ 123,689</u>

Asset retirement obligations of \$127,857 (2022 - \$123,689) was measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$135,000 (2022 - \$135,000), a discount rate of 3.37% (2022 - 3.37%), an annual inflation of 3.00% (2022 - 3.00%), with retirement activities expected to be settled between 2034 and 2054.

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

10. ACCUMULATED SURPLUS

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

	2023	2022 (Restated) (Note 19)
Unrestricted surplus	\$ 2,355,598	\$ 2,201,248
Reserves		
Emergency services	51,243	51,243
Engineered structures	44,606	44,606
General equipment replacement	100,800	70,800
Roads	223,129	223,129
Water and sewer	460,389	460,389
	880,167	850,167
Equity in tangible capital assets	9,291,319	9,440,444
	\$ 12,527,084	\$ 12,491,859

11. FRANCHISE AND CONCESSION CONTRACTS

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

	2023	2022
ATCO Electric Ltd.	\$ 36,909	\$ 38,534

12. 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.

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

13. 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 manager.

(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, 2023

13. 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).

14. FINANCIAL RISK MANAGEMENT

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.

15. BUDGET

Budget figures presented in these financial statements are based on the 2023 operating and capital budgets adopted by Council on April 17, 2023.

16. APPROVAL OF THE FINANCIAL STATEMENTS

Council and management have approved these financial statements on April 15, 2024.

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

17. 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)	2023	2022
Mayor C. Neureuter	\$ 3,500	\$ -	\$ 3,500	\$ 2,850
Councillor A. Rainey	4,150	17	4,167	3,817
Councillor R. McDonald	2,000	-	2,000	3,100
Councillor R. Parkyn	750	-	750	-
Councillor M. Wood (former)	-	-	-	1,400
Mayor C. Eikeland (former)	-	-	-	4,155
	<u>\$ 10,400</u>	<u>\$ 17</u>	<u>\$ 10,417</u>	<u>\$ 15,322</u>
Chief administrative officer	\$ 87,653	\$ 7,186	\$ 94,839	\$ 91,931
Designated officer (contract)	8,466	-	8,466	8,220
	<u>\$ 96,119</u>	<u>\$ 7,186</u>	<u>\$ 103,305</u>	<u>\$ 100,151</u>

(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.

18. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2022, the Village has adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligation and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On the effective date of the PS 3280 standard, the Village recognized the following to conform to the new standard:

- Asset retirement obligation, adjusted for accumulated accretion to the effective date;
- Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- Accumulated amortization on the capitalized cost; and
- Adjustment to opening balance of accumulated surplus.

The comparative figures have been restated. Refer to Note 19 for the net effect of the restatement.

Effective January 1, 2023, the Village adopted Canadian public sector accounting standards PS 2601 Foreign Currency Translation, PS 3401 Portfolio Investments, PS 3450 Financial Instruments and PS 1201 Financial Statement Presentation. Adoption of these standards had no effect on the Village's financial statements.

VILLAGE OF MARWAYNE
Notes to Financial Statements
Year Ended December 31, 2023

19. RESTATEMENT

The Village has adjusted certain financial statement accounts as of December 31, 2022 due to the following.

The Village was eligible for grant funding for previous expenditures. No receivable or revenue was previously recorded for eligible grant funding.

The effect on the financial statements has been as follows:

- Increase to trade, utilities and grants receivable of \$50,000.
- Increase to the annual surplus of \$50,000.
- increase to accumulated surplus (unrestricted surplus) of \$50,000

Effective January 1, 2022, the Village adopted Canadian public sector accounting standard 3280, Asset Retirement Obligations, and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

The effect on the financial statements has been as follows:

- Increase to tangible capital assets cost of \$40,623.
- Increase to tangible capital assets accumulated amortization of \$22,925.
- Increase to asset retirement obligations of \$123,689.
- Increase to amortization expense of \$712.
- Increase to accretion expense of \$4,032.
- Decrease to annual surplus of \$4,744.
- Decrease to opening accumulated surplus by \$101,958.