

**VILLAGE OF MORRIN
FINANCIAL STATEMENTS
FOR THE YEAR END DECEMBER 31, 2019**

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FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of the Village of Morrin, which comprise of the statement of financial position as at, December 31, 2019 and the results of its operations and changes in net financial assets and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Morrin as at December 31, 2019, the results of its operations, changes in net financial assets and its cash flows for the year 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 of Morrin in accordance with the 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the 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 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.

Auditor's Responsibility for the Audit of the Consolidated 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 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 the 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:

CHARTERED PROFESSIONAL
ACCOUNTANTS

Jeff M. Faupel, B. Mgmt, CPA, CA *
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- 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 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 the auditor's report. However future events or conditions may cause the Village to cease to continue to be 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

- Debt 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 6.
- 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.

HANNA, ALBERTA
JULY 29, 2020, except for NOTE 14 as to which
the date is DECEMBER 8, 2020


CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF MORRIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018 Restated
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 817,779	\$ 1,046,978
Receivables		
Taxes and grants in place of taxes (Note 3)	208,319	181,283
Trade and other receivables	27,463	22,742
Receivables from other governments	256,302	65,436
Land inventory held for resale	<u>13,963</u>	<u>13,963</u>
	<u>1,323,826</u>	<u>1,330,402</u>
LIABILITIES		
Accounts payable and accrued liabilities	186,651	83,536
Deposit liabilities (Note 4)	8,244	7,234
Deferred revenue (Note 5)	<u>690,045</u>	<u>578,298</u>
	<u>884,940</u>	<u>669,068</u>
NET FINANCIAL ASSETS	<u>438,886</u>	<u>661,334</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>4,508,704</u>	<u>4,294,599</u>
	<u>4,508,704</u>	<u>4,294,599</u>
ACCUMULATED SURPLUS	<u>\$ 4,947,590</u>	<u>\$ 4,955,933</u>

COMMITMENTS (SEE NOTE 11)
SUBSEQUENT EVENTS (SEE NOTE 14)

VILLAGE OF MORRIN
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019	2018 Restated
REVENUE			
Net municipal taxes (Schedule 2)	\$ 190,000	\$ 193,476	\$ 181,932
User fees and sale of goods	169,800	149,672	140,630
Government transfers for operating (Schedule 3)	62,000	75,972	53,889
Investment income	12,000	17,980	11,699
Penalties and costs on taxes	28,000	31,834	25,427
Licenses and permits		280	370
Franchise and concession contracts	27,000	24,261	25,543
Other		624	3
Total Revenue	<u>488,800</u>	<u>494,099</u>	<u>439,493</u>
EXPENSES			
Legislative	5,260	4,760	4,990
Administration	166,592	146,699	137,081
Protective services	29,567	34,378	26,770
Transportation	90,680	107,778	104,214
Water supply and distribution	72,000	161,041	164,602
Wastewater treatment and disposal	52,300	75,161	73,217
Waste management	41,081	32,993	38,680
Subdivision land and development	22,600	22,992	2,528
Parks and recreation	700	334	85
Culture	8,020	14,267	5,878
Public health and welfare		2,039	2,039
Total Expenses	<u>488,800</u>	<u>602,442</u>	<u>560,084</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER		(108,343)	(120,591)
Government transfers for capital (Schedule 3)		<u>100,000</u>	
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES		(8,343)	(120,591)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>4,955,933</u>	<u>4,955,933</u>	<u>5,076,524</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 4,955,933</u>	<u>\$ 4,947,590</u>	<u>\$ 4,955,933</u>

VILLAGE OF MORRIN
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019	2018 Restated
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ _____	\$ (8,343)	\$ (120,591)
Acquisition of tangible capital assets		(322,417)	(354)
Amortization of tangible capital assets	_____	108,312	115,057
	_____	(214,105)	114,703
(INCREASE) DECREASE IN NET DEBT		(222,448)	(5,888)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	_____ 661,334	_____ 661,334	_____ 667,222
NET FINANCIAL ASSETS, END OF YEAR	\$ _____ 661,334	\$ _____ 438,886	\$ _____ 661,334

VILLAGE OF MORRIN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ (8,343)	\$ (120,591)
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization of tangible capital assets	<u>108,312</u>	<u>115,057</u>
	99,969	(5,534)
Changes in net financial asset(debt) items:		
Decrease (increase) in taxes and grants in place of taxes receivable	(27,036)	(34,411)
Decrease (increase) in trade and other receivables	(4,721)	(4,514)
Decrease (increase) in receivables from other governments	(190,866)	130,444
Increase (decrease) in accounts payable and accrued liabilities	103,115	(5,900)
Increase (decrease) in deposit liabilities	1,010	445
Increase (decrease) in deferred revenue	<u>111,747</u>	<u>232,729</u>
Cash provided by (applied to) operating transactions	<u>93,218</u>	<u>313,259</u>
CAPITAL		
Acquisition of tangible capital assets	<u>(322,417)</u>	<u>(354)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(229,199)	312,905
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,046,978</u>	<u>734,073</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 817,779</u>	<u>\$ 1,046,978</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	<u>\$ 817,779</u>	<u>\$ 1,046,978</u>

VILLAGE OF MORRIN
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2019	2018
COST:								
BALANCE, BEGINNING OF YEAR	\$ 62,039	\$ 20,237	\$ 131,252	\$ 5,929,253	\$ 133,657	\$ 479,940	\$ 6,756,378	\$ 6,756,024
Acquisition of tangible capital assets		38,080		269,835	11,970		319,885	354
Construction-in-progress				2,532			2,532	
BALANCE, END OF YEAR	<u>62,039</u>	<u>58,317</u>	<u>131,252</u>	<u>6,201,620</u>	<u>145,627</u>	<u>479,940</u>	<u>7,078,795</u>	<u>6,756,378</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR		20,237	74,579	2,096,677	125,506	144,780	2,461,779	2,346,722
Annual amortization		381	2,230	86,457	4,132	15,112	108,312	115,057
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 62,039</u>	<u>\$ 37,699</u>	<u>\$ 54,443</u>	<u>\$ 4,018,486</u>	<u>\$ 15,989</u>	<u>\$ 320,048</u>	<u>\$ 4,508,704</u>	<u>\$ 4,294,599</u>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 62,039</u>		<u>\$ 56,673</u>	<u>\$ 3,832,576</u>	<u>\$ 8,151</u>	<u>\$ 335,160</u>	<u>\$ 4,294,599</u>	

VILLAGE OF MORRIN
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2019
Schedule 2

	Budget (Unaudited)	2019	2018
TAXATION			
Real property taxes	\$ 222,602	\$ 222,508	\$ 216,216
Linear property taxes	17,914	19,174	16,635
	<u>240,516</u>	<u>241,682</u>	<u>232,851</u>
REQUISITIONS			
Alberta School Foundation Fund	42,045	39,735	41,955
Drumheller and District Seniors Foundation	<u>8,471</u>	<u>8,471</u>	<u>8,964</u>
NET MUNICIPAL TAXES	<u>\$ 190,000</u>	<u>\$ 193,476</u>	<u>\$ 181,932</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2019
Schedule 3

	Budget (Unaudited)	2019	2018
TRANSFERS FOR OPERATING			
Provincial government	\$ 61,000	\$ 60,656	\$ 41,989
Federal government	1,000		2,100
Local government transfers	<u>62,000</u>	<u>15,316</u>	<u>9,800</u>
		<u>75,972</u>	<u>53,889</u>
Provincial government	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 62,000</u>	<u>\$ 175,972</u>	<u>\$ 53,889</u>

VILLAGE OF MORRIN
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2019
Schedule 4

	Budget (Unaudited)	2019	2018
<hr/>			
CONSOLIDATED EXPENSES BY OBJECT			
Wages, salaries and benefits	\$	153,279	\$ 151,305
Contracted and general services		264,729	224,183
Materials, goods, supplies and utilities		65,207	65,415
Transfer to individuals and organizations		10,915	4,124
Amortization of tangible capital assets		108,312	115,057
	<u>\$</u>	<u>602,442</u>	<u>\$ 560,084</u>

***Budget by object not available based on 2019 budget prepared**

VILLAGE OF MORRIN
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 310,906	\$ 350,428	\$ 4,294,599	\$ 4,955,933	\$ 5,076,524
Excess (deficiency) of revenues over expenses	(8,343)			(8,343)	(120,591)
Current year funds used for tangible capital assets	(322,417)		322,417		
Annual amortization expense	108,312		(108,312)		
Change in accumulated surplus	(222,448)		214,105	(8,343)	(120,591)
BALANCE, END OF YEAR	<u>\$ 88,458</u>	<u>\$ 350,428</u>	<u>\$ 4,508,704</u>	<u>\$ 4,947,590</u>	<u>\$ 4,955,933</u>

VILLAGE OF MORRIN
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2019
Schedule 6

	General Government	Protective Services	Transportation Services	Planning & Development	Water / Wastewater	Waste Management	Recreation & Culture	Total
REVENUE								
Net municipal taxes	\$ 193,476	\$	\$	\$	\$	\$	\$	\$ 193,476
User fees and sales of goods	4,200	20,884	4,164	95	105,655	14,674		149,672
Government transfers	40,656	15,316		20,000	100,000			175,972
Investment Income	17,980							17,980
Penalties	31,834							31,834
Franchise fees	24,261	280						24,261
Licenses and permits								280
Other revenues	624							624
	<u>313,031</u>	<u>36,480</u>	<u>4,164</u>	<u>20,095</u>	<u>205,655</u>	<u>14,674</u>		<u>594,099</u>
EXPENSES								
Salaries & wages	87,805		24,795		20,921	19,758		153,279
Contract & general services	57,925	9,304	21,221	22,992	137,268	13,021	2,998	264,729
Goods & supplies	5,729	7,821	36,782		12,529		2,346	65,207
Transfers to organizations	2,039						8,876	10,915
	<u>153,498</u>	<u>17,125</u>	<u>82,798</u>	<u>22,992</u>	<u>170,718</u>	<u>32,779</u>	<u>14,220</u>	<u>494,130</u>
NET REVENUE, BEFORE AMORTIZATION	<u>159,533</u>	<u>19,355</u>	<u>(78,634)</u>	<u>(2,897)</u>	<u>34,937</u>	<u>(18,105)</u>	<u>(14,220)</u>	<u>99,969</u>
Amortization expense		<u>17,253</u>	<u>24,980</u>		<u>65,484</u>	<u>214</u>	<u>381</u>	<u>108,312</u>
NET REVENUE	<u>\$ 159,533</u>	<u>\$ 2,102</u>	<u>\$ (103,614)</u>	<u>\$ (2,897)</u>	<u>\$ (30,547)</u>	<u>\$ (18,319)</u>	<u>\$ (14,601)</u>	<u>\$ (8,343)</u>

VILLAGE OF MORRIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Morrin 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:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Village Council for the administration of their financial affairs and resources. The Village's proportionate share of the Starland Regional Water Authority operations are contained in these financial statements.

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

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

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.

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.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure 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.

Significant financial statement areas requiring the use of management estimates include:

- Useful life of tangible capital assets;
- Accrued liabilities;
- Fair value of contributed tangible capital assets

VILLAGE OF MORRIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. 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.

e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

f) 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 collectable 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.

g) Net Municipal Taxes

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act (MGA) and tax rates established annually by Village Council. Taxation revenues are recorded at the time the tax billings are issued. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gain or losses on assessment changes or appeals are recorded as adjustments to tax revenue and receivables when a written decision is received from the authorized board or a change is generated by the authorized assessor.

h) 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.

VILLAGE OF MORRIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Non-Financial Assets

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

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land improvements	10-45
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	5-75
Machinery and equipment	5-40
Vehicles	10-40

In the year of acquisition of a capital asset, annual amortization is based on 50% of the annual amortization and in the year of disposal no amortization is charged. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

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

VILLAGE OF MORRIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. CASH AND TEMPORARY INVESTMENTS

	2019	2018
Cash	\$ 534,782	\$ 764,138
Temporary investments	282,997	282,840
	\$ 817,779	\$ 1,046,978

Temporary investments are comprised of Term deposits and savings accounts that bear monthly interest at rates between 0.25% and 2.25%. The term deposit matures on May 29, 2020.

The Village received certain Alberta Government grants that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed for which this restricted funding has been received, \$458,274 (\$516,309 - 2018) of the Treasury Bills, term deposit and cash amounts on hand are not available for general use by the Village.

In addition, the cash balance contains \$105,442 that represents the Village's share of the Starland Regional Water Authority and is not available for general purposes.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2019	2018
Current taxes and grants in place receivables	\$ 77,124	\$ 72,224
Arrears taxes	148,911	126,775
	226,035	198,999
Less: allowance for doubtful accounts	(17,716)	(17,716)
	\$ 208,319	\$ 181,283

4. DEPOSIT LIABILITIES

The Village maintains utility deposits of \$8,244 - 2019 (\$7,234 - 2018)

VILLAGE OF MORRIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. DEFERRED REVENUE

	2019	2018
		Restated
Alberta Municipal Sustainability Initiative - Capital	\$ 450,197	\$ 318,450
Federal Gas Tax Fund	239,848	239,848
Alberta Community Partnership		20,000
	\$ 690,045	\$ 578,298

Alberta Municipal Sustainability Initiative Capital Grant

Provincial government funding was received in the current and prior years to undertake certain eligible expenditures within the Village that has not yet been expended. All interest earned on the grant funds must be applied to the eligible project. As of December 31, 2019, \$131,771 was receivable by the Village.

Federal Gas Tax Fund

Federal and Provincial government funding was received in the current year to undertake certain eligible projects within the Village that have not yet been expended. As of December 31, 2019, \$100,000 was receivable by the Village.

6. DEBT LIMITS

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

	2019	2018
Total debt limit	\$ 741,149	\$ 659,240
Total debt		
Amount of debit limit unused	\$ 741,149	\$ 659,240
Debt servicing limit	\$ 123,525	\$ 109,873
Debt servicing		
Amount of debt servicing limit unused	\$ 123,525	\$ 109,873

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) 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.

VILLAGE OF MORRIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets	\$ 7,078,795	\$ 6,756,378
Accumulated amortization	(2,570,091)	(2,461,779)
	\$ 4,508,704	\$ 4,294,599

8. ACCUMULATED SURPLUS

	2019	2018
		Restated
Unrestricted surplus	\$ 88,458	\$ 310,906
Restricted surplus:		
Operating contingency	8,918	8,918
Administration	52,513	52,513
Protective services	43,721	43,721
Common and equipment pool	40,000	40,000
Water supply and distribution	178,738	178,738
Wastewater treatment and disposal	15,952	15,952
Parks and recreation	10,586	10,586
Equity in tangible capital assets	4,508,704	4,294,599
	\$ 4,947,590	\$ 4,955,933

9. SEGMENTED DISCLOSURE

The Village of Morrin provides a range of services to its ratepayers. For each reported segment, revenues and expenses represents 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 the followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

VILLAGE OF MORRIN
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10. SALARY AND BENEFITS

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

	2019			2018
	<u>Salary</u>	<u>Benefits & allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Howard Helton	\$ 1,750	\$	\$ 1,750	\$ 1,650
Melissa Wilton	400		400	
Mary Edwards	1,700		1,700	1,825
Robert Graham	100		100	650
Chief Administrative Officer	76,183	3,801	79,984	79,828
Designated Officer (1 Position)	5,040		5,040	5,040

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. Contained in the Chief Administrative Officer's salary is \$12,000 approved for the purchase of an RRSP directly by the employee.

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

3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships. Benefits and allowances reported in 2019 include the employers payment's with respect to the Canada Pension Plan and Employment Insurance Contributions.

11. COMMITMENTS

The Village has entered into a ten year assessor consultant agreement for the period June 1, 2017 to March 31, 2027

VILLAGE OF MORRIN
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12. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, and deferred revenue. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

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

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

13. PRIOR PERIOD ADJUSTMENTS

The Village has restated their prior year financial statements as a result of the modifications to the Federal Gas Tax statements of funding and expenditures. As a result, deferred revenue has increased by \$50,000 and accumulated surplus has decreased by \$50,000.

14. SUBSEQUENT EVENTS

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. The overall effect of these events on the Village and its operations is unknown at this time. The impacts will be accounted for when they are known and may be assessed.

On September 28, 2020 it was discovered that a project profile was approved for the utilization of \$100,000 for the funding of certain 2019 tangible capital assets acquired. This information was not conveyed during the preparation of the 2019 audit and subsequently the 2019 financial statements were completed and uploaded to the Alberta Municipal Affairs portal upon completion and provided to the Village. The Village Council had not approved the statements at this time. The financial statements were available for review by the public at this time. Subsequently, the Village funded the allowable \$100,000 portion of the Tangible Capital Assets that were approved under the Federal Gas Tax Fund. As a result of this amendment, we have reissued our Audit report and it is dated December 8, 2020.

15. BUDGET AMOUNTS

The 2019 budget for the Village was approved by council and has been reported in the consolidated financial statement for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
