
Financial statements of City of Warman

December 31, 2020

Management's Responsibility

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed of elected officials who are not employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

Deloitte LLP, an independent firm of Chartered Professional Accountants, is appointed by the council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and administration to discuss their audit findings.



[Signed by elected official]

Councilor/Reeve/Mayor



[Signed by executive management]

CFO/Administrator

Independent Auditor's Report

To His Worship the Mayor and City Council of
City of Warman

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of City of Warman (the "City"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2020, and the results of its financial activities, changes in net financial assets and changes in financial position for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City 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.

Other Matter - Unaudited Supplementary Information

We draw attention to the fact that the supplementary information included in Schedules 1 to 8 does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

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 PSAS, 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 City'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 City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 GAAS 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 GAAS, 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 City'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 City'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 our auditor's report. However, future events or conditions may cause the City 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.

Deloitte LLP

Chartered Professional Accountants
July 19, 2021

The City of Warman
Statement of Financial Position
As at December 31, 2020

Statement 1

	2020	2019
ASSETS		
Financial Assets		
Cash (Note 2)	24,787,713	16,174,425
Taxes Receivable (Note 3)	469,820	629,031
Other Accounts Receivable (Note 4)	9,899,349	11,071,277
Investments (Note 5)	7,803,931	6,056,363
Other	10	10
Total Financial Assets	42,960,823	33,931,106
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	2,778,237	2,056,853
Deposits	536,329	534,926
Deferred Revenue (Note 7)	2,200,013	1,639,468
Long-Term Debt (Note 8)	1,954,755	3,017,309
Total Liabilities	7,469,334	7,248,556
NET FINANCIAL ASSETS	35,491,489	26,682,550
Non-Financial Assets		
Tangible Capital Assets (Note 9)	180,392,094	184,924,600
Prepayments and Deferred Charges	205,681	73,479
Total Non-Financial Assets	180,597,775	184,998,079
Accumulated Surplus (Schedule 6)	216,089,265	211,680,629

The attached notes comprise an important part of these financial statements.

The City of Warman
Statement of Operations
As at December 31, 2020

Statement 2

	2020 Budget	2020	2019
Revenues			
Taxes and Other Unconditional Revenue (Schedule 1)	13,415,155	13,884,739	13,290,340
Fees and Charges (Schedule 4,5)	7,303,477	7,531,136	7,700,888
Conditional Grants (Schedule 4,5)	165,878	215,732	222,287
Tangible Capital Asset Sales - Gain (Schedule 4,5)	-	19,196	2,675
Investment Income and Commissions (Schedule 4,5)	280,000	452,906	349,900
Total Revenues	21,164,510	22,103,709	21,566,090
Expenses			
General Government Services (Schedule 3)	1,945,114	1,720,108	1,686,932
Protective Services (Schedule 3)	2,031,279	1,943,864	1,831,068
Transportation Services (Schedule 3)	3,688,403	5,767,606	4,492,472
Environmental and Public Health Services (Schedule 3)	1,194,330	1,127,310	1,149,081
Planning and Development Services (Schedule 3)	869,065	601,370	806,564
Recreation and Cultural Services (Schedule 3)	4,775,642	4,377,588	4,971,018
Utility Services (Schedule 3)	4,758,854	5,561,964	5,222,292
Total Expenses	19,262,687	21,099,810	20,159,427
Surplus of Revenues over Expenses before Other Capital Contributions	1,901,823	1,003,899	1,406,663
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5, Note 9)	731,080	3,404,737	1,910,990
Surplus of Revenues over Expenses	2,632,903	4,408,636	3,317,653
Accumulated Surplus, Beginning of Year	211,680,629	211,680,629	208,362,976
Accumulated Surplus, End of Year	214,313,532	216,089,265	211,680,629

The attached notes comprise an important part of these financial statements.

The City of Warman
Statement of Change in Net Financial Assets
As at December 31, 2020

Statement 3

	2020 Budget	2020	2019
Surplus of Revenues over Expenses	2,632,903	4,408,636	3,317,653
Acquisition of tangible capital assets	(18,965,671)	(1,545,495)	(2,962,335)
Amortization of tangible capital assets	2,935,365	6,070,990	5,985,105
Proceeds on disposal of tangible capital assets	-	26,206	17,676
Gain on the disposal of tangible capital assets	-	(19,196)	(2,675)
(Deficit) Excess of capital expenses over expenditures	(16,030,306)	4,532,505	3,037,771
Prepayments and deferred charges	-	(205,681)	(73,479)
Use of prepayments and deferred charges	-	73,479	71,443
Deficit of expenses of other non-financial over expenditures	-	(132,202)	(2,036)
Change in Net Financial Assets	(13,397,403)	8,808,939	6,353,388
Net Financial Assets - Beginning of Year	26,682,550	26,682,550	20,329,162
Net Financial Assets - End of Year	13,285,147	35,491,489	26,682,550

The attached notes comprise an important part of these financial statements.

**The City of Warman
Statement of Cash Flow
As at December 31, 2020**

Statement 4

	2020	2019
Cash provided by (used for) the following activities		
Operating:		
Surplus	4,408,636	3,317,653
Amortization	6,070,990	5,985,105
Developer contributed tangible capital assets	(673,153)	(1,509,330)
Gain on disposal of tangible capital assets	(19,196)	(2,675)
	<u>9,787,277</u>	<u>7,790,753</u>
Change in non-cash working capital		
Taxes Receivable	159,211	38,251
Other Accounts Receivables	1,171,928	974,212
Accounts Payable and Accrued Liabilities	699,131	(222,726)
Deposits	1,403	(14,773)
Deferred Revenue	560,545	774,880
Prepayments and Deferred Charges	(132,202)	(2,036)
Net cash from operations	12,247,293	9,338,561
Capital:		
Acquisition of capital assets	(850,089)	(1,389,826)
Proceeds from the disposal of capital assets	26,206	17,676
Net cash used for capital	(823,883)	(1,372,150)
Investing:		
Acquisition of investments	(1,747,568)	(14,568)
Net cash investing	(1,747,568)	(14,568)
Financing:		
Long-term debt repaid	(1,062,554)	(1,020,418)
Net cash used for financing	(1,062,554)	(1,020,418)
Increase in cash	8,613,288	6,931,425
Cash - Beginning of Year	<u>16,174,425</u>	<u>9,243,000</u>
Cash - End of Year	24,787,713	16,174,425

The attached notes comprise an important part of these financial statements.

The City of Warman
Notes to the Financial Statements
As at December 31, 2020

1. Significant accounting policies

The financial statements of the City of Warman (the "City") are prepared by management in accordance with Public Sector Accounting Standards ("PSAS"), as recommended by the Chartered Professional Accountants of Canada ("CPA Canada"). Significant aspects of the accounting policies adopted by the City are as follows:

Basis of accounting: The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

- a) **Reporting Entity:** The financial statements includes the assets, liabilities and flow of resources of the City. The City does not own or control any other organizations.
- b) **Revenue and Expense Recognition:** Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and are measureable. Funds from external parties and earnings that are restricted by agreements or legislation are accounted for as deferred revenue until used for the purpose specified. Expenses are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

Property tax revenue is based on assessments determined in accordance with Provincial legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded net of a provision for potential losses on outstanding assessment appeals and uncollected taxes. By their nature, these provisions are subject to measurement uncertainty and the impact on the financial statements of future periods could be material. Penalties on overdue taxes are recorded in the period levied.

Land sales are recognized in the financial statements as revenues in the period in which the contract is signed and the deposit is received.

- c) **Collection of funds for other authorities:** Collection of funds by the City for the school board are collected and remitted in accordance with relevant legislation. The amounts collected are disclosed in Note 3 and are not recorded in these financial statements.
- d) **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 as revenue in the period that the events giving rise to the transfer occur, providing:
 - a) the transfers are authorized
 - b) any eligibility criteria have been met; and
 - c) reasonable estimates of the amounts can be made.

Unearned government transfer amounts received will be recorded as deferred revenue.

Earned government transfer amounts not received will be recorded as an amount receivable.

- e) **Deferred Revenue -** 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 or services performed.
- f) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- g) **Net Financial Assets:** Net Financial Assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations.
- h) **Non-financial assets:** Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

The City of Warman
Notes to the Financial Statements
As at December 31, 2020

1. Significant accounting policies - continued

- i) **Appropriated Reserves:** Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 6.
- j) **Property Tax Revenue:** Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually by council following the guidance of the Government of Saskatchewan. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.
- k) **Investments:** Portfolio investments are valued at amortized cost using the effective interest method, less any provisions for other than temporary impairment.
- l) **Tangible Capital Assets:** All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The cost of tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The City's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
General Assets	
Land	Indefinite
Land Improvements	10 to 45 Years
Buildings	25 to 50 Years
Vehicles & Equipment	
Vehicles	10 to 25 Years
Machinery and Equipment	10 to 20 Years
Infrastructure Assets	
Infrastructure Assets	
Water & Sewer	45 to 75 Years
Road Network Assets	5 to 65 Years

Developer Contributed Assets: Developer contributed assets consist of tangible capital assets acquired/constructed and paid for by certain developers, with ownership and responsibility for ongoing maintenance transferring to the City upon completion of the respective development. These assets typically consist of road/street, and water and sewer infrastructure, and the value of these contributions are recorded by the City as a tangible capital asset and capital revenue in the year the assets are completed and transferred to the City based on the fair value of the asset contributed.

Government Contributions: Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

Works of Art: Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

Capitalization of Interest: The City does not capitalize interest incurred while a tangible capital asset is under construction.

- {m} **Leases:** All leases are recorded on the financial statement as either a capital or operating lease. Any lease that transfers the majority of benefits and risk associated with the leased asset is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital leases are amortized on a straight line basis, over their estimated useful lives (lease term). Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

The City of Warman
Notes to the Financial Statements
As at December 31, 2020

1. Significant accounting policies - continued

- n) **Measurement Uncertainty:** The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Key estimates include the collectability of accounts receivable, estimate of accrued liabilities, the useful lives of tangible capital assets, contaminated sites and environmental assessments, contingent liabilities and commitments.

Certain amounts of grant funding recognized as receivable and revenue in the year are based on management's best estimates as to the extent of the eligibility of various expenditures under the various funding programs for which the City has been approved. Final determination as to the actual amount of funding provided to the City under certain of these funding programs are made by government based on their evaluation of reports/claims provided to them by the City. It is possible, under certain funding programs for there to be differences between the amount of management's estimated funding earned under the programs and the actual funding received.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

- o) **Basis of Segmentation/Segment Report:** Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Interest is allocated to functions based on the purpose of specific borrowings.

The segments (functions) are as follows:

General Government: The general government segment provides for the administration of the City.

Protective Services: Protective services is comprised of expenses for police and fire protection.

- Transportation Services: The transportation services segment is responsible for the delivery of public works services related to the development and maintenance of roadway systems and street lighting.

Environmental and Public Health: The environmental segment provides waste disposal and other environmental services. The public health segment provides for expenses related to public health services in the City.

Planning and Development: The planning and development segment provides for neighborhood development and sustainability.

Recreation and Culture: The recreation and culture segment provides for community services through the provision of recreation and leisure services.

Utility Services: The utility services segment provides for delivery of water, collecting and treating of wastewater and providing collection and disposal of solid waste.

- p) **Liability for Contaminated Sites:** Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:
- i. an environmental standard exists;
 - ii. contamination exceeds the environmental standard;
 - iii. The City is directly responsible, or accepts responsibility for the contamination;
 - iv. it is expected that future economic benefits will be given up; and
 - v. a reasonable estimate of the expense can be made.

The City has assessed all potential contaminated sites and made provision for remediation per Note 6.

- q) **Landfill Liability:** The municipality does not maintain a waste disposal site. A former waste disposal site has been disclosed per note 6, Liability for Contaminated Sites.
- r) **Employee Benefit Plans:** Contributions to the municipality's defined benefit plans are expensed when contributions are made. Under the defined benefit plan, the municipality's obligations are limited to their contributions.
- s) **Budget Information:** Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on December 16, 2019.

The City of Warman
Notes to the Financial Statements
As at December 31, 2020

1. Significant accounting policies - continued

- t) **Future Accounting Standards:** The following new accounting standards were issued by the Public Sector Accounting Board (PSAB). The City continues to assess the impacts of the standards and the impact of these standards on the City's financial statements is unknown:

Effective for fiscal years beginning on or after April 1, 2022

PS 1201 - Financial Statement Presentation establishes general reporting principles and standards for the disclosure of information in government financial statements.

PS 2601 - Foreign Currency Translation establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.

PS 3041 - Portfolio investments establishes standards on how to account for and report portfolio investments in government financial statements.

PS 3280 - Asset Retirement Obligations establishes standards on how to account for and report a liability for asset retirement obligations.

PS 3450 - Financial Instruments establishes standards on how to account for and report all types of financial instruments including derivatives.

Effective for fiscal years beginning on or after April 1, 2023

PS 3400 - Revenue provides guidance on the recognition of revenue that distinguishes between revenue that arises from transactions that include performance obligations and from transactions that do not have performance obligations.

The City of Warman
Notes to the Financial Statements
As at December 31, 2020

2. Cash

	2020	2019
Cash	24,787,713	16,174,425
Total Cash	24,787,713	16,174,425

The City has an approved line of credit facility arranged with its financial institution with a maximum credit available of \$1,000,000, secured by a general security agreement. At December 31, 2020, \$nil was drawn on this line of credit (2019 - \$nil).

3. Taxes receivable

	2020	2019
Municipal - Current	122,975	248,384
- Arrears	346,845	380,647
	469,820	629,031
- Less Allowance for Uncollectibles	-	-
Total municipal taxes receivable	469,820	629,031
School - Current	48,115	128,165
- Arrears	203,320	224,162
Total school taxes receivable	251,435	352,327

Total taxes and grants in lieu receivable **721,255** **981,358**

Deduct taxes receivable to be collected on behalf of schools **(251,435)** **(352,327)**

Municipal and grants in lieu taxes receivable **469,820** **629,031**

4. Other Accounts Receivable

	2020	2019
Federal government	108,399	99,923
Provincial government	7,549	53,439
Utility	488,395	511,574
Trade	216,327	257,294
KH Developments - Off Site Development Fees	8,471,929	9,904,376
Allowance for uncollectables	-	-
Accrued interest and other	606,750	244,671
Total Other Accounts Receivable	9,899,349	11,071,277

5. Investments

	2020	2019
2 Year GIC maturing January 17th, 2022 at 2.45% annual interest	1,000,000	-
5 Year GIC maturing July 9th, 2020 at 2.27% annual interest	-	656,363
5 Year GIC maturing July 9th, 2021 at 2.08% annual interest	600,000	600,000
1 Year Flex Term maturing April 20, 2021 at 1.75% annual interest	2,003,931	-
1 Year GIC maturing March 10th, 2020 at 2.75% annual interest	-	2,000,000
5 Year GIC maturing July 9th, 2022 at 2.20% annual interest	600,000	600,000
1 Year GIC maturing May 24, 2020 at 2.40% annual interest	-	1,000,000
1 Year GIC maturing July 9th, 2020 at 2.15% annual interest	-	600,000
5 Year GIC maturing July 9th, 2024 at 2.45% annual interest	600,000	600,000
3 Year GIC maturing January 17th, 2023 at 2.50% annual interest	3,000,000	-
Total Investments	7,803,931	6,056,363

The City of Warman

Notes to the Financial Statements

As at December 31, 2020

6. Accounts Payable and Accrued Liabilities

	2020	2019
Accrued Salaries and Benefits	227,138	198,548
Trade Payables	1,527,278	1,358,305
RM of Corman Park Payable	523,821	-
Liability for Contaminated Sites	500,000	500,000
Total Accounts Payable and Accrued Liabilities	2,778,237	2,056,853

RM of Corman Park Agreement

The municipality recognizes a liability for the agreement entered into with Rural Municipality of Corman Park 344 for a cost sharing portion of paving Township Road 384. The final project share to the City was \$611,125, to be paid in seven equal interest free increments of \$87,304, with the first payment made in the 2020 fiscal year. The final payment will be made in 2027.

Liability for Contaminated Sites

The municipality recognizes and estimates a liability of \$500,000 (2019 - \$500,000), which is the estimated costs required for remediation of the old landfill/snow dump. The nature of the liability is a known soil contamination site, which is currently a pit filled with water that will require remediation.

7. Deferred Revenue

	2020	2019
Government of Saskatchewan - School Connections Grant	777,750	800,625
Municipal Gas Tax Funding Agreement	-	784,133
Municipal Economic Enhancement Program Funding	1,382,111	-
Other	40,152	54,710
Total Deferred Revenue	2,200,013	1,639,468

Amounts deferred under the Government of Saskatchewan - School Connections Grant relate to an upfront payment received whereby the City is required to provide services over a period of 40 years. \$22,875 is amortized on a straight-line basis each year into capital revenue until the year 2054.

Amounts deferred under the Municipal Gas Tax Funding Agreement and the Municipal Economic Enhancement Program are required to be spent on eligible project and eligible project costs outlined by the funding agreement. Amounts received in excess of eligible project costs incurred are deferred, and subsequently recognized when eligible project costs are incurred and the government transfer recognition criteria have been met.

8. Long-term Debt

The City's authorized debt limit is \$20,000,000.

Long Term Debt Consists of the following:

	2020	2019
5.67% fixed rate loan, repayable in equal monthly instalments of \$33,045 including interest, maturing on August 31, 2024 related to construction of the City's Legends Recreational Complex	1,309,288	1,621,970
3.42% fixed note loan repayable in equal monthly instalments of \$65,514 including interest, maturing on October 27th, 2021 related to construction of the City's Legends Recreational Complex	645,467	1,395,339
	1,954,755	3,017,309

The City of Warman
Notes to the Financial Statements
As at December 31, 2020

8. Long-term Debt - continued

Future principal and interest payments are as follows:

Year		Principal	Interest	Total
2021		975,751	75,931	1,051,681
2022		350,023	46,519	396,542
2023		370,394	26,150	396,544
2024		258,587	5,534	264,120
Balance		1,954,755	154,134	2,108,887

The City of Warman
Schedule of Tangible Capital Assets by Object
As at December 31, 2020

9. Tangible Capital Assets

		2020						2019	
		General Assets					Infrastructure Assets	General/ Infrastructure Assets Under Construction	Total
		Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets		Total
Assets	Asset cost								
	Opening Asset costs	3,843,672	13,908,527	31,417,951	5,675,224	3,541,961	184,009,696	1,211,611	243,608,642
	Additions during the year	-	14,840	-	71,556	285,512	842,171	331,416	1,545,495
	Disposals and write-downs during the year	-	-	-	(44,358)	(1,582)	-	(45,940)	(163,045)
	Transfers (from) assets under construction	-	-	-	-	-	838,202	(838,202)	-
Closing Asset Costs		3,843,672	13,923,367	31,417,951	5,702,422	3,825,891	185,690,069	704,825	245,108,197
Amortization	Accumulated Amortization Cost								
	Opening Accumulated Amortization Costs	-	3,096,624	5,760,879	2,473,403	1,545,694	45,807,440	-	58,684,040
	Add: Amortization taken	-	558,856	641,585	344,781	300,743	4,225,025	-	6,070,990
	Less: Accumulated amortization on disposals	-	-	-	(37,345)	(1,582)	-	-	(38,927)
	Closing Accumulated Amortization Costs	-	3,655,480	6,402,464	2,780,839	1,844,855	50,032,465	-	64,716,103
Net Book Value		3,843,672	10,267,887	25,015,487	2,921,583	1,981,036	135,657,604	704,825	180,392,094
									184,924,600

Contributed assets totaled \$673,153 (2019 - \$1,509,330) comprised of infrastructure contributed by developers and were capitalized at their fair value at time of receipt. The value of these contributed assets are included in Provincial/Federal Capital Grants and Contributions in the Statement of Operations.

The City of Warman
Schedule of Tangible Capital Assets by Function
As at December 31, 2020

9. Tangible Capital Assets - continued

		2020						2019		
		General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Total	Total
Assets	Asset cost									
	Opening Asset costs	2,432,882	4,665,951	105,512,958	1,559,061	268,203	45,025,796	84,143,792	243,608,643	240,809,353
	Additions during the year	20,078	84,641	443,308	-	-	166,981	830,486	1,545,494	2,962,335
	Disposals and write-downs during the year	-	-	(38,902)	-	-	(7,038)	-	(45,940)	(163,045)
Closing Asset Costs		2,452,960	4,750,592	105,917,364	1,559,061	268,203	45,185,739	84,974,278	245,108,197	243,608,643
Amortization	Accumulated Amortization Cost									
	Opening Accumulated Amortization Costs	792,547	1,149,967	34,641,717	383,121	200,940	8,326,509	13,189,239	58,684,040	52,846,982
	Add: Amortization taken	42,777	168,376	3,045,174	35,561	17,191	1,294,061	1,467,850	6,070,990	5,985,105
	Less: Accumulated amortization on disposals	-	-	(33,296)	-	-	(5,631)	-	(38,927)	(148,044)
Closing Accumulated Amortization Costs		835,324	1,318,343	37,653,595	418,682	218,131	9,614,939	14,657,089	64,716,103	58,684,043
Net Book Value		1,617,636	3,432,249	68,263,769	1,140,379	50,072	35,570,800	70,317,189	180,392,094	184,924,600

The City of Warman
Notes to the Financial Statements
As at December 31, 2020

10. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in an asset and revenue in the future. Significant contractual rights of the municipality are as follows:

Contractual Rights Type	Describe Nature Time and Extent	2021	2022	2023	2024	Thereafter	Current Year Total	Prior Year Total
Future Lease Revenue	Lease revenue for agreements with tenants at the Legend Centre	\$ 116,043	\$ 91,030	\$ 37,827	\$ 17,555	\$ 22,500	\$ 105,036	\$ 165,805
Future Lease Revenue	Lease revenue for agreements with tenants at other locations	\$ 6,125	\$ 1,320	\$ -	\$ -	\$ -	\$ 10,339	\$ 16,224
Total		\$ 122,168	\$ 92,350	\$ 37,827	\$ 17,555	\$ 22,500	\$ 115,375	\$ 182,029

Significant contractual rights of the Municipality for the gas funding allocation (GTF) are as follows:

Year	Per Capita	Estimated GTF Funding Allocation
2020-21	59.00	\$ 650,180
2021-22	61.80	\$ 681,036
2022-23	61.80	\$ 681,036
2023-24	64.20	\$ 707,484
Total		\$ 2,719,736

11. Pension Plan

The City of Warman is an employer member of the Municipal Employees Pension Plan ("MEPP"), which is a multiemployer defined benefit pension plan. The Commission of MEPP, representing plan member employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of benefits.

The City is required to make current service contributions to the MEPP of 9.0% of pensionable payroll. Employees of the City are required to make current service contributions of 9.% of pensionable salary. Contributions for current services are recorded as expenditures in the year in which they become due.

Total current service contributions were \$299,219 (\$299,436 in 2020). Total current service contributions by the employee to the MEPP would be equal to those contributions made by the City.

12. Future Capital Projects and Contractual Obligations

The City annually budgets for future capital projects. Significant capital projects budgeted for 2021 include:

City Yards Land Acquisition	750,000
Loader Replacement	250,000
Sidewalk Tractor	160,000
Legends Centre LED Gymnasium Lighting	135,000
Zamboni	140,000
384 Regional Paving	87,304
	<u>1,522,304</u>

The City's total capital budget for 2021 is \$1,909,804. Funding for the above projects is anticipated to be from the City's own municipal resources (including fees and charges).

The City of Warman
Notes to the Financial Statements
As at December 31, 2020

12. Future Capital Projects and Contractual Obligations - continued

During 2020, the City entered into an agreement to purchase a 2021 Freightliner Fire Truck (water tender) for a total cost of \$375,803.82, of which a deposit of \$84,640.50 was incurred as of December 31, 2020. The arrival of the fire truck, and final payment of \$291,163.32 was made in March of 2021.

During 2020, the City entered into an agreement with AECOM to provide Consulting Engineering Services for the Sewage Lagoon Upgrade Project. The value of the engineering services for the project is \$866,000, of which \$228,775 has been incurred in 2020. The anticipated completion date is September 30th, 2021.

During 2020, the City entered into an agreement with PME Inc. to provide Sewage Lagoon Upgrades, including Sludge Removal and Cell #1 Adjustments for a total cost of 1,948,065, of which \$0 has been incurred in 2020. The anticipated completion date is September 30th, 2021.

13. Covid-19

During the fiscal year, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the City in future periods.

The City of Warman

Schedule of Taxes and Other Unconditional Revenue

As at December 31, 2020

Schedule 1

Unaudited

	2020 Budget	2020	2019
TAXES			
General municipal tax levy	10,364,355	10,513,281	10,211,988
Abatements and adjustments	(200,000)	(150,858)	(57,239)
Net Municipal Taxes	10,164,355	10,362,423	10,154,749
Penalties on tax arrears	70,000	49,449	72,266
Total Taxes	10,234,355	10,411,872	10,227,015
UNCONDITIONAL GRANTS			
Equalization (Revenue Sharing)	2,410,000	2,418,296	2,208,182
Total Unconditional Grants	2,410,000	2,418,296	2,208,182
GRANTS IN LIEU OF TAXES			
Federal	4,800	4,880	4,815
Provincial			
SaskTel	10,000	10,789	10,716
Other Government Transfers			
SaskPower Corporation Surcharge	756,000	1,038,902	839,612
Total Grants in Lieu of Taxes	770,800	1,054,571	855,143
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	13,415,155	13,884,739	13,290,340

The City of Warman
Schedule of Operating and Capital Revenue by Function
As at December 31, 2020
Unaudited

Schedule 2 - 1

	2020 Budget	2020	2019
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Other	40,914	73,589	73,106
Total Fees and Charges	40,914	73,589	73,106
- Tangible capital asset sales - gain (loss)	-	-	-
- Land sales - gain			
- Investment income and commissions	280,000	452,906	349,900
Total Other Segmented Revenue	320,914	526,495	423,006
Total Conditional Grants	-	-	-
Total Operating Capital	320,914	526,495	423,006
Conditional Grants			
- Other	-	892,038	64,875
Total Capital	-	892,038	64,875
Total General Government Services	320,914	1,418,533	487,881

PROTECTIVE SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Other	93,700	154,379	124,312
Total Fees and Charges	93,700	154,379	124,312
- Tangible capital asset sales - gain (loss)	-	-	17,500
Total Other Segmented Revenue	93,700	154,379	141,812
Total Conditional Grants	-	-	-
Total Operating Capital	93,700	154,379	141,812
Conditional Grants			
- Local government	80,000	80,000	80,000
- Other		-	-
Total Capital	80,000	80,000	80,000
Total Protective Services	173,700	234,379	221,812

The City of Warman
Schedule of Operating and Capital Revenue by Function
As at December 31, 2020
Unaudited

Schedule 2 - 2

	2020 Budget	2020	2019
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	1,000	550	800
- Sales of supplies	-	599	896
- Other	-	-	-
Total Fees and Charges	1,000	1,149	1,696
- Tangible capital asset sales - gain (loss)	-	17,320	175
- Other (Specify)			
Total Other Segmented Revenue	1,000	18,469	1,871
Total Conditional Grants	-	-	-
Total Operating Capital	1,000	18,469	1,871
Conditional Grants			
- Gas Tax	650,180	1,759,403	213,228
- Other	-	673,153	1,509,330
Total Capital	650,180	2,432,556	1,722,558
Total Transportation Services	651,180	2,451,025	1,724,429

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	300,105	313,635	301,997
- Other	33,467	62,322	43,924
Total Fees and Charges	333,572	375,957	345,921
- Tangible capital asset sales - gain (loss)			
- Other			
Total Other Segmented Revenue	333,572	375,957	345,921
Conditional Grants			
- Other	42,020	104,121	114,762
Total Conditional Grants	42,020	104,121	114,762
Total Operating Capital	375,592	480,078	460,683
Total Capital	-	-	-
Total Environmental and Public Health Services	375,592	480,078	460,683

The City of Warman
Schedule of Operating and Capital Revenue by Function
As at December 31, 2020
Unaudited

Schedule 2 - 3

	2020 Budget	2020	2019
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges	-	-	-
- Other	229,000	189,379	227,493
Total Fees and Charges	229,000	189,379	227,493
- Other	-	-	-
Total Other Segmented Revenue	229,000	189,379	227,493
Total Conditional Grants	-	-	-
Total Operating	229,000	189,379	227,493
Total Capital	-	-	-
Total Planning and Development Services	229,000	189,379	227,493

RECREATION AND CULTURAL SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Other	1,568,791	1,059,937	1,659,799
Total Fees and Charges	1,568,791	1,059,937	1,659,799
- Tangible capital asset sales - gain (loss)	-	1,876	(15,000)
- Other			
Total Other Segmented Revenue	1,568,791	1,061,813	1,644,799
Conditional Grants			
- Local government	3,000	2,944	2,944
- Other	120,858	108,667	104,581
Total Conditional Grants	123,858	111,611	107,525
Total Operating	1,692,649	1,173,424	1,752,324
Capital			
Conditional Grants			
- Saskatchewan Infrastructure Growth Initiative	-	-	-
- Other (Capital Donations)	900	143	43,557
Total Capital	900	143	43,557
Total Recreation and Cultural Services	1,693,549	1,173,567	1,795,881

The City of Warman
Schedule of Operating and Capital Revenue by Function
As at December 31, 2020
Unaudited

Schedule 2 - 4

	2020 Budget	2020	2019
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	4,101,500	4,676,598	4,309,134
- Sewer	911,000	990,868	926,672
- Other (Specify)	24,000	9,280	32,755
Total Other Segmented Revenue	5,036,500	5,676,746	5,268,561
Total Conditional Grants	-	-	-
Total Operating	5,036,500	5,676,746	5,268,561
Capital			
Conditional Grants			
- Saskatchewan Infrastructure Growth Initiative	-	-	-
- Other (Capital Contributions - Developers)	-	-	-
Total Capital	-	-	-
Total Utility Services	5,036,500	5,676,746	5,268,561
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	8,480,435	11,623,707	10,186,740

SUMMARY

Total Other Segmented Revenue	7,583,477	8,003,238	8,053,463
Total Conditional Grants	165,878	215,732	222,287
Total Capital Grants and Contributions	731,080	3,404,737	1,910,990
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	8,480,435	11,623,707	10,186,740

The City of Warman
Total Expenses by Function
As at December 31, 2020
Unaudited

Schedule 3 - 1

	2020 Budget	2020	2019
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	222,650	215,785	240,805
Wages and benefits	1,005,664	911,671	875,525
Professional/Contractual services	528,680	418,343	402,829
Utilities	35,872	37,030	36,650
Maintenance, materials and supplies	84,500	83,734	49,005
Grants and contributions - operating	22,000	10,750	14,490
Write off of Equipment	-	-	-
Amortization	45,193	42,775	67,388
Interest	555	20	240
Total Government Services	1,945,114	1,720,108	1,686,932

PROTECTIVE SERVICES

Police protection

Wages and benefits	225,955	223,198	218,953
Professional/Contractual services	1,180,810	1,073,745	969,671
Utilities	11,500	10,535	11,329
Maintenance, material and supplies	13,300	13,061	9,906
Amortization	5,534	10,675	11,068

Fire protections

Wages and benefits	302,800	274,973	262,160
Professional/Contractual services	105,600	92,029	93,766
Utilities	21,200	23,021	23,557
Maintenance, material and supplies	91,000	64,925	73,193
Write off of Equipment	-	-	-
Amortization	73,580	157,702	157,465

Total Protective Services	2,031,279	1,943,864	1,831,068
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TRANSPORTATION SERVICES

Wages and benefits	774,261	616,989	580,127
Professional/Contractual Services	901,960	1,603,516	449,634
Utilities	189,600	243,547	210,256
Maintenance, materials, and supplies	315,600	249,682	272,115
Gravel	15,000	8,698	10,718
Write off of Equipment	-	-	-
Amortization	1,491,982	3,045,174	2,969,622

Total Transportation Services	3,688,403	5,767,606	4,492,472
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The City of Warman**Total Expenses by Function****As at December 31, 2020**

Schedule 3 - 2

Unaudited

	2020 Budget	2020	2019
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits	88,885	62,120	82,129
Professional/Contractual services	1,078,595	1,021,091	1,028,650
Utilities	1,000	599	720
Maintenance, materials and supplies	8,000	7,939	1,879
Write off of equipment	-	-	-
Amortization	17,850	35,561	35,703
Total Environmental and Public Health Services	1,194,330	1,127,310	1,149,081
PLANNING AND DEVELOPMENT SERVICES			
Wages and benefits	367,595	321,279	289,914
Professional/Contractual Services	472,000	252,060	478,714
Write off of equipment	-	-	-
Amortization	8,870	17,191	17,739
Other	20,600	10,840	20,197
Total Planning and Development Services	869,065	601,370	806,564
RECREATION AND CULTURAL SERVICES			
Wages and benefits	2,086,846	1,618,234	1,883,532
Professional/Contractual services	790,725	530,525	751,105
Utilities	574,445	518,246	572,000
Maintenance, materials and supplies	426,450	229,696	254,994
Grants and contributions - operating	86,258	65,050	85,408
Write off of equipment	-	-	-
Amortization	619,296	1,294,061	1,261,688
Interest	188,122	120,154	162,291
Allowance for uncollectibles	3,500	1,622	-
Total Recreation and Cultural Services	4,775,642	4,377,588	4,971,018

The City of Warman
Total Expenses by Function
As at December 31, 2020
Unaudited

Schedule 3 - 3

	2020 Budget	2020	2019
UTILITY SERVICES			
Wages and benefits	300,719	275,595	289,702
Professional/Contractual services	3,537,515	3,589,219	3,263,911
Utilities	99,410	85,646	88,654
Maintenance, materials and supplies	148,150	143,653	115,593
Amortization	673,060	1,467,851	1,464,432
Interest	-	-	-
Total Utility Services	4,758,854	5,561,964	5,222,292
 TOTAL EXPENSES BY FUNCTION			
	19,262,687	21,099,810	20,159,427

Schedule 4

Taxation and other unconditional revenue (Schedule 1)

The City of Warman
Schedule of Segment Disclosure by Function
As at December 31, 2019
Unaudited

Schedule 5

[illegible]

The City of Warman
Schedule of Accumulated Surplus
As at December 31, 2020
Unaudited

Schedule 6

	2019	Changes	2020
UNAPPROPRIATED SURPLUS	14,083,054	(678,715)	13,404,339
APPROPRIATED RESERVES			
Utility	4,722,482	5,905,584	10,628,066
Other	10,967,802	2,651,719	13,619,521
Total Appropriated	15,690,284	8,557,303	24,247,587
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Note 9)	184,924,600	(4,532,506)	180,392,094
Less: Related debt	(3,017,309)	1,062,554	(1,954,755)
Net Investment in Tangible Capital Assets	181,907,291	(3,469,952)	178,437,339
Total Accumulated Surplus	211,680,629	4,408,636	216,089,265

The City of Warman
Schedule of Mill Rates and Assessments
As at December 31, 2020
Unaudited

Schedule 7

	PROPERTY CLASS						Total
	Agriculture	Residential	Multi Residential	Seasonal Residential	Commercial & Industrial	Railway & Pipelines	
Taxable Assessment	941,600	1,123,544,868	134,795,600	-	182,275,400	788,000	1,442,345,468
Regional Park Assessment	-	-	-	-	-	-	-
Total Assessment	-	-	-	-	-	-	1,442,345,468
Mill Rate Factor(s)	0.48	-	-	-	0.87	1.18	-
Total Base/Minimum Tax (generated for each property class)	3,075	2,042,740	333,575	-	147,455	-	2,526,845
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	5,669	8,346,023	1,107,302	-	1,048,901	5,349	10,513,244

MILL RATES:

MILLS

Average Municipal*	7.29
Average School*	3.48
Uniform Municipal Mill Rate	6.50

* Average Mill Rates - multiply the total tax levy for each taxing authority by 1000 and divide by the total assessment for the taxing authority.

The City of Warman
Schedule of Council Remuneration
As at December 31, 2020
Unaudited

Schedule 8

Position	Name	Remuneration	Reimbursed Costs	Total
Mayor	Spence, Sheryl	49,631	5,290	54,921
Mayor	Philipchuk, Gary	28,397	2,200	30,597
Councillor	Beck, Richard	20,276	2,026	22,302
Councillor	Peterson, Trevor	18,280	1,441	19,721
Councillor	Tooley, Kevin	21,869	1,822	23,691
Councillor	Shram, Kendall	16,542	2,627	19,169
Councillor	Jones, Brian	13,286	931	14,217
Councillor	Johnson, Tracy	2,717	-	2,717
Councillor	Ramage, Doug	2,517	-	2,517
Councillor	Seed, Marshall	2,657	-	2,657
Total		176,172	16,337	192,509