

VILLAGE OF MANNVILLE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Mannville (the Municipality) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the municipality's financial position as at December 31, 2019 and the results of its operations for the year then ended.

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

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

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

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

The council carried out its responsibilities for review of the financial statements principally through its oversight procedures. Council meets regularly with management and external auditors to discuss the results of the audit examination and financial reporting matters.

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

The financial statements have been audited by JMD Group LLP Chartered Accountants, the independent external auditors appointed by the council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the municipality's financial statements.



Chief Administrative Officer

February 18, 2020

Date



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of the Village of Mannville (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, changes in net financial assets, and cash flows and schedules 1 to 7 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


St. Paul, Alberta
February 18, 2020


JMD Group LLP
CHARTERED ACCOUNTANTS

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

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash (note 2)	\$ 1,883,455	\$ 1,658,243
Taxes receivable (note 3)	134,762	125,030
Receivable from other governments	124,085	20,471
Trade and other receivables	77,757	75,346
Inventory held for resale	3,895	9,446
Land held for resale	78,627	78,627
Long-term investments (note 4)	<u>255</u>	<u>8,165</u>
	<u>2,302,836</u>	<u>1,975,328</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	173,070	159,358
Tax sale surplus	12,381	12,381
Landfill closure and post-closure liability (note 6)	215,115	190,115
Deferred revenue (note 7)	313,106	200,081
Long-term debt (note 8)	<u>578,438</u>	<u>667,143</u>
	<u>1,292,110</u>	<u>1,229,078</u>
Net financial assets	<u>1,010,726</u>	<u>746,250</u>
Non-financial assets		
Tangible capital assets (schedule 2)	9,771,274	9,438,872
Inventory	13,707	13,707
Prepaid expenses	<u>729</u>	<u>474</u>
	<u>9,785,710</u>	<u>9,453,053</u>
Accumulated surplus (schedule 1, note 11)	\$ <u>10,796,436</u>	\$ <u>10,199,303</u>

Approved by:



Mayor

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

	<u>Budget</u> (unaudited)	<u>2019</u>	<u>2018</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 805,835	\$ 808,201	\$ 838,649
Sales and user fees	929,001	1,028,941	991,395
Government transfers for operations (schedule 4)	344,779	301,745	374,751
Investment income	16,000	12,695	18,430
Penalties and costs on taxes	22,000	27,375	30,528
Rentals	31,218	38,519	31,660
Franchise revenues	111,512	107,994	103,672
Licenses and permits	2,300	1,630	2,982
Insurance proceeds	--	52,359	--
Other	<u>10,201</u>	<u>10,151</u>	<u>12,480</u>
	<u>2,272,846</u>	<u>2,389,610</u>	<u>2,404,547</u>
Expenses			
Administration and legislative	488,855	441,521	409,966
Protective services	121,290	79,162	112,030
Bylaw enforcement	12,300	8,193	9,588
Roads, streets, walks, lighting	543,184	494,458	487,791
Water supply and distribution	366,095	347,297	350,867
Wastewater treatment and disposal	190,786	152,384	162,446
Waste management	131,284	142,499	131,892
Family and community support services	120,671	120,670	127,827
Cemetery	14,554	10,296	11,603
Planning and development	9,625	6,747	6,738
Recreation and culture	212,700	192,406	208,464
Golf course (schedule 7)	<u>518,876</u>	<u>497,280</u>	<u>471,026</u>
	<u>2,730,220</u>	<u>2,492,913</u>	<u>2,490,238</u>
Deficiency of revenue over expenses before other	(457,374)	(103,303)	(85,691)
Other			
Government transfers for capital (schedule 4)	696,500	670,130	149,161
Gain (loss) on disposal of tangible capital assets	<u>4,750</u>	<u>30,306</u>	<u>--</u>
Excess of revenue over expenses	243,876	597,133	63,470
Accumulated surplus, beginning of year	<u>10,199,303</u>	<u>10,199,303</u>	<u>10,135,833</u>
Accumulated surplus, end of year	\$ <u>10,443,179</u>	\$ <u>10,796,436</u>	\$ <u>10,199,303</u>

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

	<u>Budget</u> (unaudited)	<u>2019</u>	<u>2018</u>
Excess of revenue over expenses	\$ <u>243,876</u>	\$ <u>597,133</u>	\$ <u>63,470</u>
Acquisition of tangible capital assets	(762,500)	(737,466)	(221,564)
(Gain) loss on disposal	(4,750)	(30,306)	--
Proceeds on disposition	4,750	41,853	--
Amortization of tangible capital assets	<u>424,557</u>	<u>393,517</u>	<u>424,557</u>
	<u>(337,943)</u>	<u>(332,402)</u>	<u>202,993</u>
Acquisition of prepaid expenses	--	(729)	(474)
Use of prepaid expenses	<u>--</u>	<u>474</u>	<u>474</u>
	<u>--</u>	<u>(255)</u>	<u>--</u>
Increase in net financial assets	(94,067)	264,476	266,463
Net financial assets, beginning of year	<u>746,250</u>	<u>746,250</u>	<u>479,787</u>
Net financial assets, end of year	\$ <u>652,183</u>	\$ <u>1,010,726</u>	\$ <u>746,250</u>

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

	<u>2019</u>	<u>2018</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenses	\$ 597,133	\$ 63,470
Non-cash items included		
Amortization of tangible capital assets	393,517	424,557
(Gain) loss on disposal of tangible capital assets	(30,306)	--
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes receivable	(9,732)	12,170
Receivables from other governments	(103,614)	213,996
Trade and other receivables	(2,410)	(9,085)
Inventory held for resale	5,551	(8,562)
Prepaid expenses	(255)	--
Increase (decrease) in		
Accounts payable and accrued liabilities	13,712	17,840
Landfill closure & post-closure liability	25,000	--
Deferred revenue	<u>113,025</u>	<u>(148,261)</u>
Net cash from operations	<u>1,001,621</u>	<u>566,125</u>
Capital		
Acquisition of tangible capital assets	(737,466)	(221,564)
Proceeds of disposition	<u>41,853</u>	<u>--</u>
	<u>(695,613)</u>	<u>(221,564)</u>
Investing		
Decrease (increase) in investments	7,910	(84)
Decrease (increase) in restricted cash	<u>(63,025)</u>	<u>(200,081)</u>
	<u>(55,115)</u>	<u>(200,165)</u>
Financing		
Repayment of long-term debt	<u>(88,706)</u>	<u>(86,275)</u>
Change in cash during the year	162,187	58,121
Cash, beginning of year	<u>1,458,162</u>	<u>1,400,041</u>
Cash, end of year	\$ <u>1,620,349</u>	\$ <u>1,458,162</u>
Cash is made up of:		
Cash (note 2)	\$ 1,883,455	\$ 1,658,243
Less restricted portion	<u>(263,106)</u>	<u>(200,081)</u>
	\$ <u>1,620,349</u>	\$ <u>1,458,162</u>

VILLAGE OF MANNVILLE
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Unrestricted Surplus</u>	<u>Restricted Surplus</u>	<u>Equity in Tangible Capital Assets</u>	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ <u>324,893</u>	\$ <u>1,102,681</u>	\$ <u>8,771,729</u>	\$ <u>10,199,303</u>	\$ <u>10,135,833</u>
Excess of revenues over expenses	597,133	--	--	597,133	63,470
Unrestricted funds designated for future use	(138,611)	138,611	--	--	--
Current year funds used for tangible capital assets	(737,466)	--	737,466	--	--
Proceeds on disposition of tangible capital assets	41,853	--	(41,853)	--	--
Gain on disposal of tangible capital assets	(30,306)	--	30,306	--	--
Annual amortization expense	393,517	--	(393,517)	--	--
Long-term debt repaid	<u>(88,705)</u>	<u>---</u>	<u>88,705</u>	<u>---</u>	<u>---</u>
Change in accumulated surplus	<u>37,415</u>	<u>138,611</u>	<u>421,107</u>	<u>597,133</u>	<u>63,470</u>
Balance, end of year	\$ <u>362,308</u>	\$ <u>1,241,292</u>	\$ <u>9,192,836</u>	\$ <u>10,796,436</u>	\$ <u>10,199,303</u>

VILLAGE OF MANNVILLE
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2019</u>	<u>2018</u>
Cost								
Balance, beginning of year	\$ 420,874	\$ 859,294	\$ 6,326,672	\$ 10,236,324	\$ 1,118,703	\$ 161,335	\$ 19,123,202	\$ 18,908,793
Acquisition of tangible capital assets	--	27,197	19,441	604,155	86,673	--	737,466	221,564
Disposition of tangible capital assets	--	--	--	--	(21,425)	--	(21,425)	(7,155)
Balance, end of year	<u>420,874</u>	<u>886,491</u>	<u>6,346,113</u>	<u>10,840,479</u>	<u>1,183,951</u>	<u>161,335</u>	<u>19,839,243</u>	<u>19,123,202</u>
Accumulated amortization								
Balance, beginning of year	--	261,446	3,542,277	4,927,648	808,628	144,331	9,684,330	9,266,928
Annual amortization	--	19,095	124,359	198,132	48,374	3,557	393,517	424,557
Accumulated amortization on disposals	--	--	--	--	(9,878)	--	(9,878)	(7,155)
Balance, end of year	--	<u>280,541</u>	<u>3,666,636</u>	<u>5,125,780</u>	<u>847,124</u>	<u>147,888</u>	<u>10,067,969</u>	<u>9,684,330</u>
Net book value of tangible capital assets	<u>\$ 420,874</u>	<u>\$ 605,950</u>	<u>\$ 2,679,477</u>	<u>\$ 5,714,699</u>	<u>\$ 336,827</u>	<u>\$ 13,447</u>	<u>\$ 9,771,274</u>	<u>\$ 9,438,872</u>
2018 Net book value of tangible capital assets	<u>\$ 420,874</u>	<u>\$ 597,848</u>	<u>\$ 2,784,395</u>	<u>\$ 5,308,676</u>	<u>\$ 310,075</u>	<u>\$ 17,004</u>	<u>\$ 9,438,872</u>	

**VILLAGE OF MANNVILLE
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u> (unaudited)	<u>2019</u>	<u>2018</u>
Taxation			
Residential	\$ 747,424	\$ 749,006	\$ 732,744
Commercial	167,602	168,001	228,337
Linear property	<u>54,000</u>	<u>54,024</u>	<u>40,649</u>
	<u>969,026</u>	<u>971,031</u>	<u>1,001,730</u>
Requisitions			
Alberta School Foundation Fund	154,918	154,557	154,918
MD of Minburn Foundation	8,105	8,103	8,107
Designated Industrial Property	<u>168</u>	<u>170</u>	<u>56</u>
	<u>163,191</u>	<u>162,830</u>	<u>163,081</u>
Net taxes for general municipal operations	\$ <u>805,835</u>	\$ <u>808,201</u>	\$ <u>838,649</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Federal	\$ 4,864	\$ 10,000	\$ 12,063
Provincial	251,945	210,988	275,123
Local governments	<u>87,970</u>	<u>80,757</u>	<u>87,565</u>
	344,779	301,745	374,751
Transfers for capital			
Provincial	<u>696,500</u>	<u>670,130</u>	<u>149,161</u>
Total government transfers	\$ <u>1,041,279</u>	\$ <u>971,875</u>	\$ <u>523,912</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 815,900	\$ 775,872	\$ 742,055
Contracted and general services	565,143	423,634	428,174
Purchases from other governments	260,800	276,042	238,216
Materials, goods, supplies and utilities	411,066	359,431	355,514
Provision for allowances	2,000	14,000	--
Transfers to other governments	50,000	49,956	68,816
Transfers to local boards and organizations	171,252	171,252	202,446
Bank charges and short-term interest	10,500	10,578	9,389
Interest on long-term debt	19,002	18,631	21,071
Amortization	<u>424,557</u>	<u>393,517</u>	<u>424,557</u>
Total expenses	\$ <u>2,730,220</u>	\$ <u>2,492,913</u>	\$ <u>2,490,238</u>

VILLAGE OF MANNVILLE
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2019

Revenue	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Public Health</u>	<u>Planning and Development</u>	<u>Recreation and Culture</u>	<u>Total</u>
Net municipal taxes	\$ 808,201	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 808,201
User fees and sales of goods	--	1,216	275	608,464	4,226	--	414,760	1,028,941
Government transfers – operations	27,763	77,265	4,200	--	113,217	--	79,300	301,745
Government transfers - capital	10,520	19,075	541,657	39,066	--	--	59,812	670,130
Investment income	12,695	--	--	--	--	--	--	12,695
Other revenues	<u>157,074</u>	<u>5,909</u>	<u>30,356</u>	<u>2,901</u>	<u>420</u>	<u>6,887</u>	<u>64,787</u>	<u>268,334</u>
	<u>1,016,253</u>	<u>103,465</u>	<u>576,488</u>	<u>650,431</u>	<u>117,863</u>	<u>6,887</u>	<u>618,659</u>	<u>3,090,046</u>
Expenses								
Salaries, wages and benefits	294,942	32,332	137,871	93,335	--	--	217,392	775,872
Contract and general services	104,667	25,489	55,774	188,349	11,634	6,747	115,763	508,423
Materials, goods, supplies and utilities	16,764	19,821	144,702	216,817	--	--	152,580	550,684
Transfers to others	--	--	--	49,956	119,332	--	51,920	221,208
Long-term debt interest	--	--	--	17,948	--	--	683	18,631
Other expenses	<u>18,603</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,975</u>	<u>24,578</u>
	<u>434,976</u>	<u>77,642</u>	<u>338,347</u>	<u>566,405</u>	<u>130,966</u>	<u>6,747</u>	<u>544,313</u>	<u>2,099,396</u>
Net revenue before amortization	581,277	25,823	238,141	84,026	(13,103)	140	74,346	990,650
Amortization expense	<u>(6,545)</u>	<u>(9,713)</u>	<u>(156,111)</u>	<u>(75,775)</u>	<u>--</u>	<u>--</u>	<u>(145,373)</u>	<u>(393,517)</u>
Net revenue	<u>\$ 574,732</u>	<u>\$ 16,110</u>	<u>\$ 82,030</u>	<u>\$ 8,251</u>	<u>\$ (13,103)</u>	<u>\$ 140</u>	<u>\$ (71,027)</u>	<u>\$ 597,133</u>

VILLAGE OF MANNVILLE
SCHEDULE 7 – GOLF COURSE STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budget</u> (unaudited)	<u>2019</u>	<u>2018</u>
Revenue			
Fees and rentals	\$ 209,405	\$ 200,863	\$ 159,661
Insurance proceeds	--	52,359	--
Sale of confections	140,000	125,706	113,730
Camping	70,000	73,742	64,553
Sale of merchandise	23,800	23,042	20,227
Government transfers for operations	<u>39,832</u>	<u>38,200</u>	<u>39,832</u>
	<u>483,037</u>	<u>513,912</u>	<u>398,003</u>
Expenses			
Wages and benefits	223,000	217,392	197,255
Confections	74,500	63,048	58,685
Equipment rentals	48,101	55,470	48,101
Amortization	42,538	42,616	42,538
Utilities	45,000	41,633	38,119
Repairs and maintenance	24,000	16,434	35,217
Supplies	25,400	26,599	18,764
Merchandise	14,000	14,521	10,581
Insurance	3,319	3,318	6,411
Bank charges	5,000	5,993	4,988
Advertising	8,450	5,523	4,723
Freight and telephone	3,950	3,417	3,831
Property taxes	800	633	677
Interest on long-term debt	<u>818</u>	<u>683</u>	<u>1,136</u>
	<u>518,876</u>	<u>497,280</u>	<u>471,026</u>
Excess (deficiency) of revenue over expenses			
- before other	(35,839)	16,632	(73,023)
Other			
Government transfers for capital	<u>34,000</u>	<u>25,324</u>	<u>3,500</u>
Excess (deficiency) of revenues over expenses	\$ <u>(1,839)</u>	\$ <u>41,956</u>	\$ <u>(69,523)</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. Significant Accounting Policies

The consolidated financial statements of the Village of Mannville are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 expenses, 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 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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses 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.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. Significant Accounting Policies (continued)

(d) Cash

Cash is defined as petty cash, cash in chequing and savings accounts adjusted for outstanding cheques and deposits.

(e) 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.

(f) Inventories Held for Resale

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

(g) 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.

(h) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(i) 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.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. Significant Accounting Policies (continued)

(i) Government Transfers (continued)

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.

(j) Landfill Closure and Post-closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the municipality is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping as well as surface and ground water monitoring, leachate control and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

(k) 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 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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings	25-50
Engineered structures	
Water system	35-75
Wastewater system	35-75
Other engineered structures	20-60
Machinery and equipment	5-40
Vehicles	10-20
Land improvements	10-25

No amortization is charged in the year of acquisition or in the year of disposal. 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.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. Significant Accounting Policies (continued)

(k) Non-Financial Assets (continued)

(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.

(l) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

2. Cash	<u>2019</u>	<u>2018</u>
Petty cash	\$ 250	\$ 130
Credit Union current account	632,065	511,681
Savings accounts	1,237,697	1,133,138
Trust account	<u>13,443</u>	<u>13,294</u>
	\$ <u>1,883,455</u>	\$ <u>1,658,243</u>

Council has designated \$1,241,292 (2018 - \$1,102,681) to fund the reserves.

Included in cash is a restricted amount of \$263,106 (2018 - \$200,081) comprised of deferred revenue received and not expended (see Note 7).

3. Taxes Receivable	<u>2019</u>	<u>2018</u>
Current	\$ 120,056	\$ 100,560
Arrears	59,706	55,470
Allowance	<u>(45,000)</u>	<u>(31,000)</u>
	\$ <u>134,762</u>	\$ <u>125,030</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

4. Long-Term Investments	2019		2018	
	Cost	Market Value	Cost	Market Value
Credit Union shares	\$ 255	\$ 255	\$ 245	\$ 245
East-Alta Co-op	--	--	<u>7,920</u>	<u>7,920</u>
	<u>\$ 255</u>	<u>\$ 255</u>	<u>\$ 8,165</u>	<u>\$ 8,165</u>

5. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation liability of \$37,627 (2018 - \$24,762). The vacation liability is comprised of the vacation that employees have earned and are entitled to within the next budgetary year.

6. Landfill Closure and Post-Closure Liability

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

The accrued liabilities for closure and post-closure care of the municipality's landfill site is recognized over the life of the site, using the net present value of the total estimated costs of closure and post-closure care, prorated on the basis of the current capacity, in cubic meters, utilized over the total estimated capacity of the site. The net present value or the estimated closure and post-closure costs were calculated using a rate of return equal to 6.25%.

All partner municipalities of the Mannville landfill site formed East Regional Waste Transfer Station in 2013. Reclamation of the Mannville landfill site has not yet commenced.

The municipality has designated some assets for settling closure and post-closure liabilities. The following summarizes the total net present value of the estimated costs for closure and post-closure:

	<u>2019</u>	<u>2018</u>
Estimated closure costs	\$ 100,332	\$ 100,332
Estimated post-closure costs	<u>540,805</u>	<u>540,805</u>
Estimated total liability	<u>\$ 641,137</u>	<u>\$ 641,137</u>
Amount accrued to December 31	<u>\$ 215,115</u>	<u>\$ 190,115</u>
Balance of estimated costs to accrue	<u>\$ 426,022</u>	<u>\$ 451,022</u>

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

7. Deferred Revenue	<u>2019</u>	<u>2018</u>
MSI Capital	\$ 206,200	\$ 175,571
Federal Gas Tax Fund	50,000	--
ACP – Intermunicipal Collaboration Framework	26,186	--
EMPP – Emergency Management Preparedness	4,492	--
Communities in Bloom	20,500	21,000
Other	<u>5,728</u>	<u>3,510</u>
	<u>\$ 313,106</u>	<u>\$ 200,081</u>

Funding in the amount of \$972,154 was received in the current year from various federal and provincial government programs and local governments. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements. Unexpended funds related to these advances and other deferred revenue are supported by funds in savings accounts of \$263,106.

8. Long-Term Debt	<u>2019</u>	<u>2018</u>
Tax supported debentures	\$ 16,432	\$ 32,402
Supported by utility rates	<u>562,006</u>	<u>634,741</u>
	<u>\$ 578,438</u>	<u>\$ 667,143</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 91,206	\$ 16,501	\$ 107,707
2021	76,871	14,049	90,920
2022	79,028	11,892	90,920
2023	66,090	9,673	75,763
2024	52,707	7,898	60,605
Thereafter	<u>212,536</u>	<u>14,480</u>	<u>227,016</u>
	<u>\$ 578,438</u>	<u>\$ 74,493</u>	<u>\$ 652,931</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.229% to 3.295% per annum and matures in periods 2020 through 2028. The average annual interest rate is 2.992% for 2019 (2.967% for 2018).

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

Interest on long-term debt amounted to \$18,631 (2018 - \$21,071).

The municipality's total cash payments for interest in 2019 were \$19,002 (2018 - \$21,432).

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

9. 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 municipality be disclosed as follows:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 3,629,874	\$ 3,606,821
Total debt	<u>(578,438)</u>	<u>(667,143)</u>
Amount of debt limit unused	\$ <u>3,051,436</u>	\$ <u>2,939,678</u>
Debt servicing limit	\$ 604,979	\$ 601,137
Debt servicing	<u>(107,707)</u>	<u>(107,707)</u>
Amount of debt servicing limit unused	\$ <u>497,272</u>	\$ <u>493,430</u>

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.

10. Equity in Tangible Capital Assets

	<u>2019</u>	<u>2018</u>
Tangible capital assets (schedule 2)	\$ 19,839,243	\$ 19,123,202
Accumulated amortization (schedule 2)	(10,067,969)	(9,684,330)
Long-term debt (note 8)	<u>(578,438)</u>	<u>(667,143)</u>
	\$ <u>9,192,836</u>	\$ <u>8,771,729</u>

11. Accumulated Surplus

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

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	\$ 362,308	\$ 324,893
Restricted surplus		
Equipment replacement	425,678	425,678
Cemetery contributions	9,000	9,000
Internet reserve	7,323	7,323
Water capital reserve	417,200	325,112
Sewer capital reserve	382,091	335,568
Equity in tangible capital assets (note 10)	<u>9,192,836</u>	<u>8,771,729</u>
	\$ <u>10,796,436</u>	\$ <u>10,199,303</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

12. Segmented Disclosure

The municipality provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

Refer to Schedule 6 - Segmented Disclosure.

13. Salary and Benefits Disclosure

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

	2019			2018
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Council				
Smith	\$ 10,225	\$ 996	\$ 11,221	\$ 10,903
Bielesch	7,950	837	8,787	8,763
Lanovaz	8,600	869	9,469	9,089
McLuckie	9,050	600	9,650	10,375
Jackson	8,050	843	8,893	9,027
CAO				
Quickstad	89,500	8,185	97,685	104,050
Designated Officer (contract)	11,264	--	11,264	11,036

⁽¹⁾ Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, fire 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 cell phone reimbursement, pension and health plans.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

14. Commitment

The Village of Mannville has entered into three year contracts with Wainwright Assessment Group and JMD Group LLP. These contracts expire in 2019.

15. Lease Commitments

The village has committed to making lease payments of \$24,052 in 2020 for equipment for the golf course.

16. Contaminated Sites Liability

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2019 (2018 – nil) as a result of this standard.

17. Financial Instruments

The municipality's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, trust liability, and obligations under capital leases. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The municipality 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 municipality 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.

18. Approval of Financial Statements

Council has approved these financial statements.

19. Budget Amounts

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

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

20. Recent Accounting Pronouncements Published But Not Yet Adopted

- (a) PSAS Section 1201, Financial Statement Presentation
Revised standard is effective beginning on or after April 1, 2021, when sections PS2601 and PS3450 are adopted.
- (b) PSAS Section 2601, Foreign Currency Transaction
PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements. It applies to years beginning on or after April 1, 2021.
- (c) PSAS Section 3041, Portfolio Investments
This standard addresses the distinction between temporary and portfolio investments. The standard is effective beginning on or after April 1, 2021, when sections PS1201, PS2601 and PS3450 are adopted.
- (d) PSAS Section 3280, Asset Retirement Obligations
This standard is intended to provide guidance on accounting for asset retirement obligations and will apply in years beginning on or after April 1, 2021.
- (e) PSAS Section 3400, Revenue
This standard will provide greater clarity on the difference between exchange and non-exchange transactions. It applies in years beginning on or after April 1, 2022.
- (f) PSAS Section 3450, Financial Instruments
This standard establishes recognition, measurement and disclosure requirements for derivative and non- derivative financial instruments. It applies to years beginning on or after April 1, 2021.