

VILLAGE OF MANNVILLE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2020



VILLAGE OF MANNVILLE

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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, 2020 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 carries 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 Professional 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 16, 2021

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, 2020, 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, 2020, 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 16, 2021


Chartered Professional Accountants

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash (note 2)	\$ 2,120,733	\$ 1,883,455
Taxes receivable (note 3)	156,117	134,762
Receivable from other governments	411,134	124,085
Trade and other receivables	77,120	77,757
Inventory held for resale	3,536	3,895
Land held for resale	78,627	78,627
Credit Union shares	<u>262</u>	<u>255</u>
	<u>2,847,529</u>	<u>2,302,836</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	183,514	173,070
Tax sale surplus	12,381	12,381
Landfill closure and post-closure liability (note 5)	240,115	215,115
Deferred revenue (note 6)	545,507	313,106
Long-term debt (note 7)	<u>487,232</u>	<u>578,438</u>
	<u>1,468,749</u>	<u>1,292,110</u>
Net financial assets	<u>1,378,780</u>	<u>1,010,726</u>
Non-financial assets		
Tangible capital assets (schedule 2)	9,531,138	9,771,274
Inventory	15,000	13,707
Prepaid expenses	<u>729</u>	<u>729</u>
	<u>9,546,867</u>	<u>9,785,710</u>
Accumulated surplus (schedule 1, note 10)	\$ <u>10,925,647</u>	\$ <u>10,796,436</u>

Approved by:



Mayor

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 824,888	\$ 824,531	\$ 808,201
Sales and user fees	686,623	1,103,194	1,028,941
Government transfers for operations (schedule 4)	315,066	389,180	301,745
Investment income	13,000	8,960	12,695
Penalties and costs on taxes	25,000	23,384	27,375
Rentals	20,848	28,830	38,519
Franchise revenues	109,275	132,339	107,994
Licenses and permits	1,650	2,340	1,630
Insurance proceeds	22,680	51,379	52,359
Other	<u>24,501</u>	<u>11,071</u>	<u>10,151</u>
	<u>2,043,531</u>	<u>2,575,208</u>	<u>2,389,610</u>
Expenses			
Administration and legislative	477,019	462,833	441,521
Protective services	113,325	98,154	79,162
Bylaw enforcement	10,700	8,081	8,193
Roads, streets, walks, lighting	505,414	483,644	494,458
Water supply and distribution	358,891	339,651	347,297
Wastewater treatment and disposal	153,681	137,263	152,384
Waste management	146,084	148,581	142,499
Family and community support services	120,551	113,919	120,670
Cemetery	12,058	8,291	10,296
Planning and development	10,127	5,460	6,747
Recreation and culture	201,760	212,892	192,406
Golf course (schedule 7)	<u>424,066</u>	<u>566,604</u>	<u>497,280</u>
	<u>2,533,676</u>	<u>2,585,373</u>	<u>2,492,913</u>
Deficiency of revenue over expenses before other	(490,145)	(10,165)	(103,303)
Other			
Government transfers for capital (schedule 4)	140,785	139,376	670,130
Gain (loss) on disposal of tangible capital assets	<u>—</u>	<u>--</u>	<u>30,306</u>
Excess (deficiency) of revenue over expenses	(349,360)	129,211	597,133
Accumulated surplus, beginning of year	<u>10,796,436</u>	<u>10,796,436</u>	<u>10,199,303</u>
Accumulated surplus, end of year	\$ <u>10,447,076</u>	\$ <u>10,925,647</u>	\$ <u>10,796,436</u>

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Excess (deficiency) of revenue over expenses	\$ <u>(349,360)</u>	\$ <u>129,211</u>	\$ <u>597,133</u>
Acquisition of tangible capital assets	(140,785)	(178,738)	(737,466)
(Gain) loss on disposal	--	--	(30,306)
Proceeds on disposition	--	--	41,853
Amortization of tangible capital assets	<u>393,516</u>	<u>418,874</u>	<u>393,517</u>
	<u>252,731</u>	<u>240,136</u>	<u>(332,402)</u>
Acquisition of inventory	--	(5,000)	--
Use of inventory	--	3,707	--
Acquisition of prepaid expenses	--	(729)	(729)
Use of prepaid expenses	<u>--</u>	<u>729</u>	<u>474</u>
	<u>--</u>	<u>(1,293)</u>	<u>(255)</u>
Increase in net financial assets	(96,629)	368,054	264,476
Net financial assets, beginning of year	<u>1,010,726</u>	<u>1,010,726</u>	<u>746,250</u>
Net financial assets, end of year	\$ <u>914,097</u>	\$ <u>1,378,780</u>	\$ <u>1,010,726</u>

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenses	\$ 129,211	\$ 597,133
Non-cash items included		
Amortization of tangible capital assets	418,874	393,517
(Gain) loss on disposal of tangible capital assets	--	(30,306)
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes receivable	(21,355)	(9,732)
Receivables from other governments	(287,049)	(103,614)
Trade and other receivables	637	(2,410)
Inventory held for resale	359	5,551
Inventory for consumption	(1,293)	--
Prepaid expenses	--	(255)
Increase (decrease) in		
Accounts payable and accrued liabilities	10,444	13,712
Landfill closure & post-closure liability	25,000	25,000
Deferred revenue	<u>232,401</u>	<u>113,025</u>
Net cash from operations	<u>507,229</u>	<u>1,001,621</u>
Capital		
Acquisition of tangible capital assets	(178,738)	(737,466)
Proceeds of disposition	<u>--</u>	<u>41,853</u>
	<u>(178,738)</u>	<u>(695,613)</u>
Investing		
Decrease (increase) in investments	(7)	7,910
Decrease (increase) in restricted cash	<u>86,438</u>	<u>(63,025)</u>
	<u>86,431</u>	<u>(55,115)</u>
Financing		
Repayment of long-term debt	<u>(91,206)</u>	<u>(88,706)</u>
Change in cash during the year	323,716	162,187
Cash, beginning of year	<u>1,620,349</u>	<u>1,458,162</u>
Cash, end of year	<u>\$ 1,944,065</u>	<u>\$ 1,620,349</u>
Cash is made up of:		
Cash (note 2)	\$ 2,120,733	\$ 1,883,455
Less restricted portion	<u>(176,668)</u>	<u>(263,106)</u>
	<u>\$ 1,944,065</u>	<u>\$ 1,620,349</u>

VILLAGE OF MANNVILLE
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
Balance, beginning 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>
Excess of revenues over expenses	129,211	--	--	129,211	597,133
Funds designated for future use	(139,479)	139,479	--	--	--
Current year funds used for tangible capital assets	(178,738)	--	178,738	--	--
Annual amortization expense	418,874	--	(418,874)	--	--
Long-term debt repaid	<u>(91,206)</u>	<u>--</u>	<u>91,206</u>	<u>--</u>	<u>--</u>
Change in accumulated surplus	<u>138,662</u>	<u>139,479</u>	<u>(148,930)</u>	<u>129,211</u>	<u>597,133</u>
Balance, end of year	<u>\$ 500,970</u>	<u>\$ 1,380,771</u>	<u>\$ 9,043,906</u>	<u>\$ 10,925,647</u>	<u>\$ 10,796,436</u>

**VILLAGE OF MANNVILLE
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Cost	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 420,874	\$ 886,491	\$ 6,346,113	\$ 10,840,479	\$ 1,183,951	\$ 161,335	\$ 19,839,243	\$ 19,123,202
Acquisition of tangible capital assets	--	--	--	117,911	60,827	--	178,738	737,466
Disposition of tangible capital assets	--	--	--	--	--	--	--	(21,425)
Balance, end of year	<u>420,874</u>	<u>886,491</u>	<u>6,346,113</u>	<u>10,958,390</u>	<u>1,244,778</u>	<u>161,335</u>	<u>20,017,981</u>	<u>19,839,243</u>
Accumulated amortization								
Balance, beginning of year	--	280,541	3,666,636	5,125,780	847,124	147,888	10,067,969	9,684,330
Annual amortization	--	20,455	124,748	216,601	55,066	2,004	418,874	393,517
Accumulated amortization on disposals	--	--	--	--	--	--	--	(9,878)
Balance, end of year	<u>--</u>	<u>300,996</u>	<u>3,791,384</u>	<u>5,342,381</u>	<u>902,190</u>	<u>149,892</u>	<u>10,486,843</u>	<u>10,067,969</u>
Net book value of tangible capital assets	<u>\$ 420,874</u>	<u>\$ 585,495</u>	<u>\$ 2,554,729</u>	<u>\$ 5,616,009</u>	<u>\$ 342,588</u>	<u>\$ 11,443</u>	<u>\$ 9,531,138</u>	<u>\$ 9,771,274</u>
2019 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>	

**VILLAGE OF MANNVILLE
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Taxation			
Residential	\$ 739,340	\$ 739,341	\$ 749,006
Commercial	184,259	184,259	168,001
Linear property	<u>52,249</u>	<u>52,249</u>	<u>54,024</u>
	<u>975,848</u>	<u>975,849</u>	<u>971,031</u>
Requisitions			
Alberta School Foundation Fund	143,505	143,863	154,557
MD of Minburn Foundation	7,455	7,455	8,103
Designated Industrial Property	<u>—</u>	<u>—</u>	<u>170</u>
	<u>150,960</u>	<u>151,318</u>	<u>162,830</u>
Net taxes for general municipal operations	\$ <u>824,888</u>	\$ <u>824,531</u>	\$ <u>808,201</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Federal	\$ 25,800	\$ 14,200	\$ 10,000
Provincial	208,640	305,064	210,988
Local governments	<u>80,626</u>	<u>69,916</u>	<u>80,757</u>
	<u>315,066</u>	<u>389,180</u>	<u>301,745</u>
Transfers for capital			
Provincial	<u>140,785</u>	<u>139,376</u>	<u>670,130</u>
Total government transfers	\$ <u>455,851</u>	\$ <u>528,556</u>	\$ <u>971,875</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 717,232	\$ 762,702	\$ 775,872
Contracted and general services	466,661	401,898	423,634
Purchases from other governments	304,748	332,445	276,042
Materials, goods, supplies and utilities	401,862	428,978	359,431
Provision for allowances	1,500	—	14,000
Transfers to other governments	50,000	47,293	49,956
Transfers to local boards and organizations	170,153	163,521	171,252
Bank charges and short-term interest	11,500	11,304	10,578
Interest on long-term debt	16,503	16,121	18,631
Other	1	2,237	—
Amortization	<u>393,516</u>	<u>418,874</u>	<u>393,517</u>
Total expenses	\$ <u>2,533,676</u>	\$ <u>2,585,373</u>	\$ <u>2,492,913</u>

VILLAGE OF MANNVILLE
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General</u>	<u>Protective</u>	<u>Transportation</u>	<u>Environmental</u>	<u>Public</u>	<u>Planning and</u>	<u>Recreation</u>	<u>Total</u>
Revenue	Government	Services	Services	Services	Health	Development	and Culture	
Net municipal taxes	\$ 824,531	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 824,531
User fees and sales of goods	--	210	265	557,612	5,069	--	540,038	1,103,194
Government transfers – operations	130,078	65,916	8,400	--	105,486	--	79,300	389,180
Government transfers - capital	18,399	--	23,444	615	--	--	96,918	139,376
Investment income	8,960	--	--	--	--	--	--	8,960
Other revenues	<u>187,622</u>	<u>6,161</u>	<u>6,130</u>	<u>580</u>	<u>670</u>	<u>5,569</u>	<u>42,611</u>	<u>249,343</u>
Expenses	<u>1,169,590</u>	<u>72,287</u>	<u>38,239</u>	<u>558,807</u>	<u>111,225</u>	<u>5,569</u>	<u>758,867</u>	<u>2,714,584</u>
Salaries, wages and benefits	291,019	31,838	132,214	86,711	--	--	220,920	762,702
Contract and general services	123,447	41,984	48,303	156,305	10,468	5,460	126,500	512,467
Materials, goods, supplies and utilities	35,674	20,792	129,067	242,247	140	--	222,934	650,854
Transfers to others	--	--	--	47,292	111,602	--	51,920	210,814
Long-term debt interest	--	--	--	15,904	--	--	217	16,121
Other expenses	<u>7,376</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,165</u>	<u>13,541</u>
	<u>457,516</u>	<u>94,614</u>	<u>309,584</u>	<u>548,459</u>	<u>122,210</u>	<u>5,460</u>	<u>628,656</u>	<u>2,166,499</u>
Net revenue before amortization	712,074	(22,327)	(271,345)	10,348	(10,985)	109	130,211	548,085
Amortization expense	<u>(5,317)</u>	<u>(11,621)</u>	<u>(174,060)</u>	<u>(77,036)</u>	<u>--</u>	<u>--</u>	<u>(150,840)</u>	<u>(418,874)</u>
Net revenue	\$ <u>706,757</u>	\$ <u>(33,948)</u>	\$ <u>(445,405)</u>	\$ <u>(66,688)</u>	\$ <u>(10,985)</u>	\$ <u>109</u>	\$ <u>(20,629)</u>	\$ <u>129,211</u>

VILLAGE OF MANNVILLE
SCHEDULE 7 – GOLF COURSE STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Revenue			
Fees and rentals	\$ 117,985	\$ 362,323	\$ 200,863
Insurance proceeds	22,680	22,680	52,359
Sale of confections	60,000	134,215	125,706
Camping	73,500	120,660	73,742
Sale of merchandise	10,000	32,154	23,042
Government transfers for operations	<u>30,000</u>	<u>30,000</u>	<u>38,200</u>
	<u>314,165</u>	<u>702,032</u>	<u>513,912</u>
Expenses			
Wages and benefits	165,030	220,920	217,392
Confections	29,650	69,925	63,048
Supplies	50,905	58,982	26,599
Repairs and maintenance	22,200	51,326	16,434
Amortization	42,615	50,746	42,616
Utilities	44,000	44,606	41,633
Equipment rentals	31,852	31,056	55,470
Merchandise	18,000	20,793	14,521
Bank charges	6,000	6,166	5,993
Advertising	5,660	3,994	5,523
Freight and telephone	3,600	3,645	3,417
Insurance	3,566	3,566	3,318
Property taxes	632	662	633
Interest on long-term debt	<u>356</u>	<u>217</u>	<u>683</u>
	<u>424,066</u>	<u>566,604</u>	<u>497,280</u>
Excess (deficiency) of revenue over expenses			
- before other	(109,901)	135,428	16,632
Other			
Government transfers for capital	<u>87,785</u>	<u>93,523</u>	<u>25,324</u>
Excess (deficiency) of revenues over expenses	\$ <u>(22,116)</u>	\$ <u>228,951</u>	\$ <u>41,956</u>
Supplementary Information			
Repayment of long-term debt	\$ 16,432	\$ 16,432	\$ 15,970
Acquisition of tangible capital assets	87,785	60,827	--

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

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, 2020**

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, 2020**

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>2020</u>	<u>2019</u>
Petty cash	\$ 250	\$ 250
Credit Union current account	883,917	632,065
Savings accounts	1,223,034	1,237,697
Trust account	<u>13,532</u>	<u>13,443</u>
	\$ 2,120,733	\$ 1,883,455

Council has designated \$1,380,771 (2019 - \$1,241,292) to fund the reserves.

Included in cash is a restricted amount of \$176,668 (2019 - \$263,106) comprised of deferred grant revenue received and not expended (see Note 6).

3. Taxes Receivable	<u>2020</u>	<u>2019</u>
Current	\$ 128,660	\$ 120,056
Arrears	61,969	59,706
Allowance	<u>(34,512)</u>	<u>(45,000)</u>
	\$ 156,117	\$ 134,762

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

4. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation liability of \$31,348 (2019 - \$37,627). The vacation liability is comprised of the vacation that employees have earned and are entitled to within the next budgetary year.

5. 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>2020</u>	<u>2019</u>
Estimated closure costs	\$ 510,762	\$ 540,805
Estimated post-closure costs	<u>100,332</u>	<u>100,332</u>
Estimated total liability	\$ <u>611,094</u>	\$ <u>641,137</u>
Amount accrued to December 31	\$ <u>240,115</u>	\$ <u>215,115</u>
Balance of estimated costs to accrue	\$ <u>370,979</u>	\$ <u>426,022</u>

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

6. Deferred Revenue	<u>2020</u>	<u>2019</u>
MSI Capital	\$ 316,040	\$ 206,200
MOST	90,100	--
Federal Gas Tax Fund	100,000	50,000
ACP – Intermunicipal Collaboration Framework	11,972	26,186
EMPP – Emergency Management Preparedness	4,492	4,492
FCSS	2,661	--
Communities in Bloom	16,942	20,500
Other	<u>3,300</u>	<u>5,728</u>
	\$ <u>545,507</u>	\$ <u>313,106</u>

Funding in the amount of \$467,727 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 \$176,668.

7. Long-Term Debt	<u>2020</u>	<u>2019</u>
Tax supported debentures	\$ --	\$ 16,432
Supported by utility rates	<u>487,232</u>	<u>562,006</u>
	\$ <u>487,232</u>	\$ <u>578,438</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 76,871	\$ 14,049	\$ 90,920
2022	79,028	11,892	90,920
2023	66,090	9,673	75,763
2024	52,708	7,898	60,606
2025	54,366	6,240	60,606
Thereafter	<u>158,169</u>	<u>8,240</u>	<u>166,409</u>
	\$ <u>487,232</u>	\$ <u>57,992</u>	\$ <u>545,224</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 2023 through 2028. The average annual interest rate is 3.025% for 2020 (2.992% for 2019).

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

Interest on long-term debt amounted to \$16,121 (2019 - \$18,631).

The municipality's total cash payments for interest in 2020 were \$16,501 (2019 - \$19,002).

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

8. 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>2020</u>	<u>2019</u>
Total debt limit	\$ 3,862,812	\$ 3,629,874
Total debt	<u>(487,232)</u>	<u>(578,438)</u>
Amount of debt limit unused	<u>\$ 3,375,580</u>	<u>\$ 3,051,436</u>
Debt servicing limit	\$ 643,802	\$ 604,979
Debt servicing	<u>(90,920)</u>	<u>(107,707)</u>
Amount of debt servicing limit unused	<u>\$ 552,882</u>	<u>\$ 497,272</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.

9. Equity in Tangible Capital Assets

	<u>2020</u>	<u>2019</u>
Tangible capital assets (schedule 2)	\$ 20,017,981	\$ 19,839,243
Accumulated amortization (schedule 2)	(10,486,843)	(10,067,969)
Long-term debt (note 7)	<u>(487,232)</u>	<u>(578,438)</u>
	<u>\$ 9,043,906</u>	<u>\$ 9,192,836</u>

10. Accumulated Surplus

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

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 500,970	\$ 362,308
Restricted surplus		
Equipment replacement	425,678	425,678
Cemetery contributions	9,000	9,000
Internet reserve	7,323	7,323
Water capital reserve	510,039	417,200
Sewer capital reserve	428,731	382,091
Equity in tangible capital assets (note 9)	<u>9,043,906</u>	<u>9,192,836</u>
	<u>\$ 10,925,647</u>	<u>\$ 10,796,436</u>

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

11. 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.

12. 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:

	2020			2019
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Council				
Smith	\$ 9,975	\$ 971	\$ 10,946	\$ 11,221
Bielesch	7,625	848	8,473	8,787
Lanovaz	8,025	869	8,894	9,469
McLuckie	8,225	600	8,825	9,650
Jackson	7,475	840	8,315	8,893
CAO				
Quickstad	98,106	8,439	106,545	97,685
Designated Officer (contract)	11,492	--	11,492	11,264

⁽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.

13. Commitment

The Village of Mannville has entered into three-year contracts with Wainwright Assessment Group and JMD Group LLP. These contracts expire in 2023.

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

14. Lease Commitments

The village has committed to making the following lease payments for equipment for the golf course:

2021	\$ 19,537
2022	19,537
2023	9,768

15. Contaminated Sites Liability

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2020 (2019 – nil) as a result of this standard.

16. Contingency

The Village of Mannville is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

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.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

19. Budget Amounts

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

20. Recent Accounting Pronouncements Published But Not Yet Adopted

- (a) PSAS Section 1000, Financial Statement Concepts
The amendments are effective beginning on or after April 1, 2023. This standard has been amended to allow for recognition of intangibles.
- (b) PSAS Section 1201, Financial Statement Presentation
Revised standard is effective beginning on or after April 1, 2023, when sections PS2601 and PS3450 are adopted.
- (c) PSAS Section 2601, Foreign Currency Translation
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, 2022.
- (d) 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, 2022, when sections PS1201, PS2601 and PS3450 are adopted.
- (e) 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.
- (f) 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, 2023.
- (g) 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, 2022.