

**TOWN OF MANNING**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Members of Council of the Town of Manning

### *Opinion*

We have audited the accompanying consolidated financial statements (the "financial statements") of the Town of Manning (the Town), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2019, and the results of its operations and, changes in net financial assets, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

(continues)



Independent Auditors' Report to the Mayor and Members of the Town of Manning (*continued*)

In preparing the financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

*Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

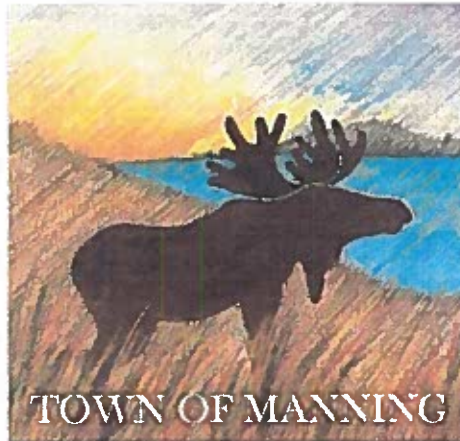
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies 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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town 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.

Chartered Professional Accountants

**METRIX GROUP LLP**

Edmonton, Alberta  
June 24, 2020



## **MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

Administration is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, Administration 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 the consolidated financial statements.

The elected Mayor and Council of the Town of Manning are composed entirely of individuals who are neither administration nor employees of the Town. The Mayor and Council have the responsibility of meeting with Administration and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Town's external auditors.

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

A handwritten signature in blue ink, appearing to read "April Doll", is written over a horizontal line.

April Doll, Chief Administrative Officer

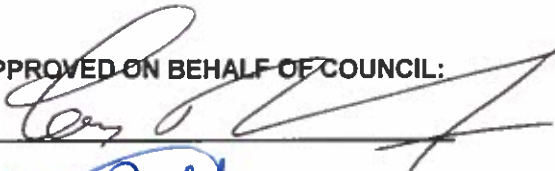

Manning, Alberta  
June 24, 2020

**TOWN OF MANNING  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 148,802	\$ -
Taxes and grants in place of taxes receivable (Note 3)	156,831	138,440
Trade and other receivables (Note 4)	647,530	820,431
Investments (Note 5)	<u>163,257</u>	<u>217,514</u>
	<u>1,116,420</u>	<u>1,176,385</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 2)	-	462,443
Accounts payable and accrued liabilities (Note 6)	193,337	304,221
Deposit liabilities	5,105	10,805
Deferred revenue (Note 7)	400,525	190,160
Long-term debt (Note 8)	<u>1,414,337</u>	<u>1,491,420</u>
	<u>2,013,304</u>	<u>2,459,049</u>
<b>NET FINANCIAL DEBT</b>	<u>(896,884)</u>	<u>(1,282,664)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 6)	25,227,076	25,936,416
Inventory for consumption	171,860	177,201
Prepaid expenses	<u>94,203</u>	<u>85,895</u>
	<u>25,493,139</u>	<u>26,199,512</u>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<b><u>\$ 24,596,254</u></b>	<b><u>\$ 24,916,848</u></b>

**CONTINGENCIES (Note 12)**

APPROVED ON BEHALF OF COUNCIL:

  
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**TOWN OF MANNING**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u> (Budget) (Note 20)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
<b>REVENUES</b>			
User fees and sales of goods	\$ 1,915,973	\$ <b>2,045,888</b>	\$ 1,962,585
Net municipal property taxes (Schedule 2)	1,565,059	<b>1,516,016</b>	1,423,806
Government transfers for operating (Schedule 3)	629,726	<b>764,607</b>	718,556
Penalties and costs on taxes	25,000	<b>28,193</b>	25,403
Interest and investment income	4,500	<b>5,303</b>	6,128
Fines	10,500	<b>5,614</b>	12,475
Rentals	24,275	<b>18,867</b>	22,298
Licenses and permits	2,200	<b>2,065</b>	1,820
Franchise and concession	77,500	<b>77,712</b>	79,543
Other	<u>28,561</u>	<u><b>86,790</b></u>	<u>74,855</u>
	<u>4,283,294</u>	<u><b>4,551,055</b></u>	<u>4,327,469</u>
<b>EXPENSES</b>			
Council and other legislative	75,411	<b>73,579</b>	73,746
General administration	686,789	<b>710,202</b>	819,833
Fire protection and safety services	129,160	<b>363,504</b>	316,199
Ambulance, disaster and emergency	15,490	<b>12,490</b>	12,240
Bylaw enforcement	61,415	<b>50,916</b>	60,051
Common and equipment pool	181,932	<b>230,910</b>	215,043
Roads, streets, walks, and lighting	347,901	<b>608,056</b>	664,242
Other transportation	4,050	<b>2,557</b>	2,750
Storm sewers and drainage	15,742	<b>13,651</b>	17,243
Water supply and distribution	1,123,890	<b>1,406,960</b>	1,387,220
Wastewater treatment and disposal	114,934	<b>195,300</b>	192,300
Waste management and recycle	96,100	<b>97,794</b>	109,329
Family and community support services	109,304	<b>129,311</b>	143,119
Cemeteries	3,200	<b>2,280</b>	2,291
Subdivision land development	58,150	<b>58,270</b>	65,090
Parks and recreation	421,684	<b>673,020</b>	605,262
Culture: libraries, museums, halls	137,759	<b>244,944</b>	203,905
Gas production and distribution	<u>398,882</u>	<u><b>460,899</b></u>	<u>449,196</u>
	<u>3,981,793</u>	<u><b>5,334,643</b></u>	<u>5,339,059</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER INCOME</b>	<u>301,501</u>	<u><b>(783,588)</b></u>	<u>(1,011,590)</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 3)	95,000	<b>137,049</b>	832,181
Contributed tangible capital assets	-	<b>323,198</b>	-
Gain on disposal of tangible capital assets	<u>-</u>	<u><b>2,749</b></u>	<u>2,445</u>
	<u>95,000</u>	<u><b>462,996</b></u>	<u>834,626</u>
<b>EXCESS OF REVENUE (DEFICIENCY) OVER EXPENSES</b>	<u>\$ 396,501</u>	<u>\$ <b>(320,592)</b></u>	<u>\$ (176,964)</u>

**TOWN OF MANNING**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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	<u>2019</u> (Budget) (Note 20)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	24,714,777	<b>24,916,848</b>	25,093,812
<b>EXCESS OF REVENUE (DEFICIENCY) OVER EXPENSES</b>	\$ <u>396,501</u>	\$ <u>(320,592)</u>	\$ <u>(176,964)</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ <u>396,501</u>	<b>\$ <u>24,596,256</u></b>	\$ <u>24,916,848</u>

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

	<u>2019</u> (Budget) (Note 20)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ _____ -	\$ <b>(320,592)</b>	\$ <u>(176,964)</u>
Contributed tangible capital assets	-	<b>(323,198)</b>	-
Acquisition of tangible capital assets	-	<b>(215,540)</b>	(1,450,110)
Proceeds on disposal of tangible capital assets	-	<b>59,212</b>	60,495
Amortization of tangible capital assets	-	<b>1,191,614</b>	1,173,827
Gain on disposal of tangible capital assets	-	<b>(2,749)</b>	<u>(2,445)</u>
	-	<b>709,339</b>	<u>(218,233)</u>
Net change in inventory for consumption	-	<b>5,341</b>	24,456
Net change in prepaid expenses	-	<b>(8,309)</b>	<u>(3,134)</u>
	-	<b>(2,968)</b>	<u>21,322</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL DEBT</b>	-	<b>385,779</b>	(373,875)
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	<u>(908,789)</u>	<u><b>(1,282,663)</b></u>	<u>(908,789)</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	<u>\$ (908,789)</u>	<u>\$ <b>(896,884)</b></u>	<u>\$ (1,282,664)</u>



**TOWN OF MANNING**  
**CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenditures	\$ (320,592)	\$ (176,964)
Non-cash items included in annual surplus:		
Gain on disposal of tangible capital assets	(2,749)	(2,445)
Amortization of tangible capital assets	1,191,614	1,173,827
Contributed tangible capital assets	(323,918)	-
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(18,391)	(27,653)
Trade and other receivables	172,901	(101,315)
Investments	54,257	116,570
Accounts payable and accrued liabilities	(110,884)	94,100
Deposit liabilities	(5,700)	(375)
Deferred revenue	210,365	46,906
Prepaid expenses	(8,308)	(3,134)
Inventory for consumption	5,341	24,456
	<u>843,936</u>	<u>1,143,973</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(215,540)	(1,450,110)
Proceeds on disposal of tangible capital assets	59,211	60,495
	<u>(156,329)</u>	<u>(1,389,615)</u>
<b>INVESTING ACTIVITIES</b>		
	-	-
<b>FINANCING ACTIVITIES</b>		
Long-term debt repaid	(77,083)	(212,183)
	<u>(77,083)</u>	<u>(212,183)</u>
<b>DECREASE IN CASH</b>	<b>610,524</b>	<b>(457,825)</b>
<b>CASH (INDEBTEDNESS), BEGINNING OF YEAR</b>	<u><b>(462,443)</b></u>	<u><b>(4,618)</b></u>
<b>CASH (INDEBTEDNESS), END OF YEAR</b>	<u><b>\$ 148,081</b></u>	<u><b>\$ (462,443)</b></u>

**TOWN OF MANNING**  
**CONSOLIDATED SCHEDULE OF EQUITY IN CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE 1**

	<u>2019</u>	<u>2018</u>
<b>BALANCE, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	<b>24,444,996</b>	24,014,580
Purchase of tangible capital assets	<b>215,540</b>	1,450,110
Cost of Tangible Capital Assets Disposed of	<b>(60,497)</b>	(101,733)
Write down of Tangible Capital Assets	-	-
Accumulated Amortization of Tangible Capital Assets Disposed of	<b>4,033</b>	43,682
Amortization of Tangible Capital Assets	<b>(1,191,614)</b>	(1,173,827)
Long-term Debt Repayments	<b>77,083</b>	212,184
Contributed Tangible Capital Assets	<b>323,198</b>	-
<b>BALANCE, END OF YEAR</b>	<b>\$ <u>23,812,739</u></b>	<b>\$ <u>24,444,996</u></b>

Equity in Tangible Capital Assets is comprised of the following:

Tangible capital assets (net book value)	<b>\$ 25,227,076</b>	\$ 25,936,416
Capital long-term debt	<b><u>(1,414,337)</u></b>	<u>(1,491,420)</u>
	<b>\$ <u>23,812,739</u></b>	<b>\$ <u>24,444,996</u></b>

**TOWN OF MANNING  
CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE 2**

	<u>2019</u> (Budget) (Note 20)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 1,882,170	\$ <b>1,827,727</b>	\$ 1,749,588
Linear property taxes	35,251	<b>34,432</b>	32,567
Government grants in place of property taxes	45,051	<b>43,333</b>	41,330
Special assessments and local improvement tax	<u>-</u>	<u>-</u>	<u>2,724</u>
	<u>1,962,472</u>	<u><b>1,905,492</b></u>	<u>1,826,209</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	346,387	<b>338,450</b>	350,537
North Peace Seniors Foundation	<u>51,026</u>	<u><b>51,026</b></u>	<u>51,866</u>
	<u>397,413</u>	<u><b>389,476</b></u>	<u>402,403</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 1,565,059</u>	<u>\$ <b>1,516,016</b></u>	<u>\$ 1,423,806</u>

**TOWN OF MANNING  
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE 3**

	<u>2019</u> (Budget) (Note 20)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 117,292	\$ <b>119,395</b>	\$ 106,286
Local governments	<u>512,432</u>	<u><b>645,212</b></u>	<u>612,270</u>
	<u>629,724</u>	<u><b>764,607</b></u>	<u>718,556</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	45,000	<b>46,550</b>	832,181
Local government	<u>50,000</u>	<u><b>90,499</b></u>	<u>-</u>
	<u>95,000</u>	<u><b>137,049</b></u>	<u>832,181</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 724,724</u>	<u>\$ <b>901,656</b></u>	<u>\$ 1,550,737</u>

**TOWN OF MANNING**  
**CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE 4**

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Public health and Welfare</u>	<u>Planning and Development</u>	<u>Recreation and Culture</u>	<u>Gas Services</u>	<u>2019 Total</u>
<b>REVENUE</b>									
User fees and sales of goods	\$ 12,735	\$ 24,800	\$ -	\$ 1,089,125	\$ 5,190	\$ -	\$ 38,507	\$ 875,531	\$ 2,045,888
Net municipal taxes	1,516,016	-	-	-	-	-	-	-	1,516,016
Government transfers - operating	10,000	30,461	-	146,247	90,488	-	487,411	-	764,607
Penalties and costs on taxes	28,193	-	-	-	-	-	-	-	28,193
Investment income	5,020	-	-	-	-	-	283	-	5,303
Fines	-	5,614	-	-	-	-	-	-	5,614
Rentals	13,017	900	-	-	-	-	4,950	-	18,867
Licenses and permits	950	680	-	-	-	435	-	-	2,065
Franchise fees and concessions	77,712	-	-	-	-	-	-	-	77,712
All other	<u>13,955</u>	<u>6,383</u>	<u>2,098</u>	<u>1,000</u>	<u>28,707</u>	<u>-</u>	<u>34,032</u>	<u>616</u>	<u>86,790</u>
	<u>1,677,598</u>	<u>68,838</u>	<u>2,098</u>	<u>1,236,372</u>	<u>124,385</u>	<u>435</u>	<u>565,183</u>	<u>876,147</u>	<u>4,551,055</u>
<b>EXPENSES</b>									
Salaries, wages, and benefits	395,919	80,073	294,396	101,630	60,632	-	283,956	44,745	1,261,351
Contracted and general services	296,990	88,804	48,924	680,967	12,662	58,118	99,956	25,692	1,312,113
Purchases from other governments	-	-	-	81,222	-	-	-	-	81,222
Material, goods and utilities	36,819	79,259	160,614	374,530	58,297	152	78,987	361,146	1,149,804
Transfers to local board and agencies	-	-	-	-	-	-	202,205	-	202,205
Transfers to individuals and organizations	38,000	6,000	-	-	-	-	21,500	-	65,500
Interest on long-term debt	-	-	-	67,170	-	-	2,610	-	69,780
Other expenses	1,053	-	-	-	-	-	-	-	1,054
Amortization of tangible capital assets	<u>15,764</u>	<u>172,774</u>	<u>351,242</u>	<u>394,330</u>	<u>-</u>	<u>-</u>	<u>228,189</u>	<u>29,315</u>	<u>1,191,614</u>
	<u>784,545</u>	<u>426,910</u>	<u>855,176</u>	<u>1,699,849</u>	<u>131,591</u>	<u>58,270</u>	<u>917,403</u>	<u>460,898</u>	<u>5,334,643</u>
Annual surplus (deficiency) before other income	893,053	(358,072)	(855,176)	(463,477)	(7,206)	(57,835)	(352,220)	415,249	(783,588)
Gain on disposal of capital assets	-	-	2,749	-	-	-	-	-	2,749
Government transfers for capital	-	-	46,550	-	35,486	-	55,013	-	137,049
Contributed tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,198</u>	<u>-</u>	<u>323,198</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 893,053</u>	<u>\$ (358,072)</u>	<u>\$ (805,877)</u>	<u>\$ (463,477)</u>	<u>\$ 28,280</u>	<u>\$ (57,835)</u>	<u>\$ (297,207)</u>	<u>\$ 415,249</u>	<u>\$ (320,592)</u>

The accompanying notes are an integral part of the consolidated financial statements.

**TOWN OF MANNING**  
**CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE 5**

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Public Health and Welfare</u>	<u>Planning and Development</u>	<u>Recreation and Culture</u>	<u>Gas Services</u>	<u>2018 Total</u>
<b>REVENUE</b>									
User fees and sales of goods	\$ 13,570	\$ 45,291	\$ -	\$ 1,057,381	\$ 600	\$ -	\$ 30,066	\$ 815,678	\$ 1,962,586
Net municipal property taxes	1,421,082	-	-	2,723	-	-	-	-	1,423,805
Government transfers for operating	5,000	47,429	-	52,516	90,488	-	523,122	-	718,555
Penalties and costs on taxes	25,403	-	-	-	-	-	-	-	25,403
Interest and investment income	4,322	-	-	-	-	-	1,806	-	6,128
Fines	-	12,475	-	-	-	-	-	-	12,475
Rentals	14,685	75	-	-	-	-	7,538	-	22,298
Licenses and permits	1,150	410	-	-	-	260	-	-	1,820
Franchise and concession	79,543	-	-	-	-	-	-	-	79,543
All other	<u>8,255</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>42,515</u>	<u>-</u>	<u>2,740</u>	<u>21,322</u>	<u>74,857</u>
	<u>1,573,010</u>	<u>105,680</u>	<u>-</u>	<u>1,112,645</u>	<u>133,603</u>	<u>260</u>	<u>565,272</u>	<u>837,000</u>	<u>4,327,470</u>
<b>EXPENSES</b>									
Salaries, wages, and benefits	515,021	60,509	284,589	92,143	61,156	-	177,846	50,492	1,241,756
Contracted and general services	232,519	99,054	66,992	633,455	16,894	65,090	153,795	36,751	1,304,550
Purchases from other governments	-	-	-	75,338	-	-	-	-	75,338
Material, goods and utilities	38,521	46,428	190,078	432,389	67,361	-	58,780	332,636	1,166,193
Transfers to local board and agencies	-	-	-	-	-	-	182,078	-	182,078
Transfers to individuals and organizations	90,500	6,000	-	-	-	-	21,900	-	118,400
Interest on long-term debt	-	-	1,746	71,178	-	-	2,740	-	75,664
Other expenses	1,254	-	-	-	-	-	-	-	1,254
Amortization of tangible capital assets	<u>15,764</u>	<u>176,500</u>	<u>355,872</u>	<u>384,347</u>	<u>-</u>	<u>-</u>	<u>212,029</u>	<u>29,315</u>	<u>1,173,827</u>
	<u>893,579</u>	<u>388,491</u>	<u>899,277</u>	<u>1,688,850</u>	<u>145,411</u>	<u>65,090</u>	<u>809,168</u>	<u>449,194</u>	<u>5,339,060</u>
Annual surplus (deficiency) before other income	679,431	(282,811)	(899,277)	(576,205)	(11,808)	(64,830)	(243,896)	387,806	(1,011,590)
Gain (loss) on disposal of capital assets	-	-	2,445	-	-	-	-	-	2,445
Government transfers for capital	<u>-</u>	<u>-</u>	<u>146,494</u>	<u>-</u>	<u>77,559</u>	<u>-</u>	<u>608,128</u>	<u>-</u>	<u>832,181</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 679,431</u>	<u>\$ (282,811)</u>	<u>\$ (750,338)</u>	<u>\$ (576,205)</u>	<u>\$ 65,751</u>	<u>\$ (64,830)</u>	<u>\$ 364,232</u>	<u>\$ 387,806</u>	<u>\$ (176,964)</u>

The accompanying notes are an integral part of the consolidated financial statements.

**TOWN OF MANNING**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE 6**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress</u>	<u>2019</u>	<u>2018</u>
<b>COST:</b>									
Balance, Beginning of Year	\$ 1,085,946	\$ 710,563	\$ 24,079,236	\$ 18,606,972	\$ 2,000,274	\$ 1,807,534	\$ -	<b>\$ 48,290,525</b>	\$ 46,942,148
Additions	-	-	-	-	215,540	-	-	<b>215,540</b>	1,450,110
Disposals	-	-	-	-	(60,497)	-	-	<b>(60,497)</b>	(101,733)
Contributed assets	-	323,198	-	-	-	-	-	<b>323,198</b>	-
Write down of tangible	-	-	-	-	-	-	-	-	-
Balance, End of Year	<u>1,085,946</u>	<u>1,033,761</u>	<u>24,079,236</u>	<u>18,606,972</u>	<u>2,155,317</u>	<u>1,807,534</u>	<u>-</u>	<b><u>48,768,766</u></b>	<u>48,290,525</u>
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning of Year	-	331,793	9,531,455	10,272,063	949,313	1,269,485	-	<b>22,354,109</b>	21,223,964
Amortization expense	-	51,688	468,171	425,626	123,021	123,108	-	<b>1,191,614</b>	1,173,827
Disposals	-	-	-	-	(4,033)	-	-	<b>(4,033)</b>	(43,682)
Balance, End of Year	<u>-</u>	<u>383,481</u>	<u>9,999,626</u>	<u>10,697,689</u>	<u>1,068,301</u>	<u>1,392,593</u>	<u>-</u>	<b><u>23,541,690</u></b>	<u>22,354,109</u>
<b>NET BOOK VALUE</b>	<b><u>\$ 1,085,946</u></b>	<b><u>\$ 650,280</u></b>	<b><u>\$ 14,079,610</u></b>	<b><u>\$ 7,909,283</u></b>	<b><u>\$ 1,087,016</u></b>	<b><u>\$ 414,941</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 25,227,076</u></b>	<b><u>\$ 25,936,416</u></b>

**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Manning (the "Town") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB"). Significant aspects of the accounting policies adopted by the Town are as follows:

**(a) Reporting entity**

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to Council for the administration of their financial affairs and resources. The reporting entity is comprised of the municipal operations of the Town and the Manning Municipal Library Board.

Taxes levied include requisitions for the Alberta School Foundation Fund and North Peace Housing. The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the Alberta School Foundation Fund and North Peace Housing are not reflected in these consolidated financial statements.

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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated. 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 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 fees are collected for which the related services have yet to be performed. Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(CONT'D)



**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(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 expenditure during the period. Where management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, landfill closure and post-closure costs are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

**(d) Cash**

Cash and cash equivalents consist of cash on deposit with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

**(e) Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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.

Investment income is reported as revenue in the period earned. When required by the funding government or by legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

**(f) Local Improvements**

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the *Municipal Government Act*, to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owner's share of the improvements is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed.

**(g) Deferred revenue**

Deferred revenue represents government transfers, contributions and other amounts received from third parties pursuant to legislation, regulation or agreement that 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. These amounts will be recognized as revenues in the fiscal year when the related expense is incurred, services performed or the tangible capital assets are acquired.

(CONT'D)

**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Tax Revenue**

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

**(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 are the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**(j) Non-financial assets**

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

(CONT'D)

**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Tangible Capital Assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15 - 20
Buildings	10 - 40
Engineered structures	10 - 75
Machinery and equipment	7 - 15
Vehicles	10

The amortization in the year of acquisition is charged at one half the normal annual rate and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

*Inventory*

Inventory held for consumption is valued at the lower of cost or replacement cost, with cost determined by the average cost method.

**(k) 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.

**(l) Equity in tangible capital assets**

Equity in tangible capital assets represents the Town's net investment in tangible capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing, capital leases or other capital liabilities.

**(m) Future Accounting Standard Pronouncements**

The following summarizes upcoming changes to *Public Sector Accounting Standards*. The Town will continue to assess the impact and prepare for the adoption of these standards.

*i) Financial Statement Presentation*

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items

denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2021.

*ii) Foreign Currency Translation*

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2021.

*iii) Portfolio Investments*

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2021.

*iv) Financial Instruments*

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2021

(CONT'D)

**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**2. CASH**

	<u>2019</u>	<u>2018</u>
Unrestricted cash (indebtedness)	\$ 94,830	\$ (515,610)
Restricted cash	<u>53,972</u>	<u>53,167</u>
	<u>\$ 148,802</u>	<u>\$ (462,443)</u>

Restricted cash is held for public reserves land trust and its use is restricted for parks and recreational purposes. The amount is composed of principal and interest earned.

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2019</u>	<u>2018</u>
Property taxes receivable	\$ 122,604	\$ 84,978
Tax arrears	<u>34,227</u>	<u>53,462</u>
	<u>\$ 156,831</u>	<u>\$ 138,440</u>

**4. TRADE AND OTHER RECEIVABLES**

	<u>2019</u>	<u>2018</u>
Trade and other receivables	\$ 438,891	\$ 441,815
GST receivable	<u>13,530</u>	<u>49,828</u>
Local government receivable	<u>195,109</u>	<u>328,788</u>
	<u>\$ 647,530</u>	<u>\$ 820,431</u>

**5. INVESTMENTS**

	<u>2019</u>	<u>2018</u>
Short term notes and deposits	\$ 70,116	\$ 97,738
Guaranteed investment certificates	<u>50,165</u>	<u>80,000</u>
Common shares held with the credit union	<u>20,376</u>	<u>17,176</u>
Shares held with Gas Alberta	<u>22,600</u>	<u>22,600</u>
	<u>\$ 163,257</u>	<u>\$ 217,514</u>

Short term notes and deposits have effective interest rates ranging from 0.50% to 1.95% (2018-0.20% to 1.75%) and mature in less than one year. Guaranteed investment certificates consist of investments held by the Town of Manning Municipal Library with an effective interest rate of 0.50% maturing on June 27, 2020.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2019</u>	<u>2018</u>
Trade and other payables	\$ 153,774	\$ 269,264
Holdbacks payable	<u>16,118</u>	<u>5,116</u>
Employee benefit obligation	<u>20,864</u>	<u>26,985</u>
Accrued interest payable	<u>2,581</u>	<u>2,856</u>
	<u>\$ 193,337</u>	<u>\$ 304,221</u>

**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**7. DEFERRED REVENUE**

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2018</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2019</u>
Prepaid property taxes	\$ 129,193	\$ 122,604	\$ (129,193)	\$ 122,604
Family Community Support Services	20,821	16,417	(7,871)	29,367
Municipal Sustainability Initiative	<u>40,147</u>	<u>208,407</u>	<u>-</u>	<u>248,554</u>
	<u>\$ 190,160</u>	<u>\$ 347,428</u>	<u>\$ (137,064)</u>	<u>\$ 400,525</u>

**8. LONG-TERM DEBT**

	<u>2019</u>	<u>2018</u>
Alberta Capital Financing Authority debenture debt	<u>\$ 1,414,337</u>	<u>\$ 1,491,420</u>

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 80,794	\$ 66,344	\$ 147,138
2021	84,684	62,455	147,139
2022	88,761	58,377	147,138
2023	93,034	54,104	147,138
2024	97,514	49,625	147,139
Thereafter	<u>969,550</u>	<u>207,554</u>	<u>1,177,104</u>
	<u>\$ 1,414,337</u>	<u>\$ 498,459</u>	<u>\$ 1,912,796</u>

Long-term debt is repayable to Alberta Capital Finance Authority and bears interest at a rate of 4.758% per annum and matures in 2032. Long term debt is issued on the credit and security of the Town at large.

The Town's cash payments for interest in 2019 were \$69,780 (2018 - \$75,664).

**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**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 Town be disclosed as follows:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ <b>6,826,583</b>	\$ 6,491,204
Total debt	<u>(1,414,337)</u>	<u>(1,491,420)</u>
Amount of debt limit unused	<u>\$ <b>5,412,246</b></u>	<u>\$ 4,999,784</u>
Service on debt limit	\$ <b>1,137,764</b>	\$ 1,081,867
Service on debt ( <i>Note 8</i> )	<u>(147,139)</u>	<u>(147,139)</u>
Amount of service on debt limit unused	<u>\$ <b>990,625</b></u>	<u>\$ 934,728</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in *Alberta Regulation 255/00*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the financial statements must be interpreted as a whole.

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2019</u>	<u>2018</u>
Net book value of tangible capital assets	\$ <b>25,227,076</b>	\$ 25,936,416
Long-term debt related to tangible capital assets	<u>(1,414,337)</u>	<u>(1,491,420)</u>
	<u>\$ <b>23,812,739</b></u>	<u>\$ 24,444,996</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	\$ <b>685,569</b>	\$ 373,895
Restricted surplus	<b>97,946</b>	97,957
Equity in tangible capital assets	<u><b>23,812,739</b></u>	<u>24,444,996</u>
	<u>\$ <b>24,596,254</b></u>	<u>\$ 24,916,848</u>

**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**12. CONTINGENCIES**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town 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.

**13. CONTRACTUAL OBLIGATIONS**

The Town leases recreational land under long term operating leases. These lease agreements expire between May 3, 2020 and November 30, 2039. A nominal payment is made upon initiation of the leases.

**14. TRANSACTION WITH THE LONG LAKE REGIONAL WASTE MANAGEMENT SERVICES COMMISSION**

During the year, the Town paid \$47,710 (2018 - \$47,339) to the Long Lake Regional Waste Management Services Commission which it is a member of.

**15. SALARY AND BENEFITS DISCLOSURE**

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

	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total 2019</u>	<u>Total 2018</u>
Rycroft, Greg, Mayor	\$ 12,225	\$ -	\$ 12,225	\$ 12,120
Presakarchuk, Daryl - Councillor	-	-	-	1,570
Doll, April - Councillor	4,925	207	5,132	9,339
Fredrickson, Trevor - Councillor	6,675	236	6,911	6,012
Goddard, Kathleene - Councillor	2,300	73	2,373	2,892
Hutchinson, Keith - Councillor	6,975	296	7,271	6,754
Pasichnuk, Greg - Councillor	3,500	164	3,664	-
Schamehorn, Morley - Councillor	6,675	193	6,868	5,197
Walker, Sunni-Jeanne - Councillor	12,375	-	12,375	12,810
Stone, Larry - Councillor	1,650	-	-	-
	<u>\$ 57,300</u>	<u>\$ 1,169</u>	<u>\$ 56,819</u>	<u>\$ 56,694</u>
Chief Administrative Officer (3)	<u>\$ 200,230</u>	<u>\$ 2,459</u>	<u>\$ 202,689</u>	<u>\$ 212,682</u>

Salary includes regular base pay, bonuses, lump sum payments, honoraria, and any other direct cash remuneration.

For Mayor and Councilors, benefits and allowances consists of employer's share of Canada Pension Plan, travel, and general non-accountable expense allowances. For chief administrative officer, benefits and allowances consists of employer's share of Canada Pension Plan, employment insurance contributions, pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and disbursement insurance, long and short-term disability plans. During the year the Town had three Chief Administrative Officers.



**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**16. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Town participate in the *Local Authorities Pension Plan* ("LAPP"), which is covered by the *Alberta Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP consisting of 9.39% (2018 - 10.39%) of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 13.84% (2018 - 14.84%) on pensionable earnings above this amount. Employees of the Town of Manning are required to make current service contributions of 8.39% (2018 - 9.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2018 - 13.84%) on pensionable salary about this amount.

Total current service contributions made by the Town to the LAPP in 2019 were \$39,359 (2018 - \$45,867). Total current service contributions made by the employees of the Town to the LAPP in 2019 were \$43,705 (2018 - \$50,185).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.47 billion (2017 - \$4.84 billion). The 2019 actuarial balance was not available at the time the date these financial statements were released.

**17. APEX supplementary pension plan**

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provision of the Alberta Employment Pension Plans Act, commenced on January 1, 2003, and provides supplementary pension benefits to a prescribed class of employees. The plan supplements LAPP.

Contributions are made by the prescribed class of employees and the Town. Employees and the Town are required to make current service contributions to APEX of 2.84% (2018 - 2.84%) and 3.78% (2018 - 3.78%) respectively of individual pensionable earnings.

Total current service contributions by the Town to APEX were \$NIL (2018 - \$937). Total current service contributions by the employees of the Town were \$NIL (2018 - \$704).

The Cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement age of employees. The costs of post-retirement benefits are fully funded.

**TOWN OF MANNING**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**18. SEGMENTED INFORMATION**

The Town 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. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General government

General government includes activities that provide for the overall operation of the Town, which are common to, or affect all of the services provided by the Town, including Council and legislative, general administration, property assessment, taxation administration, licensing, elections and municipal census.

(b) Protective services

Protective services include fire and law enforcement. The Fire Department is responsible for providing fire suppression services, fire prevention programs, motor vehicle accident response training and education related to prevention. The Town's by-law officers are responsible for enforcing the Town's bylaws.

(c) Transportation services

This category of functions is used to report activities related to public transportation, including roads, streets, walks and lighting, public transit and storm sewers and drainage.

(d) Environmental services

Environmental services include garbage pickup and recycling bins. Water and sewer is also provided by the Town.

(e) Public health and welfare

Public health and welfare is comprised of Cemeteries, FCSS Administration, Seniors Programming, Community Development, Young Adult Programming and Youth Programs.

(f) Planning and development

Planning and development manages all aspects of land use planning, including long range forecasting and planning, processing development permits and compliance certificates. The department is also responsible for corporate mapping functions.

(g) Recreation and culture

This function comprised of the Library, Ball Diamonds, Recreation Administration, Recreation Centre, Recreation Grounds and Recreations Facilities.

(h) Gas

Gas is included as part of the utility services supplied by the Town.

Refer to the Schedule of Segmented Disclosure (Schedule 4).

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**19. FINANCIAL INSTRUMENTS**

**(a) Credit risk**

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

**(b) Fair value**

The Town's carrying value of cash, taxes and grants in lieu of taxes receivable, trade and other receivables, investments, and accounts payable and accrued liabilities approximates its fair value due to the immediate or short-term maturity of these instruments.

The carrying value of long-term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Town for notes receivable and debt with similar terms.

**(c) Currency risk**

Currency risk is the risk to the Town's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

**20. BUDGET**

The 2019 budget data presented in these financial statements is based on the 2019 operating and capital budgets approved by Council on May 27, 2019.

**21. COMPARATIVE FIGURES**

Certain comparative figures have been restated to conform to the current year's financial statement presentation.

**22. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these draft financial statements on June 24, 2020.

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**23. GOING CONCERN - DISCONTINUATION OR DOUBT ABOUT THE GOING CONCERN ASSUMPTION**

The accompanying financial statements have been prepared in accordance with Public Sector Accounting Standards on the assumption that the Town is a going concern. Under the going concern assumption, the Town is viewed as being able to realize its assets and discharge its liabilities in the normal course of operation. However, the use of Public Sector Accounting Standards applicable to a going concern is potentially inappropriate because there is significant doubt about the appropriateness of the going concern assumption. Should the Town be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

As the Town continues to sustain significant deficiency of revenue over expenses, the ability to maintain sufficient cash flow is a significant issue. The Town's ability to continue as a going concern is dependent on the following items:

- Collection of accounts receivables;
- Investment in the replacement and/or repair of the Town's infrastructure and in turn providing an adequate return on investment;
- Water treatment plant subsidization of annual operating cost overages;
- Increase of property tax mill rates and user fees;

On March 2019, the Town motioned to commence the Town of Manning dissolution process in which a feasibility study will be performed by Municipal Affairs to assess the application of a dissolution. The Minister has determined that a vote of the town electors will be conducted following the completion of the viability review report. The vote will be on the question of whether the town should continue as a stand-alone municipality, or alternatively, dissolve and become a hamlet within the County of Northern Lights. As of December 31, 2019, the voting process has not taken place and is expected to occur in 2020. Should the going concern assumption prove not to be valid, significant adjustments may be required to the carrying amounts and classification of assets and liabilities.

**24. SUBSEQUENT EVENTS**

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the coronavirus disease 2019 ("COVID-19") outbreak. The measures implemented by governments, businesses, and other organizations to safeguard against COVID-19 may have a significant effect on the Town's future operations. An estimate of the financial effects, if any, cannot be made at this time.