



Wilde and Company

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Village of Mannville

We have audited the accompanying consolidated financial statements of Village of Mannville, which comprise the statement of financial position as at December 31, 2011, and the statement of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Village of Mannville as at December 31, 2011, and the results of its operations, change in its net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vegreville, AB
April 10, 2012

Wilde & Company
Chartered Accountants

VILLAGE OF MANNVILLE
Consolidated Statement of Financial Position
As at December 31, 2011

	2011	2010
Financial Assets		
Cash (Note 3)	\$ 723,970	\$ 532,576
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	72,255	83,350
Due from governments	23,339	144,371
Trade and other receivables	148,905	209,610
Inventory held for resale	31,318	28,462
Land held for resale	86,627	48,457
Investment in Mannville Housing Corporation - (Note 5)	15,908	15,908
Investments (Note 6)	171,198	165,354
	1,273,520	1,228,088
Liabilities		
Accounts payable and accrued liabilities	399,969	417,711
Trust liability (Note 7)	6,328	6,328
Deferred revenue (Note 8)	364,323	86,932
Obligations under capital lease (Note 10)	-	7,564
Long term debt (Note 11)	132,381	145,000
	903,001	663,535
Net Financial Assets	370,519	564,553
Non-Financial Assets		
Tangible capital assets (Schedule 2)	8,749,861	9,029,163
Inventory of materials and supplies	13,707	34,744
Prepaid expenses	6,802	22,097
	8,770,370	9,086,004
Accumulated Surplus (Note 14)	\$ 9,140,889	\$ 9,650,557
Contingencies (Note 20)		

VILLAGE OF MANNVILLE
Consolidated Statement of Operations
Year Ended December 31, 2011

	Budget (Unaudited)	2011	2010
Revenue			
Net municipal taxes (Schedule 3)	\$ 612,305	\$ 613,316	\$ 576,137
User fees and sales of goods	931,435	833,485	916,023
Government transfers for operating (Schedule 4)	186,453	241,613	281,719
Investment income	6,000	12,084	13,187
Penalties and costs on taxes	16,000	15,839	16,976
Rentals	10,950	19,581	9,814
Franchise revenues	66,933	67,830	67,325
Licenses, permits and fines	4,140	16,365	5,094
Other	13,800	64,624	23,394
Total revenue	1,848,016	1,884,737	1,909,669
Expenses			
Administration and legislative	352,547	416,042	328,913
Fire protection and safety services	66,522	80,032	62,669
Ambulance services	6,180	4,870	4,224
Bylaw enforcement	20,770	22,102	15,182
Roads, streets, walks, lighting	208,920	390,719	333,720
Water supply and distribution	90,577	247,403	103,948
Wastewater treatment and disposal	63,250	113,771	69,286
Waste management	94,653	101,485	102,430
Landfill	86,330	109,933	303,790
Family and community support	36,324	103,474	39,432
Cemetery	22,135	23,372	18,381
Economic and Agricultural development	44,199	37,563	36,509
Subdivision land and development	18,950	11,654	48,012
Recreation and culture	238,982	363,729	321,604
Golf course	408,070	451,194	419,472
Total expenses	1,758,409	2,477,343	2,207,572
Deficiency of revenue over expenses - before other	89,607	(592,606)	(297,903)
Other			
Government transfers for capital (Schedule 4)	883,211	82,938	202,338
Other capital contributions	-	-	10,000
Excess (deficiency) of revenue over expenses	972,818	(509,668)	(85,565)
Accumulated surplus - beginning of the year	9,650,557	9,650,557	9,736,122
Accumulated surplus - end of the year	\$ 10,623,375	\$ 9,140,889	\$ 9,650,557

VILLAGE OF MANNVILLE
Consolidated Statement of Change in Net Financial Assets
Year Ended December 31, 2011

	Budget (Unaudited)	2011	2010
Excess (deficiency) of revenues over expenses	\$ 972,818	\$ (509,668)	\$ (85,565)
Acquisition of tangible capital assets	(999,523)	(84,997)	(148,724)
Contributed tangible capital assets		-	(10,000)
Amortization of tangible capital assets		364,299	362,321
	(999,523)	279,302	203,597
Acquisition of prepaid assets		15,295	(11,563)
Use of supplies inventories		21,037	1,606
	-	36,332	(9,957)
Increase (decrease) in net assets	(26,705)	(194,034)	108,075
Net Financial Assets, beginning of year	564,553	564,553	456,478
Net Financial Assets, end of year	\$ 537,848	\$ 370,519	\$ 564,553

VILLAGE OF MANNVILLE
Consolidated Statement of Cash Flows
Year Ended December 31, 2011

	2011	2010
Operating		
Deficiency of revenue over expenses	\$ (509,668)	\$ (85,565)
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	364,299	362,321
Tangible capital assets received as contributions	-	(10,000)
Net changes in non-cash charges to operation		
Increase (decrease) in taxes and grants in lieu receivable	11,095	(26,450)
Increase (decrease) in government receivables	121,032	(71,563)
Increase (decrease) in trade and other receivables	60,762	(64,608)
Increase in inventory of materials and supplies	21,037	1,606
Decrease in inventory held for resale	(2,856)	(7,828)
Decrease in land held for resale	(38,170)	(20,329)
Decrease (increase) in prepaid expenses	15,295	(11,563)
Increase (decrease) in accounts payable and accrued liabilities	(17,799)	235,956
Increase in deposit liabilities and deferred revenues	277,391	38,014
<i>Cash provided by operating transactions</i>	302,418	339,991
Capital		
Acquisition of tangible capital assets	(84,997)	(148,724)
<i>Cash applied to capital transactions</i>	(84,997)	(148,724)
Investing		
Decrease in restricted cash or cash equivalents	(276,483)	(31,703)
Increase in investment in Mannville Housing Corporation	-	(335)
Decrease in investments	(5,844)	(10,461)
<i>Cash applied to investing transactions</i>	(282,327)	(42,499)
Financing		
Issuance of new debenture	-	145,000
Repayment of long term debt	(12,619)	-
Repayment of capital lease obligation	(7,564)	(16,872)
<i>Cash provided by (applied to) financing transactions</i>	(20,183)	128,128
Change in cash and cash equivalents during the year	(85,089)	276,896
Cash and cash equivalents, beginning of year	462,243	185,347
Cash and cash equivalents, end of year	\$ 377,154	\$ 462,243
Cash and cash equivalents is made up of:		
Cash (Note 3)	\$ 723,970	\$ 532,576
Less: restricted cash	346,816	70,333
Cash and cash equivalents, end of year	\$ 377,154	\$ 462,243

See accompanying notes

VILLAGE OF MANNVILLE
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2011
Schedule 1

	2011			2010
	Unrestricted Surplus	Restricted Capital Reserves	Equity in Capital Assets	\$
Balance, beginning of year	465,236	308,722	8,876,599	9,650,557
Excess (deficiency) of revenues over expenses	(509,668)	-	-	(85,565)
Unrestricted funds designated for future use	(325,956)	325,956	-	-
Current year funds used for tangible capital assets	(84,997)	-	84,997	-
Annual amortization expense	364,299	-	(364,299)	-
TCA long term debt repaid	(12,619)	-	12,619	-
TCA capital lease obligation repaid	(7,564)	-	7,564	-
	(576,505)	325,956	(259,119)	(85,565)
Balance, end of year	(111,269)	634,678	8,617,480	9,140,889
				9,650,557

VILLAGE OF MANNVILLE
Schedule of Tangible Capital Assets
Year Ended December 31, 2011
Schedule 2

	2011							2010	
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Assets under Capital Lease	\$	\$
Cost:									
Balance, beginning of year	413,244	406,845	6,166,986	7,779,753	806,722	169,980	69,000	15,812,530	15,675,362
Acquisition of tangible capital assets	-	30,725	12,315	-	41,957	-	-	84,997	158,724
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(21,556)
Balance, end of year	413,244	437,570	6,179,301	7,779,753	848,679	169,980	69,000	15,897,527	15,812,530
Accumulated amortization:									
Balance, beginning of year	-	136,923	2,581,394	3,389,329	549,314	98,807	27,600	6,783,367	6,442,602
Annual amortization	-	9,722	123,491	172,875	41,206	10,105	6,900	364,299	362,321
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(21,556)
Balance, end of year	-	146,645	2,704,885	3,562,204	590,520	108,912	34,500	7,147,666	6,783,367
Net Book Value of tangible capital assets	413,244	290,925	3,474,416	4,217,549	258,159	61,068	34,500	8,749,861	9,029,163

VILLAGE OF MANNVILLE
 Schedule of Property and Other Taxes
 Year Ended December 31, 2011
 Schedule 3

	Budget (Unaudited)	2011	2010
Taxation			
Real property taxes	\$ -	\$ 686,437	\$ 643,346
Linear property	-	36,919	36,897
Special assessments and local improvement taxes	-	-	215
	723,221	723,356	680,458
Requisitions			
Alberta School Foundation Fund	103,686	102,810	96,942
MD of Minburn Foundation	7,230	7,230	7,379
	110,916	110,040	104,321
Net Municipal Taxes	\$ 612,305	\$ 613,316	\$ 576,137

VILLAGE OF MANNVILLE
 Schedule of Government Transfers
 Year Ended December 31, 2011
 Schedule 4

	Budget (Unaudited)	2011	2010
Transfers for operating			
Federal Government	\$ -	\$ 28,257	\$ 8,295
Provincial Government	117,162	120,329	224,472
Other Local Governments	69,291	93,027	48,952
	186,453	241,613	281,719
Transfers for Capital			
Provincial Government	883,211	82,938	202,338
	883,211	82,938	202,338
Total Government Transfers	\$ 1,069,664	\$ 324,551	\$ 484,057

VILLAGE OF MANNVILLE
 Schedule of Consolidated Expenses by Object
 Year Ended December 31, 2011
 Schedule 5

	Budget (Unaudited)	2011	2010
Consolidated Expenses by Object			
Salaries, wages and benefits	\$ 716,559	\$ 716,377	\$ 705,900
Contracted and general services	490,045	613,523	470,825
Materials, goods, supplies and utilities	399,572	290,084	344,680
Provision for allowances	3,350	109,368	11,394
Transfers to local boards and agencies	143,998	372,641	303,022
Bank charges and short term interest	4,885	5,806	8,214
Interest on long term debt	-	5,245	1,216
Amortization of tangible capital assets	-	364,299	362,321
	\$ 1,758,409	\$ 2,477,343	\$ 2,207,572

VILLAGE OF MANNVILLE
Schedule of Segmented Disclosure
Year Ended December 31, 2011
Schedule 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
Revenue								
Net municipal taxes	613,316	-	-	-	-	-	-	613,316
Government transfers	47,534	16,541	4,307	-	73,851	135,408	95,027	372,668
User fees and sales of goods	85	35,647	750	-	424,054	366,264	6,685	833,485
Investment income	12,084	-	-	-	-	-	-	12,084
Other revenues	103,215	20,211	1	5,284	5,726	299	1,386	136,122
	776,234	72,399	5,058	5,284	503,631	501,971	103,098	1,967,675
Expenses								
Contracted and general services	149,454	28,054	59,422	8,685	186,963	173,429	7,516	613,523
Salaries, wages and benefits	129,664	33,550	76,519	38,773	292,801	129,683	15,387	716,377
Materials, goods, supplies and utilities	20,509	37,476	124,691	1,759	70,360	33,956	1,333	290,084
Transfers to local boards and agencies	-	-	-	-	100,651	159,289	2,000	261,940
Interest on long term debt	-	-	-	-	5,245	-	-	5,245
Other expenses	111,377	-	-	-	12,686	1,202	100,610	225,875
	411,004	99,080	260,632	49,217	668,706	497,559	126,846	2,113,044
Net revenue before amortization	365,230	(26,681)	(255,574)	(43,933)	(165,075)	4,412	(23,748)	(145,369)
Amortization of tangible capital assets	5,038	7,924	130,087	-	146,217	75,033	-	364,299
Net revenue	360,192	(34,605)	(385,661)	(43,933)	(311,292)	(70,621)	(23,748)	(509,668)

VILLAGE OF MANNVILLE
Schedule of Golf Course Revenue and Expenditures
Year Ended December 31, 2011
Schedule 7

	Budget (unaudited)	2011	2010
Revenue			
Fees and rentals	\$ 211,400	\$ 186,382	\$ 186,560
Sale of golf inventory	53,500	54,645	53,161
Sale of confections	118,890	109,521	115,699
Camping	107,900	14,317	14,480
Grants	8,000	13,312	8,000
	499,690	378,177	377,900
Expenditures			
Amortization	-	48,290	48,589
Advertising	10,140	11,316	11,479
Bank charges	3,360	2,595	4,597
Confections	62,395	63,062	57,198
Freight and telephone	6,597	8,030	6,735
Golf inventory	38,640	45,054	39,935
Insurance	3,500	2,150	2,717
Interest on capital leases & long term debt	-	5,245	1,216
Property taxes	8,000	6,796	7,351
Repairs and maintenance	66,651	44,090	39,846
Supplies	8,553	9,730	8,422
Utilities	18,414	23,914	17,231
Wages and benefits	181,820	180,922	180,615
	408,070	451,194	425,931
Excess (deficiency) of revenue over expenses - before other	91,620	(73,017)	(48,031)
Other			
Contributed asset	-	-	10,000
Government transfers for capital	-	11,647	-
Excess (deficiency) of revenue over expenses	91,620	(61,370)	(48,031)
Acquisition of tangible capital assets	(115,100)	(47,140)	(6,318)
Amortization of tangible capital assets	-	48,290	48,589
	(115,100)	1,150	42,271
Acquisition of golf inventory	-	(2,856)	(7,828)
	-	(2,856)	(7,828)
Decrease in net assets	(23,480)	(63,076)	(13,588)
Net book value of golf course tangible capital assets			
Balance, beginning of year		1,067,298	1,020,741
Acquisition of tangible capital assets		55,140	94,196
Annual amortization		(48,290)	(47,639)
Balance, end of year	\$	\$ 1,074,148	\$ 1,067,298

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

1. Significant accounting policies

The consolidated financial statements of the municipality are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to 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.

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.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

1. Significant accounting policies (*continued*)

Cash and cash equivalents

Cash includes cash and cash equivalents. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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.

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.

Inventories 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 the respective function.

Prepaid local improvement charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

(*continues*)

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

1. Significant accounting policies *(continued)*

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.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

(continues)

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

1. Significant accounting policies (*continued*)

Non-financial assets

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

a) Tangible capital assets

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

	YEARS
Land improvements	10-25
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

The full amount of the annual amortization is charged in the year of acquisition and none is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

b) 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.

c) 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.

d) Inventories

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

e) Cultural and historical tangible capital assets

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

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

2. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3410 - Government Transfers

This section establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section is effective for fiscal periods beginning on or after April 1, 2012.

Section PS 3510 – Tax Revenue

This new standard establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. This section is effective for fiscal periods beginning on or after April 1, 2012.

Section PS 3260 – Liability for Contaminated Sites

This new section establishes recognition, measurement, and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook. This section is effective for fiscal periods beginning on or after April 1, 2014.

3. Cash

	2011	2010
Petty cash	\$ 130	\$ 130
Credit Union current account	717,414	526,096
Mannville Housing Corporation	22	22
Trust account	6,404	6,328
	\$ 723,970	\$ 532,576

Included in cash is a restricted amount of \$346,816 (2010 - \$70,333) received from grants which are held exclusively for restricted purposes - Note 8.

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

4. Taxes and grants in place of taxes receivable

	2011	2010
Current taxes and grants in place of taxes	\$ 78,960	\$ 88,233
Arrears taxes	6,835	7,995
	85,795	96,228
Less: allowance for doubtful accounts	(13,540)	(12,878)
	\$ 72,255	\$ 83,350

5. Investment in Mannville Housing Corporation

The unaudited financial statements of the Mannville Housing Corporation have been reflected in the Village of Mannville's financial statements based on the modified equity method as required by Alberta Municipal Affairs. The impact on the operating fund is a loss of \$15,908 for the year ended December 31, 2011 (2010 - (\$16,007)). Condensed supplementary information of the Mannville's Housing Corporation's financial position and operating results are as follows:

	2011	2010
Assets	\$ 67	\$ 67
Liabilities	15,975	15,975
Equity	(15,908)	(15,908)
Expenditures	-	435

6. Investments

	2011		2010	
	Cost	Market value	Cost	Market Value
Guaranteed investment certificates (GICs)	\$ 165,757	\$ 165,757	\$ 159,903	\$ 159,903
AMFC shares	-	-	10	10
Credit Union shares	162	162	162	162
East-Alta Co-op	5,279	5,279	5,279	5,279
	\$ 171,198	\$ 171,198	\$ 165,354	\$ 165,354

The GICs have effective interest rates of 3.85% (2010 – 3.65%) and mature in August 2013.

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

7. Trust liability

The municipality administers the following trust:

	2011	2010
Sale of tax recovery property	\$ 6,328	\$ 6,328

8. Deferred revenue

	2011	2010
Street Improvement Program	\$ 88,773	\$ 44,816
Municipal Internship Program	13,367	-
Municipal Sustainability Initiative - capital	126,034	-
Municipal Sponsorship Program	9,674	10,829
Federal Gas Tax Fund	43,459	10,000
Municipal Sustainability Initiative - operating	64,710	4,687
Other	18,306	16,600
	\$ 364,323	\$ 86,932

Funding

The use of these funds is restricted to eligible operating projects, as approved under the funding agreement, which are scheduled for completion in 2012. Unexpended funds related to the advances are supported by cash of \$346,816 (2010 - \$70,332) held exclusively for these projects (Note 3).

9. 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 sites are recognized over the life of the sites, 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 sites. 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 site approved forming a Waste Management Commission as a legal operating entity. The partnership passed a motion to close the Mannville site and convert it to a transfer station. The partnership anticipates the transfer station to be operational during 2012. These costs will be expensed in the year incurred less any related funding.

(continues)

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

9. Landfill closure and post-closure liability (*continued*)

The municipality has not designated 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:

The following summarizes the total net present value of the estimated cost for closure and post-closure:

	2011	2010
Estimated closure costs	\$ 254,000	\$ 254,000
Estimated post-closure costs	191,910	191,910
Estimated total liability	\$ 445,910	\$ 445,910
Village of Mannville's prorata share of estimated closure and post closure costs (35.2%)	\$ 120,115	\$ 111,579
Amount accrued to December 31, 2011	(120,115)	(111,579)
	\$ -	\$ -

10. Obligations under capital lease

	2011	2010
Textron Financial	\$ -	\$ 7,564
Total	\$ -	\$ 7,564

Interest on long term debt amounted to \$5,385 (2010 - \$1,216).

The municipality's total cash payments for interest in 2011 were \$1,076 (2010 - \$1,216).

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
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11. Long term debt	2011	2010
Debenture	\$ 132,381	\$ 145,000

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 13,077	\$ 3,710	\$ 16,787
2013	13,456	3,331	16,787
2014	13,846	2,942	16,788
2015	14,246	2,540	16,786
2016	14,659	2,128	16,787
Thereafter	63,097	4,145	67,242
	<u>\$ 132,381</u>	<u>\$ 18,796</u>	<u>\$ 151,177</u>

The current portion of the long term debt amounts to \$13,077 (2010 - \$12,709).

Interest on long term debt amounted to \$5,385 (2010 - \$1,216).

The municipality's total cash payments for interest in 2011 were \$4,169 (2010 - \$nil).

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

12. 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:

	2011	2010
Total debt limit	\$ 2,827,106	\$ 2,864,504
Total debt	(132,381)	(152,564)
Amount of debt limited unused	2,694,725	2,711,940
Debt servicing limit	471,184	477,417
Debt servicing	(16,787)	(24,729)
	454,397	452,688

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.

13. Equity in tangible capital assets

	2011	2010
Tangible capital assets (Schedule 2)	\$ 15,897,527	\$ 15,812,530
Accumulated amortization (Schedule 2)	(7,147,666)	(6,783,367)
Capital lease obligations (Note 10)	-	(7,564)
Long term debt (Note 11)	(132,381)	(145,000)
	\$ 8,617,480	\$ 8,876,599

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

14. Accumulated surplus

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

	2011	2010
Unrestricted surplus	\$ (111,269)	\$ 465,236
Restricted surplus		
Fire equipment replacement	29,800	23,700
Public works equipment replacement	247,815	103,667
Cemetery contributions	9,000	-
Subdivision development	39,300	-
Waste collection transfer station	135,300	-
Sanitary transfer station	10,000	-
Recreation equipment replacement	10,500	-
Landfill equipment replacement	77,775	73,775
Water equipment replacement	75,188	107,580
Equity in tangible capital assets	8,617,480	8,876,599
	\$ 9,140,889	\$ 9,650,557

15. 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 the Schedule of Segmented Disclosure (Schedule 6).

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

16. Salary and benefits disclosure

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

	Salary	Benefits & allowances (2)	2011 Total	2010 Total
Councillors:				
Mayor Good	5,800	3,026	8,826	4,467
Deputy Mayor Hatch	4,200	2,143	6,343	5,533
Huppertz	4,400	2,244	6,644	700
Annis	1,500	770	2,270	700
Ruttan	2,800	1,256	4,056	700
Betz	2,629	622	3,251	-
McLuckie	2,450	1,225	3,675	-
Wessel	-	-	-	3,500
Hinton	-	-	-	3,500
Thompson	-	-	-	3,500
Administration:				
Thelma Rogers	13,017	3,599	16,616	-
Candace Dueck - former CAO	45,580	10,435	56,015	55,986

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross 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 pension and health plan.

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
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17. Local Authorities Pension Plan

Employees of the municipality participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 206,000 people and 421 employers. 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 municipality is required to make current service contributions to the LAPP of 9.49% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.13% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 8.49% of pensionable salary up to the year's maximum pensionable salary and 12.13% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2011 were \$4,390 (2010 - \$12,702). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2011 were \$3,957 (2010 - \$10,596).

At December 31, 2010, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

18. Commitments

The municipality has committed \$120,000 by way of debentures and grants to fund the golf course expansion.

The Village of Mannville has entered into a three year contract with Wainwright Assessment Group. This contract expires in 2013.

19. Lease commitments

The municipality leases a copy machine under a long term lease that expires on July 1, 2015. Under the lease, the municipality is required to pay a base rent of \$728.51 quarterly.

2012	\$	2,914
2013		2,914
2014		2,914
2015		729
		<hr/>
	\$	<u>9,471</u>

VILLAGE OF MANNVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

20. Contingencies

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

In accordance with the Agreements for Sale Requiring Residential Development and Option to Purchase, the Village has the option to re-purchase land where the development guidelines have not been met. As a result, the Village may have a future contingent liability of \$14,400 (2010 - \$14,400). Any liability incurred would be accounted for as a current transaction in the year the cost is incurred.

21. 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 fulfil 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.

22. Approval of financial statements

Council and Management have approved these financial statements.

23. Budget amounts

Budget amounts are included for information purposes only and are not audited. It should be noted that the budget is not PSAB compliant in that it does not include an estimate for amortization.

24. Comparative figures

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