

VILLAGE OF MANNVILLE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2014



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Mannville

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Village of Mannville, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, changes in net financial assets 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material 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 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 the Village of Mannville as at December 31, 2014, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ST. PAUL, ALBERTA
April 21, 2015

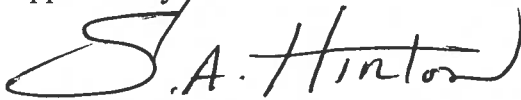
JMD Group
CHARTERED ACCOUNTANTS

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
Financial assets		
Cash and cash equivalents (note 2)	\$ 1,045,342	\$ 1,258,921
Taxes and grants in place receivable (note 3)	87,611	60,238
Receivable from other governments	22,041	43,700
Trade and other receivables	87,399	124,675
Inventory held for resale	30,770	38,044
Land held for resale	92,427	96,427
Long-term investments (note 4)	<u>6,979</u>	<u>6,331</u>
	<u>1,372,569</u>	<u>1,628,336</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	151,199	303,442
Tax sale surplus	6,328	6,328
Landfill closure and post-closure liability (note 6)	180,115	180,115
Deferred revenue (note 7)	411,806	367,032
Long-term debt (note 8)	<u>1,067,819</u>	<u>1,167,466</u>
	<u>1,817,267</u>	<u>2,024,383</u>
Net financial assets (debt)	<u>(444,698)</u>	<u>(396,047)</u>
Non-financial assets		
Tangible capital assets (schedule 2)	9,688,120	9,584,550
Inventory	13,707	13,707
Prepaid expenses	<u>5,728</u>	<u>1,864</u>
	<u>9,707,555</u>	<u>9,600,121</u>
Accumulated surplus (note 11)	<u>\$ 9,262,857</u>	<u>\$ 9,204,074</u>

Contingencies (note 17)

Approved by:



Mayor

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u> (unaudited)	<u>2014</u>	<u>2013</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 733,364	\$ 733,043	\$ 673,539
Sales and user fees	1,039,005	1,219,118	1,198,873
Government transfers for operating (schedule 4)	248,375	298,796	396,381
Investment income	8,000	10,469	15,756
Penalties and costs on taxes	14,000	21,661	15,875
Rentals	15,610	13,826	18,485
Franchise revenues	88,000	92,644	85,383
Licenses and permits	2,900	4,730	4,820
Insurance proceeds	--	39,684	--
Other	<u>17,150</u>	<u>20,825</u>	<u>24,079</u>
	<u>2,166,404</u>	<u>2,454,796</u>	<u>2,433,191</u>
Expenses			
Administration and legislative	310,070	338,293	306,830
Protective services	47,337	85,962	92,378
Bylaw enforcement	22,560	23,094	23,406
Roads, streets, walks, lighting	277,166	384,915	380,390
Water supply and distribution	291,546	357,799	615,504
Wastewater treatment and disposal	88,711	143,768	99,820
Waste management	149,150	171,616	221,884
Family and community support services	98,122	108,298	116,641
Cemetery	5,935	11,561	5,935
Economic and agricultural development	23,570	6,788	10,483
Subdivision land and development	7,630	4,000	19,720
Recreation and culture	124,974	254,424	240,809
Golf course	<u>467,780</u>	<u>516,725</u>	<u>529,076</u>
	<u>1,914,551</u>	<u>2,407,243</u>	<u>2,662,876</u>
Excess (deficiency) of revenue over expenses before other	251,853	47,553	(229,685)
Other			
Government transfers for capital (schedule 4)	--	5,801	314,849
Gain on sale of tangible capital assets	<u>--</u>	<u>5,429</u>	<u>--</u>
Excess of revenue over expenses	251,853	58,783	85,164
Accumulated surplus, beginning of year	<u>9,204,074</u>	<u>9,204,074</u>	<u>9,118,910</u>
Accumulated surplus, end of year	<u>\$ 9,455,927</u>	<u>\$ 9,262,857</u>	<u>\$ 9,204,074</u>

VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u> (unaudited)	<u>2014</u>	<u>2013</u>
Excess of revenue over expenses	\$ <u>251,853</u>	\$ <u>58,783</u>	\$ <u>85,164</u>
Acquisition of tangible capital assets	--	(487,845)	(1,154,765)
Amortization of tangible capital assets	<u>--</u>	<u>384,275</u>	<u>357,298</u>
	<u>--</u>	<u>(103,570)</u>	<u>(797,467)</u>
Acquisition of prepaid expenses	--	(5,728)	(1,864)
Use of prepaid expenses	--	1,864	8,257
Use of supplies inventories	<u>--</u>	<u>--</u>	<u>--</u>
	<u>--</u>	<u>(3,864)</u>	<u>6,393</u>
Increase (decrease) in net financial assets	251,853	(48,651)	(705,910)
Net financial assets (debt), beginning of year	(<u>396,047</u>)	(<u>396,047</u>)	<u>309,863</u>
Net financial assets (debt), end of year	\$ (<u>144,194</u>)	\$ (<u>444,698</u>)	\$ (<u>396,047</u>)

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	\$ 58,783	\$ 85,164
Non-cash items included		
Amortization of tangible capital assets	384,275	357,298
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	(27,373)	13,135
Receivables from other governments	21,659	(17,158)
Trade and other receivables	37,276	(29,959)
Inventory held for resale	7,274	(1,116)
Land held for resale	4,000	3,000
Prepaid expenses	(3,864)	6,393
Increase (decrease) in		
Accounts payable and accrued liabilities	(152,243)	88,392
Deferred revenue	44,774	(21,796)
Net cash from operations	<u>374,561</u>	<u>483,353</u>
Capital		
Acquisition of tangible capital assets	<u>(487,845)</u>	<u>(1,154,765)</u>
Investing		
Decrease (increase) in investments	<u>(648)</u>	<u>(1,097)</u>
Financing		
Issuance of new debenture	--	991,847
Repayment of long-term debt	<u>(99,647)</u>	<u>(57,594)</u>
	<u>(99,647)</u>	<u>934,253</u>
Change in cash and cash equivalents during the year	(213,579)	261,744
Cash and cash equivalents, beginning of year	<u>1,258,921</u>	<u>997,177</u>
Cash and cash equivalents, end of year	<u>\$ 1,045,342</u>	<u>\$ 1,258,921</u>

VILLAGE OF MANNVILLE
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ <u>212,324</u>	\$ <u>574,666</u>	\$ <u>8,417,084</u>	\$ <u>9,204,074</u>	\$ <u>9,118,910</u>
Excess of revenues over expenses	58,783	--	--	58,783	85,164
Unrestricted funds designated for future use	(145,333)	145,333	--	--	--
Restricted funds used for tangible capital assets	--	(78,000)	78,000	--	--
Current year funds used for tangible capital assets	(409,845)	--	409,845	--	--
Annual amortization expense	384,275	--	(384,275)	--	--
Long-term debt repaid	<u>(99,647)</u>	<u>--</u>	<u>99,647</u>	<u>--</u>	<u>--</u>
Change in accumulated surplus	<u>(211,767)</u>	<u>67,333</u>	<u>203,217</u>	<u>58,783</u>	<u>85,164</u>
Balance, end of year	\$ <u><u>557</u></u>	\$ <u><u>641,999</u></u>	\$ <u><u>8,620,301</u></u>	\$ <u><u>9,262,857</u></u>	\$ <u><u>9,204,074</u></u>

VILLAGE OF MANNVILLE
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

Cost	<u>Land</u>	<u>Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 413,244	\$ 803,588	\$ 6,179,301	\$ 8,801,922	\$ 1,074,940	\$ 169,980	\$ 17,442,975	\$ 16,288,210
Acquisition of tangible capital assets	7,630	4,959	--	1,074,916	54,889	11,464	1,153,858	228,817
Construction in progress	--	--	--	(666,013)	--	--	(666,013)	925,948
Disposition of tangible capital assets	--	--	--	--	(27,520)	--	(27,520)	--
Balance, end of year	<u>420,874</u>	<u>808,547</u>	<u>6,179,301</u>	<u>9,210,825</u>	<u>1,102,309</u>	<u>181,444</u>	<u>17,903,300</u>	<u>17,442,975</u>
Accumulated amortization								
Balance, beginning of year	--	169,563	2,951,797	3,898,707	709,656	128,702	7,858,425	7,501,127
Annual amortization	--	17,858	122,661	190,234	45,577	7,945	384,275	357,298
Accumulated amortization on disposals	--	--	--	--	(27,520)	--	(27,520)	--
Balance, end of year	--	<u>187,421</u>	<u>3,074,458</u>	<u>4,088,941</u>	<u>727,713</u>	<u>136,647</u>	<u>8,215,180</u>	<u>7,858,425</u>
Net book value of tangible capital assets	<u>\$ 420,874</u>	<u>\$ 621,126</u>	<u>\$ 3,104,843</u>	<u>\$ 5,121,884</u>	<u>\$ 374,596</u>	<u>\$ 44,797</u>	<u>\$ 9,688,120</u>	<u>\$ 9,584,550</u>
2013 Net book value of tangible capital assets	<u>\$ 413,244</u>	<u>\$ 634,025</u>	<u>\$ 3,227,504</u>	<u>\$ 4,903,215</u>	<u>\$ 365,284</u>	<u>\$ 41,278</u>	<u>\$ 9,584,550</u>	

**VILLAGE OF MANNVILLE
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u> (unaudited)	<u>2014</u>	<u>2013</u>
Taxation			
Real property taxes	\$ 834,072	\$ 833,752	\$ 767,427
Linear property	<u>38,385</u>	<u>38,384</u>	<u>37,189</u>
	<u>872,457</u>	<u>872,136</u>	<u>804,616</u>
Requisitions			
Alberta School Foundation Fund	131,485	131,485	124,118
MD of Minburn Foundation	<u>7,608</u>	<u>7,608</u>	<u>6,959</u>
	<u>139,093</u>	<u>139,093</u>	<u>131,077</u>
Net taxes for general municipal operations	\$ <u>733,364</u>	\$ <u>733,043</u>	\$ <u>673,539</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Federal	\$ 4,574	\$ 3,594	\$ 3,000
Provincial	176,011	225,813	320,484
Local governments	<u>67,790</u>	<u>69,389</u>	<u>72,897</u>
	<u>248,375</u>	<u>298,796</u>	<u>396,381</u>
Transfers for capital			
Provincial	<u>--</u>	<u>5,801</u>	<u>314,849</u>
Total government transfers	\$ <u>248,375</u>	\$ <u>304,597</u>	\$ <u>711,230</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 647,311	\$ 693,556	\$ 679,387
Contracted and general services	427,355	482,947	439,928
Purchases from other governments	204,000	199,577	--
Materials, goods, supplies and utilities	414,625	376,470	462,444
Provision for allowances	--	(2,499)	1,782
Transfers to other governments	36,500	53,866	511,233
Transfers to local boards and organizations	146,431	156,433	186,476
Bank charges and short-term interest	7,150	8,146	7,233
Interest on long-term debt	28,679	31,538	16,020
Amortization	--	384,275	357,298
Other	<u>2,500</u>	<u>22,934</u>	<u>1,075</u>
Total expenses	\$ <u>1,914,551</u>	\$ <u>2,407,243</u>	\$ <u>2,662,876</u>

VILLAGE OF MANNVILLE
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2014

Revenue	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Public Health</u>	<u>Planning and Development</u>	<u>Recreation and Culture</u>	<u>Total</u>
Net municipal taxes	\$ 733,043	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 733,043
Government transfers	29,223	65,389	11,594	15,841	103,200	--	79,350	304,597
User fees and sales of goods	71	3,923	--	670,252	10,419	78,000	456,453	1,219,118
Investment income	10,469	--	--	--	--	--	--	10,469
Other revenues	<u>133,745</u>	<u>3,139</u>	<u>26,150</u>	<u>826</u>	<u>1,625</u>	<u>8,008</u>	<u>25,306</u>	<u>198,799</u>
Expenses	<u>906,551</u>	<u>72,451</u>	<u>37,744</u>	<u>686,919</u>	<u>115,244</u>	<u>86,008</u>	<u>561,109</u>	<u>2,466,026</u>
Salaries, wages and benefits	195,393	53,054	98,063	103,524	--	--	243,522	693,556
Contract and general services	98,526	31,285	29,125	187,771	10,944	6,788	118,508	482,947
Materials, goods, supplies and utilities	17,890	16,793	125,136	217,641	617	4,000	193,970	576,047
Transfers to others	--	--	--	45,530	108,298	--	56,471	210,299
Long-term debt interest	--	--	1,370	27,343	--	--	2,825	31,538
Other expenses	<u>24,374</u>	<u>--</u>	<u>--</u>	<u>156</u>	<u>--</u>	<u>--</u>	<u>4,051</u>	<u>28,581</u>
Net revenue before amortization	<u>336,183</u>	<u>101,132</u>	<u>253,694</u>	<u>581,965</u>	<u>119,859</u>	<u>10,788</u>	<u>619,347</u>	<u>2,022,968</u>
Amortization expense	570,368	(28,681)	(215,950)	104,954	(4,615)	75,220	(58,238)	443,058
	<u>(2,110)</u>	<u>(7,924)</u>	<u>(131,221)</u>	<u>(91,218)</u>	<u>--</u>	<u>--</u>	<u>(151,802)</u>	<u>(384,275)</u>
Net revenue	<u>\$ 568,258</u>	<u>\$ (36,605)</u>	<u>\$ (347,171)</u>	<u>\$ 13,736</u>	<u>\$ (4,615)</u>	<u>\$ 75,220</u>	<u>\$ (210,040)</u>	<u>\$ 58,783</u>

VILLAGE OF MANNVILLE
SCHEDULE 7 – GOLF COURSE STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u> (unaudited)	<u>2014</u>	<u>2013</u>
Revenue			
Fees and rentals	\$ 205,000	\$ 171,490	\$ 185,026
Sale of merchandise	65,000	30,240	65,825
Sale of confections	115,000	113,773	115,004
Camping	130,000	96,558	115,637
Government transfers for operations	<u>46,762</u>	<u>38,850</u>	<u>8,763</u>
	<u>561,762</u>	<u>450,911</u>	<u>490,255</u>
Expenses			
Amortization	--	47,369	44,341
Advertising	10,790	12,649	10,155
Bank charges	3,500	4,051	3,515
Confections	63,500	65,492	63,542
Freight and telephone	8,150	5,863	8,188
Merchandise	45,000	31,298	61,811
Insurance	7,070	3,356	4,571
Interest on long-term debt	--	2,825	3,218
Property taxes	8,500	8,336	8,110
Repairs and maintenance	68,150	56,397	60,165
Golf cart rentals	--	18,971	4,190
Supplies	18,075	15,525	7,434
Utilities	43,000	52,410	55,124
Wages and benefits	<u>192,045</u>	<u>192,183</u>	<u>194,712</u>
	<u>467,780</u>	<u>516,725</u>	<u>529,076</u>
Excess (deficiency) of revenue over expenses			
- before other	93,982	(65,814)	(38,821)
Other			
Gain on disposal of tangible capital assets	<u>--</u>	<u>5,429</u>	<u>--</u>
Excess (deficiency) of revenues over expenses	\$ <u>93,982</u>	\$ <u>(60,385)</u>	\$ <u>(38,821)</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. Significant Accounting Policies

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

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village and are, therefore, accountable to the village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of Estimates

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

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. Significant Accounting Policies (continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents are defined as petty cash, cash in chequing and savings accounts adjusted for outstanding cheques and deposits, and guaranteed investment certificates maturing in the next twelve months.

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(f) Inventories Held for Resale

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

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

(g) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(h) 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.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. Significant Accounting Policies (continued)

(i) 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.

(j) Landfill Closure and Post-closure Liability

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

(k) Non-Financial Assets

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

(i) Tangible Capital Assets

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

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

No amortization is charged in the year of acquisition or in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. Significant Accounting Policies (continued)

(k) Non-Financial Assets (continued)

(ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

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

2. Cash

	<u>2014</u>	<u>2013</u>
Petty cash	\$ 130	\$ 380
Credit Union current account	382,291	773,579
Savings accounts	656,120	478,229
Trust account	<u>6,801</u>	<u>6,733</u>
	<u>\$ 1,045,342</u>	<u>\$ 1,258,921</u>

3. Taxes and Grants in Place Receivable

	<u>2014</u>	<u>2013</u>
Current	\$ 81,154	\$ 42,940
Arrears	28,357	30,838
Allowance	<u>(21,900)</u>	<u>(13,540)</u>
	<u>\$ 87,611</u>	<u>\$ 60,238</u>

4. Long-Term Investments

	<u>2014</u>		<u>2013</u>	
	Cost	Market Value	Cost	Market Value
Credit Union shares	\$ 208	\$ 208	\$ 194	\$ 194
East-Alta Co-op	<u>6,771</u>	<u>6,771</u>	<u>6,137</u>	<u>6,137</u>
	<u>\$ 6,979</u>	<u>\$ 6,979</u>	<u>\$ 6,331</u>	<u>\$ 6,331</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

5. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation liability of \$21,595 (2013 - \$22,073). The vacation liability is comprised of the vacation that employees have earned and are entitled to within the next budgetary year.

6. Landfill Closure and Post-Closure Liability

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

The accrued liabilities for closure and post-closure care of the municipality's landfill 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 landfill site approved forming a Waste Management Commission as a legal operating entity. The partnership passed a motion to close and reclaim the Mannville site.

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

	<u>2014</u>	<u>2013</u>
Estimated closure costs	\$ 500,000	\$ 500,000
Estimated post-closure costs	<u>201,000</u>	<u>201,000</u>
Estimated total liability	\$ <u>701,000</u>	\$ <u>701,000</u>
	<u>2014</u>	<u>2013</u>
Village of Manville's prorate share of estimated closure and post-closure costs (39.5%) (2013 – 39.5%)	\$ 276,895	\$ 276,895
Value of topsoil set aside for closure	(96,780)	(96,780)
Amount accrued	<u>(180,115)</u>	<u>(180,115)</u>
	\$ <u>-----</u>	\$ <u>-----</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

7. Deferred Revenue		<u>2014</u>	<u>2013</u>
Basic Municipal Transportation Grant		\$ 182,613	\$ 182,613
Unspent insurance proceeds		33,180	--
Federal Gas Tax Fund		172,611	128,412
MSI operating		--	33,167
Communities in Bloom		21,000	21,000
Other		<u>2,402</u>	<u>1,840</u>
		<u>\$ 411,806</u>	<u>\$ 367,032</u>

Funding from various grant programs in the amount of \$411,806 remained unspent at the end of the current year. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements. Most of the projects are scheduled for completion in 2014. Deferred revenue is supported by cash in the amount of \$411,806 (2013 - \$367,032) held exclusively for these projects.

8. Long-Term Debt		<u>2014</u>	<u>2013</u>
Tax supported debentures		\$ 161,401	\$ 197,680
Supported by utility rates		<u>906,418</u>	<u>969,786</u>
		<u>\$ 1,067,819</u>	<u>\$ 1,167,466</u>

Principal and interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 102,178	\$ 29,346	\$ 131,524
2016	104,777	26,747	131,524
2017	107,446	24,078	131,524
2018	86,275	21,432	107,707
2019	88,705	19,002	107,707
Thereafter	<u>578,438</u>	<u>74,495</u>	<u>652,933</u>
	<u>\$ 1,067,819</u>	<u>\$ 195,100</u>	<u>\$ 1,262,919</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.603% to 3.295% per annum and matures in periods 2017 through 2028. The average annual interest rate is 2.822% for 2014 (2.287% for 2013).

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

Interest on long-term debt amounted to \$31,538 (2013 - \$16,019).

The municipality's total cash payments for interest in 2014 were \$31,878 (2013 - \$13,575).

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

9. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the municipality be disclosed as follows:

	<u>2014</u>	<u>2013</u>
Total debt limit	\$ 3,690,338	\$ 3,649,787
Total debt	(1,067,819)	(1,167,466)
Amount of debt limit unused	\$ <u>2,622,519</u>	\$ <u>2,482,321</u>
Debt servicing limit	\$ 615,056	\$ 608,298
Debt servicing	<u>(131,524)</u>	<u>(131,525)</u>
Amount of debt servicing limit unused	\$ <u>483,532</u>	\$ <u>476,773</u>

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

10. Equity in Tangible Capital Assets

	<u>2014</u>	<u>2013</u>
Tangible capital assets (schedule 2)	\$ 17,903,300	\$ 17,442,975
Accumulated amortization (schedule 2)	(8,215,180)	(7,858,425)
Long-term debt (note 8)	<u>(1,067,819)</u>	<u>(1,167,466)</u>
	\$ <u>8,620,301</u>	\$ <u>8,417,084</u>

11. Accumulated Surplus

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

	<u>2014</u>	<u>2013</u>
Unrestricted surplus (deficit)	\$ 557	\$ 212,324
Restricted surplus		
Fire equipment replacement	29,800	29,800
Public works equipment replacement	197,815	197,815
Cemetery contributions	9,000	9,000
Subdivisions development	39,300	39,300
Waste collection transfer station	35,300	35,300
Sanitary transfer station	10,000	10,000
Recreation equipment replacement	10,500	10,500
Landfill equipment replacement	27,775	27,775
Water equipment replacement	75,188	75,188
Internet reserve	4,285	--
Water capital reserve	62,163	46,651
Sewer capital reserve	140,873	93,337
Equity in tangible capital assets (note 10)	<u>8,620,301</u>	<u>8,417,084</u>
	\$ <u>9,262,857</u>	\$ <u>9,204,074</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

12. Segmented Disclosure

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

Refer to the Schedule of Segmented disclosure (schedule 6).

13. Salary And Benefits Disclosure

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

		2014			2013
		Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Mayor –	Huppertz	\$ 6,900	\$ 682	\$ 7,582	\$ 8,561
	Hinton	8,100	694	8,794	1,488
Councillors –	Jackson	6,300	662	6,962	1,178
	Boe	6,300	662	6,962	1,178
	Dalton	6,300	662	6,962	1,178
	Good	--	--	--	5,771
	Hatch	--	--	--	6,752
	Betz	--	--	--	5,751
	McLuckie	--	--	--	6,389
CAO –	Rogers	47,591	7,297	54,888	74,917
CAO –	Mason	21,667	3,011	24,678	--

⁽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.

14. Local Authorities Pension Plan

Employees of the village 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 231,000 people and 418 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.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

14. Local Authorities Pension Plan (continued)

The municipality is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2014 were \$3,631 (2013 - \$7,179). Total current service contributions by the employees of the municipality to the LAPP in 2014 were \$3,330 (2013 - \$6,543).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.862 billion.

15. Commitments

The municipality of Mannville has entered into a three year contract with Wainwright Assessment Group. This contract expires in 2016.

16. Lease Commitments

The village is committed to making quarterly payments of \$729 until July 2015 under a photocopier lease, six payments per annum of \$1,883 until October 2016 under a golf cart lease and monthly payments from May to October of \$588 until September 2016 under a John Deere lease.

17. Contingencies

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

18. Financial Instruments

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

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

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

19. Approval of Financial Statements

Council and Management have approved these financial statements.

20. Budget Amounts

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

21. Recent Accounting Pronouncements Published But Not Yet Adopted

PSAB Section 3260, Liability for Contaminated Sites

Beginning with the 2015 fiscal year municipalities will be required to account for and report liabilities associated with the remediation of inactive contaminated sites within their municipality.

Specifically, the new section:

- defines which activities would be included in a liability for remediation;
- establishes when to recognize and how to measure a liability for remediation; and
- provides the related financial statement presentation and disclosure requirements.

PSAB Section 3041, Portfolio Investments

This standard is effective for the 2016 fiscal year and addresses the distinction between temporary and portfolio investments.

PSAB Section 3450, Financial Instruments

PS3450 establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments, effective for the 2016 fiscal year.