

VILLAGE OF MANNVILLE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015



INDEPENDENT AUDITOR'S REPORT

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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, 2015, 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, 2015, 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 19, 2016


JMD Group LLP
CHARTERED ACCOUNTANTS

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
Financial assets		
Cash (note 2)	\$ 1,384,485	\$ 1,045,342
Taxes receivable (note 3)	107,570	87,611
Receivable from other governments	20,622	22,041
Trade and other receivables	77,333	87,399
Inventory held for resale	16,858	30,770
Land held for resale	79,627	92,427
Long-term investments (note 4)	<u>7,714</u>	<u>6,979</u>
	<u>1,694,209</u>	<u>1,372,569</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	302,287	151,199
Tax sale surplus	12,381	6,328
Landfill closure and post-closure liability (note 6)	180,115	180,115
Deferred revenue (note 7)	377,100	411,806
Long-term debt (note 8)	<u>965,641</u>	<u>1,067,819</u>
	<u>1,837,524</u>	<u>1,817,267</u>
Net financial assets (debt)	<u>(143,315)</u>	<u>(444,698)</u>
Non-financial assets		
Tangible capital assets (schedule 2)	9,692,045	9,688,120
Inventory	13,707	13,707
Prepaid expenses	<u>2,883</u>	<u>5,728</u>
	<u>9,708,635</u>	<u>9,707,555</u>
Accumulated surplus (note 11)	<u>\$ 9,565,320</u>	<u>\$ 9,262,857</u>

Contingency (note 17)

Approved by:



 Mayor

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 745,179	\$ 738,553	\$ 733,043
Sales and user fees	1,024,640	1,126,526	1,219,118
Government transfers for operating (schedule 4)	263,001	240,754	298,796
Investment income	8,200	8,489	10,469
Penalties and costs on taxes	18,000	21,499	21,661
Rentals	13,900	15,903	13,826
Franchise revenues	92,260	91,659	92,644
Licenses and permits	2,800	3,900	4,730
Insurance proceeds	--	--	39,684
Other	<u>9,100</u>	<u>22,058</u>	<u>20,825</u>
	<u>2,177,080</u>	<u>2,269,341</u>	<u>2,454,796</u>
Expenses			
Administration and legislative	313,726	326,143	338,293
Protective services	85,495	100,375	85,962
Bylaw enforcement	12,000	9,097	23,094
Roads, streets, walks, lighting	293,473	424,560	384,915
Water supply and distribution	312,905	319,974	357,799
Wastewater treatment and disposal	80,248	124,098	143,768
Waste management	117,255	146,712	171,616
Family and community support services	112,313	104,616	108,298
Cemetery	8,160	6,464	11,561
Economic and agricultural development	21,170	19,589	6,788
Subdivision land and development	--	15,613	4,000
Recreation and culture	133,065	293,586	254,424
Golf course	<u>444,175</u>	<u>518,221</u>	<u>516,725</u>
	<u>1,933,985</u>	<u>2,409,048</u>	<u>2,407,243</u>
Excess (deficiency) of revenue over expenses before other	243,095	(139,707)	47,553
Other			
Government transfers for capital (schedule 4)	--	442,170	5,801
Gain on sale of tangible capital assets	<u>--</u>	<u>--</u>	<u>5,429</u>
Excess of revenue over expenses	243,095	302,463	58,783
Accumulated surplus, beginning of year	<u>9,455,927</u>	<u>9,262,857</u>	<u>9,204,074</u>
Accumulated surplus, end of year	\$ <u>9,699,022</u>	\$ <u>9,565,320</u>	\$ <u>9,262,857</u>

VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Excess of revenue over expenses	\$ <u>243,095</u>	\$ <u>302,463</u>	\$ <u>58,783</u>
Acquisition of tangible capital assets	--	(404,650)	(487,845)
Amortization of tangible capital assets	<u>--</u>	<u>400,725</u>	<u>384,275</u>
	<u>--</u>	<u>(3,925)</u>	<u>(103,570)</u>
Acquisition of prepaid expenses	--	(2,883)	(5,728)
Use of prepaid expenses	<u>--</u>	<u>5,728</u>	<u>1,864</u>
	<u>--</u>	<u>2,845</u>	<u>(3,864)</u>
Increase (decrease) in net financial assets	243,095	301,383	(48,651)
Net financial assets (debt), beginning of year	(<u>444,698</u>)	(<u>444,698</u>)	(<u>396,047</u>)
Net financial assets (debt), end of year	\$ (<u>201,603</u>)	\$ (<u>143,315</u>)	\$ (<u>444,698</u>)

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	\$ 302,463	\$ 58,783
Non-cash items included		
Amortization of tangible capital assets	400,725	384,275
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	(19,959)	(27,373)
Receivables from other governments	1,419	21,659
Trade and other receivables	10,066	37,276
Inventory held for resale	13,912	7,274
Land held for resale	12,800	4,000
Prepaid expenses	2,845	(3,864)
Increase (decrease) in		
Accounts payable and accrued liabilities	151,088	(152,243)
Tax sale surplus	6,053	--
Deferred revenue	<u>(34,706)</u>	<u>44,774</u>
Net cash from operations	846,706	374,561
Capital		
Acquisition of tangible capital assets	(404,650)	(487,845)
Investing		
Increase in investments	(735)	(648)
Financing		
Repayment of long-term debt	<u>(102,178)</u>	<u>(99,647)</u>
Change in cash during the year	339,143	(213,579)
Cash, beginning of year	<u>1,045,342</u>	<u>1,258,921</u>
Cash, end of year	<u>\$ 1,384,485</u>	<u>\$ 1,045,342</u>

VILLAGE OF MANNVILLE
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted <u>Surplus</u>	Restricted <u>Surplus</u>	Equity in Tangible <u>Capital Assets</u>	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ <u>557</u>	\$ <u>641,999</u>	\$ <u>8,620,301</u>	\$ <u>9,262,857</u>	\$ <u>9,204,074</u>
Excess of revenues over expenses	302,463	--	--	302,463	58,783
Unrestricted funds designated for future use	(143,737)	143,737	--	--	--
Current year funds used for tangible capital assets	(404,650)	--	404,650	--	--
Annual amortization expense	400,725	--	(400,725)	--	--
Long-term debt repaid	(102,178)	--	102,178	--	--
Change in accumulated surplus	<u>52,623</u>	<u>143,737</u>	<u>106,103</u>	<u>302,463</u>	<u>58,783</u>
Balance, end of year	\$ <u>53,180</u>	\$ <u>785,736</u>	\$ <u>8,726,404</u>	\$ <u>9,565,320</u>	\$ <u>9,262,857</u>

VILLAGE OF MANNVILLE
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cost	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 420,874	\$ 808,547	\$ 6,179,301	\$ 9,210,825	\$ 1,102,309	\$ 181,444	\$ 17,903,300	\$ 17,442,975
Acquisition of tangible capital assets	--	2,421	--	752,090	6,295	--	760,806	1,153,858
Construction in progress	--	--	--	(356,156)	--	--	(356,156)	(666,013)
Disposition of tangible capital assets	--	--	--	--	--	--	--	(27,520)
Balance, end of year	<u>420,874</u>	<u>810,968</u>	<u>6,179,301</u>	<u>9,606,759</u>	<u>1,108,604</u>	<u>181,444</u>	<u>18,307,950</u>	<u>17,903,300</u>
Accumulated amortization								
Balance, beginning of year	--	187,421	3,074,458	4,088,941	727,713	136,647	8,215,180	7,858,425
Annual amortization	--	17,968	122,661	199,139	51,866	9,091	400,725	384,275
Accumulated amortization on disposals	--	--	--	--	--	--	--	(27,520)
Balance, end of year	<u>--</u>	<u>205,389</u>	<u>3,197,119</u>	<u>4,288,080</u>	<u>779,579</u>	<u>145,738</u>	<u>8,615,905</u>	<u>8,215,180</u>
Net book value of tangible capital assets	<u>\$ 420,874</u>	<u>\$ 605,579</u>	<u>\$ 2,982,182</u>	<u>\$ 5,318,679</u>	<u>\$ 329,025</u>	<u>\$ 35,706</u>	<u>\$ 9,692,045</u>	<u>\$ 9,688,120</u>
2014 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>	

**VILLAGE OF MANNVILLE
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Taxation			
Real property taxes	\$ 854,005	\$ 847,378	\$ 833,752
Linear property	<u>39,727</u>	<u>39,727</u>	<u>38,384</u>
	<u>893,732</u>	<u>887,105</u>	<u>872,136</u>
Requisitions			
Alberta School Foundation Fund	140,882	140,881	131,485
MD of Minburn Foundation	<u>7,671</u>	<u>7,671</u>	<u>7,608</u>
	<u>148,553</u>	<u>148,552</u>	<u>139,093</u>
Net taxes for general municipal operations	\$ <u>745,179</u>	\$ <u>738,553</u>	\$ <u>733,043</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Federal	\$ 2,000	\$ 3,351	\$ 3,594
Provincial	193,199	170,257	225,813
Local governments	<u>67,802</u>	<u>67,146</u>	<u>69,389</u>
	263,001	240,754	298,796
Transfers for capital			
Provincial	<u>--</u>	<u>442,170</u>	<u>5,801</u>
Total government transfers	\$ <u>263,001</u>	\$ <u>682,924</u>	\$ <u>304,597</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 741,400	\$ 727,301	\$ 693,556
Contracted and general services	452,795	464,324	482,947
Purchases from other governments	204,000	179,859	199,577
Materials, goods, supplies and utilities	346,065	361,878	376,470
Provision for allowances	--	(6,814)	(2,499)
Transfers to other governments	30,915	74,646	53,866
Transfers to local boards and organizations	108,298	146,088	156,433
Bank charges and short-term interest	8,050	9,100	8,146
Interest on long-term debt	26,807	28,998	31,538
Amortization	--	400,725	384,275
Other	<u>15,655</u>	<u>22,943</u>	<u>22,934</u>
Total expenses	\$ <u>1,933,985</u>	\$ <u>2,409,048</u>	\$ <u>2,407,243</u>

VILLAGE OF MANNVILLE
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<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>
Revenue								
Net municipal taxes	\$ 738,553	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 738,553
User fees and sales of goods	--	5,392	3,409	663,415	8,321	12,000	433,989	1,126,526
Government transfers	4,000	63,146	226,522	217,199	95,257	--	76,800	682,924
Investment income	8,489	--	--	--	--	--	--	8,489
Other revenues	<u>126,479</u>	<u>4,939</u>	<u>1,194</u>	<u>2,531</u>	<u>329</u>	<u>7,825</u>	<u>11,722</u>	<u>155,019</u>
Expenses								
Salaries, wages and benefits	197,597	48,484	96,186	83,356	--	--	301,678	727,301
Contract and general services	86,233	17,240	78,043	134,100	6,401	22,402	119,905	464,324
Materials, goods, supplies and utilities	12,220	21,500	115,975	201,027	311	12,800	177,904	541,737
Transfers to others	4,000	15,000	--	46,371	104,368	--	50,995	220,734
Long-term debt interest	--	--	1,009	25,568	--	--	2,421	28,998
Other expenses	<u>21,050</u>	<u>--</u>	<u>--</u>	<u>241</u>	<u>--</u>	<u>--</u>	<u>3,938</u>	<u>25,229</u>
Net revenue before amortization	<u>321,100</u>	<u>102,224</u>	<u>291,213</u>	<u>490,663</u>	<u>111,080</u>	<u>35,202</u>	<u>656,841</u>	<u>2,008,323</u>
Amortization expense	556,421	(28,747)	(60,088)	392,482	(7,173)	(15,377)	(134,330)	703,188
	<u>(5,043)</u>	<u>(7,248)</u>	<u>(133,347)</u>	<u>(100,121)</u>	<u>--</u>	<u>--</u>	<u>(154,966)</u>	<u>(400,725)</u>
Net revenue	<u>\$ 551,378</u>	<u>\$ (35,995)</u>	<u>\$ (193,435)</u>	<u>\$ 292,361</u>	<u>\$ (7,173)</u>	<u>\$ (15,377)</u>	<u>\$ (289,296)</u>	<u>\$ 302,463</u>

VILLAGE OF MANNVILLE
SCHEDULE 7 – GOLF COURSE STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Revenue			
Fees and rentals	\$ 195,500	\$ 158,404	\$ 171,490
Sale of merchandise	32,000	35,637	30,240
Sale of confections	120,000	114,656	113,773
Camping	80,000	69,803	96,558
Government transfers for operations	<u>37,900</u>	<u>37,900</u>	<u>38,850</u>
	<u>465,400</u>	<u>416,400</u>	<u>450,911</u>
Expenses			
Amortization	--	49,546	47,369
Advertising	13,300	13,388	12,649
Bank charges	4,000	3,938	4,051
Confections	69,500	67,565	65,492
Freight and telephone	6,200	4,434	5,863
Merchandise	10,000	28,367	31,298
Insurance	3,500	5,965	3,356
Interest on long-term debt	--	2,421	2,825
Property taxes	8,700	9,260	8,336
Repairs and maintenance	57,700	61,122	56,397
Golf cart rentals	3,000	1,464	18,971
Supplies	10,775	19,479	15,525
Utilities	54,800	38,550	52,410
Wages and benefits	<u>202,700</u>	<u>212,722</u>	<u>192,183</u>
	<u>444,175</u>	<u>518,221</u>	<u>516,725</u>
Excess (deficiency) of revenue over expenses			
- before other	21,225	(101,821)	(65,814)
Other			
Gain on disposal of tangible capital assets	<u>--</u>	<u>--</u>	<u>5,429</u>
Excess (deficiency) of revenues over expenses	\$ <u>21,225</u>	\$ <u>(101,821)</u>	\$ <u>(60,385)</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Significant Accounting Policies

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

(a) Reporting Entity

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

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

The statements exclude trust assets that are administered for the benefit of external parties.

Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

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

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

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

(c) Use of Estimates

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

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Significant Accounting Policies (continued)

(d) Cash

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

(e) Investments

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

(f) Inventories Held for Resale

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

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

(g) Requisition Over-levy and Under-levy

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

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

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

(h) 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, 2015**

1. Significant Accounting Policies (continued)

(i) 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.

(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 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.

(ii) Contributions of Tangible Capital Assets

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

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Significant Accounting Policies (continued)

(k) Non-Financial Assets (continued)

(iii) Leases

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

(iv) Inventories

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

(l) Contaminated Sites Liability

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

2. Cash	<u>2015</u>	<u>2014</u>
Petty cash	\$ 130	\$ 130
Credit Union current account	485,164	382,291
Savings accounts	886,265	656,120
Trust account	<u>12,926</u>	<u>6,801</u>
	\$ <u>1,384,485</u>	\$ <u>1,045,342</u>

3. Taxes Receivable	<u>2015</u>	<u>2014</u>
Current	\$ 92,207	\$ 81,154
Arrears	30,363	28,357
Allowance	<u>(15,000)</u>	<u>(21,900)</u>
	\$ <u>107,570</u>	\$ <u>87,611</u>

4. Long-Term Investments	<u>2015</u>		<u>2014</u>	
	Cost	Market Value	Cost	Market Value
Credit Union shares	\$ 218	\$ 218	\$ 208	\$ 208
East-Alta Co-op	<u>7,496</u>	<u>7,496</u>	<u>6,771</u>	<u>6,771</u>
	\$ <u>7,714</u>	\$ <u>7,714</u>	\$ <u>6,979</u>	\$ <u>6,979</u>

**VILLAGE OF MANNVILLE
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5. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation liability of \$21,774 (2014 - \$21,595). 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>2015</u>	<u>2014</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>2015</u>	<u>2014</u>
Village of Manville's prorate share of estimated closure and post-closure costs (39.5%) (2014 – 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
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7. Deferred Revenue	<u>2015</u>	<u>2014</u>
MSI Capital	\$ 291,112	\$ --
Unspent insurance proceeds	33,180	33,180
Federal Gas Tax Fund	28,200	172,611
Communities in Bloom	21,000	21,000
Other	3,608	2,402
Basic Municipal Transportation Grant	<u>---</u>	<u>182,613</u>
	\$ <u>377,100</u>	\$ <u>411,806</u>

Funding from various grant programs in the amount of \$319,313 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 2016. Deferred revenue is supported by cash in the amount of \$377,100 (2014 - \$411,806) held exclusively for these projects.

8. Long-Term Debt	<u>2015</u>	<u>2014</u>
Tax supported debentures	\$ 124,360	\$ 161,401
Supported by utility rates	<u>841,281</u>	<u>906,418</u>
	\$ <u>965,641</u>	\$ <u>1,067,819</u>

Principal and interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2020	91,206	16,501	107,707
Thereafter	<u>487,232</u>	<u>57,993</u>	<u>545,225</u>
	\$ <u>965,641</u>	\$ <u>165,753</u>	\$ <u>1,131,394</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 2.825% for 2015 (2.822% for 2014).

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

Interest on long-term debt amounted to \$28,998 (2014 - \$31,538).

The municipality's total cash payments for interest in 2015 were \$29,347 (2014 - \$31,878).

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 municipality be disclosed as follows:

	<u>2015</u>	<u>2014</u>
Total debt limit	\$ 3,404,012	\$ 3,690,338
Total debt	<u>(965,641)</u>	<u>(1,067,819)</u>
Amount of debt limit unused	\$ <u>2,438,371</u>	\$ <u>2,622,519</u>
Debt servicing limit	\$ 567,335	\$ 615,056
Debt servicing	<u>(131,524)</u>	<u>(131,524)</u>
Amount of debt servicing limit unused	\$ <u>435,811</u>	\$ <u>483,532</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>2015</u>	<u>2014</u>
Tangible capital assets (schedule 2)	\$ 18,307,950	\$ 17,903,300
Accumulated amortization (schedule 2)	(8,615,905)	(8,215,180)
Long-term debt (note 8)	<u>(965,641)</u>	<u>(1,067,819)</u>
	\$ <u>8,726,404</u>	\$ <u>8,620,301</u>

11. Accumulated Surplus

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

	<u>2015</u>	<u>2014</u>
Unrestricted surplus (deficit)	\$ 53,180	\$ 557
Restricted surplus		
Equipment replacement	425,678	425,678
Cemetery contributions	9,000	9,000
Internet reserve	7,323	4,285
Water capital reserve	155,556	62,163
Sewer capital reserve	188,179	140,873
Equity in tangible capital assets (note 10)	<u>8,726,404</u>	<u>8,620,301</u>
	\$ <u>9,565,320</u>	\$ <u>9,262,857</u>

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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:

		2015			2014
		Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Mayor –	Huppertz	\$ 7,100	\$ 690	\$ 7,790	\$ 7,582
	Hinton	7,800	711	8,511	8,794
Councillors –	Jackson	6,300	664	6,964	6,962
	Boe	6,700	683	7,383	6,962
	Dalton	7,350	702	8,052	6,962
CAO –	Rogers	--	--	--	54,888
CAO –	Mason	64,650	8,736	73,386	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.

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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.

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 2015 were \$1,458 (2014 - \$3,631). Total current service contributions by the employees of the municipality to the LAPP in 2015 were \$1,341 (2014 - \$3,330).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.455 billion.

15. Commitment

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 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. Contingency

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.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Contaminated Sites Liability

On January 1, 2015, the village adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the village.

19. 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.

20. Approval of Financial Statements

Council and Management have approved these financial statements.

21. Budget Amounts

Budget amounts are included for information purposes only and are not audited. The municipality does not budget for amortization.

22. Recent Accounting Pronouncements Published But Not Yet Adopted

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.