

VILLAGE OF MANNVILLE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of the Village of Mannville (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets, and cash flows and schedules 1 to 7 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. Paul, Alberta
February 19, 2019


CHARTERED ACCOUNTANTS

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash (note 2)	\$ 1,658,243	\$ 1,400,041
Taxes receivable (note 3)	125,030	137,200
Receivable from other governments	20,471	234,467
Trade and other receivables	75,346	66,261
Inventory held for resale	9,446	884
Land held for resale	78,627	78,627
Long-term investments (note 4)	<u>8,165</u>	<u>8,081</u>
	<u>1,975,328</u>	<u>1,925,561</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	159,358	141,518
Tax sale surplus	12,381	12,381
Landfill closure and post-closure liability (note 6)	190,115	190,115
Deferred revenue (note 7)	200,081	348,342
Long-term debt (note 8)	<u>667,143</u>	<u>753,418</u>
	<u>1,229,078</u>	<u>1,445,774</u>
Net financial assets	<u>746,250</u>	<u>479,787</u>
Non-financial assets		
Tangible capital assets (schedule 2)	9,438,872	9,641,865
Inventory	13,707	13,707
Prepaid expenses	<u>474</u>	<u>474</u>
	<u>9,453,053</u>	<u>9,656,046</u>
Accumulated surplus (schedule 1, note 11)	\$ <u>10,199,303</u>	\$ <u>10,135,833</u>

Approved by:



Mayor

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u> (unaudited)	<u>2018</u>	<u>2017</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 838,791	\$ 838,649	\$ 765,204
Sales and user fees	927,200	991,395	1,057,215
Government transfers for operating (schedule 4)	319,293	374,751	299,107
Investment income	13,700	18,430	14,472
Penalties and costs on taxes	22,000	30,528	22,344
Rentals	34,437	31,660	25,256
Franchise revenues	109,307	103,672	109,798
Licenses and permits	3,650	2,982	3,842
Other	<u>8,900</u>	<u>12,480</u>	<u>39,419</u>
	<u>2,277,278</u>	<u>2,404,547</u>	<u>2,336,657</u>
Expenses			
Administration and legislative	458,970	409,966	337,667
Protective services	132,322	112,030	95,761
Bylaw enforcement	12,300	9,588	9,712
Roads, streets, walks, lighting	544,235	487,791	494,412
Water supply and distribution	366,318	350,867	499,178
Wastewater treatment and disposal	198,063	162,446	180,749
Waste management	136,084	131,892	133,453
Family and community support services	126,055	127,827	124,818
Cemetery	13,899	11,603	7,543
Planning and development	7,189	6,738	6,685
Recreation and culture	189,591	208,464	209,360
Golf course (schedule 7)	<u>540,667</u>	<u>471,026</u>	<u>514,473</u>
	<u>2,725,693</u>	<u>2,490,238</u>	<u>2,613,811</u>
Excess (deficiency) of revenue over expenses before other	(448,415)	(85,691)	(277,154)
Other			
Government transfers for capital (schedule 4)	430,330	149,161	533,693
Gain (loss) on disposal of tangible capital assets	<u>--</u>	<u>--</u>	<u>(53,744)</u>
Excess (deficiency) of revenue over expenses	(18,085)	63,470	202,795
Accumulated surplus, beginning of year	<u>10,135,833</u>	<u>10,135,833</u>	<u>9,933,038</u>
Accumulated surplus, end of year	\$ <u>10,117,748</u>	\$ <u>10,199,303</u>	\$ <u>10,135,833</u>

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u> (unaudited)	<u>2018</u>	<u>2017</u>
Excess (deficiency) of revenue over expenses	\$ <u>(18,085)</u>	\$ <u>63,470</u>	\$ <u>202,795</u>
Acquisition of tangible capital assets	(446,330)	(221,564)	(646,488)
(Gain) loss on disposal	--	--	53,744
Proceeds on disposition	--	--	3,229
Amortization of tangible capital assets	<u>407,034</u>	<u>424,557</u>	<u>407,037</u>
	<u>(39,296)</u>	<u>202,993</u>	<u>(182,478)</u>
Acquisition of prepaid expenses	--	(474)	(474)
Use of prepaid expenses	<u>--</u>	<u>474</u>	<u>474</u>
	<u>--</u>	<u>--</u>	<u>--</u>
Increase in net financial assets	(57,381)	266,463	20,317
Net financial assets, beginning of year	<u>479,787</u>	<u>479,787</u>	<u>459,470</u>
Net financial assets, end of year	\$ <u>422,406</u>	\$ <u>746,250</u>	\$ <u>479,787</u>

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	\$ 63,470	\$ 202,795
Non-cash items included		
Amortization of tangible capital assets	424,557	407,037
(Gain) loss on disposal of tangible capital assets	--	53,744
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	12,170	(24,378)
Receivables from other governments	213,996	(229,042)
Trade and other receivables	(9,085)	11,552
Inventory held for resale	(8,562)	10,191
Land held for resale	--	1,000
Increase (decrease) in		
Accounts payable and accrued liabilities	17,840	14,261
Deferred revenue	<u>(148,261)</u>	<u>(253,915)</u>
Net cash from operations	<u>566,125</u>	<u>193,245</u>
Capital		
Acquisition of tangible capital assets	(221,564)	(646,488)
Proceeds of disposition	<u>--</u>	<u>3,229</u>
	(221,564)	(643,259)
Investing		
Increase in investments	(84)	(338)
Financing		
Repayment of long-term debt	<u>(86,275)</u>	<u>(107,447)</u>
Change in cash during the year	258,202	(557,799)
Cash, beginning of year	<u>1,400,041</u>	<u>1,957,840</u>
Cash, end of year	<u>\$ 1,658,243</u>	<u>\$ 1,400,041</u>

VILLAGE OF MANNVILLE
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
Balance, beginning of year	\$ <u>288,445</u>	\$ <u>958,941</u>	\$ <u>8,888,447</u>	\$ <u>10,135,833</u>	\$ <u>9,933,038</u>
Excess of revenues over expenses	63,470	--	--	63,470	202,795
Unrestricted funds designated for future use	(143,740)	143,740	--	--	--
Current year funds used for tangible capital assets	(221,564)	--	221,564	--	--
Annual amortization expense	424,557	--	(424,557)	--	--
Long-term debt repaid	<u>(86,275)</u>	<u>--</u>	<u>86,275</u>	<u>--</u>	<u>--</u>
Change in accumulated surplus	<u>36,448</u>	<u>143,740</u>	<u>(116,718)</u>	<u>63,470</u>	<u>202,795</u>
Balance, end of year	\$ <u>324,893</u>	\$ <u>1,102,681</u>	\$ <u>8,771,729</u>	\$ <u>10,199,303</u>	\$ <u>10,135,833</u>

**VILLAGE OF MANNVILLE
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Cost	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 420,874	\$ 855,794	\$ 6,250,134	\$ 10,115,574	\$ 1,106,498	\$ 159,919	\$ 18,908,793	\$ 18,451,570
Acquisition of tangible capital assets	--	3,500	76,538	120,750	12,205	8,571	221,564	646,488
Disposition of tangible capital assets	--	--	--	--	--	(7,155)	(7,155)	(189,265)
Balance, end of year	<u>420,874</u>	<u>859,294</u>	<u>6,326,672</u>	<u>10,236,324</u>	<u>1,118,703</u>	<u>161,335</u>	<u>19,123,202</u>	<u>18,908,793</u>
Accumulated amortization								
Balance, beginning of year	--	242,428	3,419,450	4,705,647	757,008	142,395	9,266,928	8,992,183
Annual amortization	--	19,018	122,827	222,001	51,620	9,091	424,557	407,037
Accumulated amortization on disposals	--	--	--	--	--	(7,155)	(7,155)	(132,292)
Balance, end of year	<u>--</u>	<u>261,446</u>	<u>3,542,277</u>	<u>4,927,648</u>	<u>808,628</u>	<u>144,331</u>	<u>9,684,330</u>	<u>9,266,928</u>
Net book value of tangible capital assets	<u>\$ 420,874</u>	<u>\$ 597,848</u>	<u>\$ 2,784,395</u>	<u>\$ 5,308,676</u>	<u>\$ 310,075</u>	<u>\$ 17,004</u>	<u>\$ 9,438,872</u>	<u>\$ 9,641,865</u>
2017 Net book value of tangible capital assets	<u>\$ 420,874</u>	<u>\$ 613,366</u>	<u>\$ 2,830,684</u>	<u>\$ 5,409,927</u>	<u>\$ 349,490</u>	<u>\$ 17,524</u>	<u>\$ 9,641,865</u>	

**VILLAGE OF MANNVILLE
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u> (unaudited)	<u>2018</u>	<u>2017</u>
Taxation			
Real property taxes	\$ 961,222	\$ 961,081	\$ 886,134
Linear property	<u>40,649</u>	<u>40,649</u>	<u>38,476</u>
	<u>1,001,871</u>	<u>1,001,730</u>	<u>924,610</u>
Requisitions			
Alberta School Foundation Fund	154,917	154,918	151,747
MD of Minburn Foundation	8,107	8,107	7,659
Designated Industrial Property	<u>56</u>	<u>56</u>	<u>--</u>
	<u>163,080</u>	<u>163,081</u>	<u>159,406</u>
Net taxes for general municipal operations	\$ <u>838,791</u>	\$ <u>838,649</u>	\$ <u>765,204</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Federal	\$ 4,864	\$ 12,063	\$ 5,948
Provincial	222,429	275,123	201,381
Local governments	<u>92,000</u>	<u>87,565</u>	<u>91,778</u>
	<u>319,293</u>	<u>374,751</u>	<u>299,107</u>
Transfers for capital			
Federal	--	--	50,515
Provincial	<u>430,330</u>	<u>149,161</u>	<u>483,178</u>
	<u>430,330</u>	<u>149,161</u>	<u>533,693</u>
Total government transfers	\$ <u>749,623</u>	\$ <u>523,912</u>	\$ <u>832,800</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 796,630	\$ 742,055	\$ 705,319
Contracted and general services	575,329	428,174	457,767
Purchases from other governments	259,000	238,216	236,638
Materials, goods, supplies and utilities	402,198	355,514	354,807
Provision for allowances	--	--	10,000
Transfers to other governments	66,632	68,816	234,479
Transfers to local boards and organizations	186,737	202,446	173,953
Bank charges and short-term interest	9,700	9,389	9,352
Interest on long-term debt	21,433	21,071	23,711
Amortization	407,034	424,557	407,037
Other	<u>1,000</u>	<u>--</u>	<u>748</u>
Total expenses	\$ <u>2,725,693</u>	\$ <u>2,490,238</u>	\$ <u>2,613,811</u>

VILLAGE OF MANNVILLE
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General</u>	<u>Protective</u>	<u>Transportation</u>	<u>Environmental</u>	<u>Public</u>	<u>Planning and</u>	<u>Recreation</u>	<u>Total</u>
Revenue	<u>Government</u>	<u>Services</u>	<u>Services</u>	<u>Services</u>	<u>Health</u>	<u>Development</u>	<u>and Culture</u>	<u></u>
Net municipal taxes	\$ 838,649	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 838,649
User fees and sales of goods	32	12,796	360	620,885	8,536	--	348,786	991,395
Government transfers – operations	30,028	73,565	58,831	--	121,395	--	90,932	374,751
Government transfers - capital	31,672	18,810	95,179	--	--	--	3,500	149,161
Investment income	18,430	--	--	--	--	--	--	18,430
Other revenues	<u>150,452</u>	<u>7,756</u>	<u>1,119</u>	<u>903</u>	<u>2,595</u>	<u>6,412</u>	<u>12,085</u>	<u>181,322</u>
Expenses	<u>1,069,263</u>	<u>112,927</u>	<u>155,489</u>	<u>621,788</u>	<u>132,526</u>	<u>6,412</u>	<u>455,303</u>	<u>2,553,708</u>
Salaries, wages and benefits	274,786	38,750	125,964	105,300	--	--	197,255	742,055
Contract and general services	101,734	39,289	54,452	150,910	11,371	6,738	124,790	489,284
Materials, goods, supplies and utilities	22,633	25,475	146,664	197,606	548	--	139,694	532,620
Transfers to others	--	10,000	--	68,816	127,511	--	64,935	271,262
Long-term debt interest	--	--	--	19,935	--	--	1,136	21,071
Other expenses	<u>4,402</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,987</u>	<u>9,389</u>
Net revenue before amortization	<u>403,555</u>	<u>113,514</u>	<u>327,080</u>	<u>542,567</u>	<u>139,430</u>	<u>6,738</u>	<u>532,797</u>	<u>2,065,681</u>
Amortization expense	665,708	(587)	(171,591)	79,221	(6,904)	(326)	(77,494)	488,027
	<u>(6,411)</u>	<u>(8,104)</u>	<u>(160,711)</u>	<u>(102,638)</u>	<u>--</u>	<u>--</u>	<u>(146,693)</u>	<u>(424,557)</u>
Net revenue	<u>\$ 659,297</u>	<u>\$ (8,691)</u>	<u>\$ (332,302)</u>	<u>\$ (23,417)</u>	<u>\$ (6,904)</u>	<u>\$ (326)</u>	<u>\$ (224,187)</u>	<u>\$ 63,470</u>

VILLAGE OF MANNVILLE
SCHEDULE 7 – GOLF COURSE STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u> (unaudited)	<u>2018</u>	<u>2017</u>
Revenue			
Fees and rentals	\$ 195,500	\$ 159,661	\$ 163,143
Sale of confections	140,000	113,730	119,470
Camping	65,000	64,553	86,370
Sale of merchandise	23,800	20,227	23,854
Government transfers for operations	<u>39,832</u>	<u>39,832</u>	<u>39,871</u>
	<u>464,132</u>	<u>398,003</u>	<u>432,708</u>
Expenses			
Wages and benefits	220,980	197,255	229,624
Confections	79,500	58,685	71,567
Equipment rentals	48,100	48,101	48,100
Amortization	41,382	42,538	41,382
Utilities	49,000	38,119	46,368
Repairs and maintenance	45,000	35,217	27,458
Supplies	13,925	18,764	13,205
Merchandise	17,000	10,581	12,452
Insurance	6,412	6,411	8,886
Bank charges	4,200	4,988	4,140
Advertising	8,200	4,723	4,220
Freight and telephone	3,700	3,831	3,675
Property taxes	2,000	677	1,819
Interest on long-term debt	<u>1,268</u>	<u>1,136</u>	<u>1,577</u>
	<u>540,667</u>	<u>471,026</u>	<u>514,473</u>
Deficiency of revenue over expenses			
- before other	(76,535)	(73,023)	(81,765)
Other			
Government transfer for capital	<u>—</u>	<u>3,500</u>	<u>57,542</u>
Deficiency of revenues over expenses	\$ <u>(76,535)</u>	\$ <u>(69,523)</u>	\$ <u>(24,223)</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

1. Significant Accounting Policies (continued)

(d) Cash

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

(e) Investments

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

(f) Inventories Held for Resale

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

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

(g) Requisition Over-levy and Under-levy

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

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

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

(h) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(i) Government Transfers

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

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Significant Accounting Policies (continued)

(i) Government Transfers (continued)

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

(j) Landfill Closure and Post-closure Liability

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

(k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (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, 2018**

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>2018</u>	<u>2017</u>
Petty cash	\$ 130	\$ 130
Credit Union current account	511,681	387,041
Savings accounts	1,133,138	999,724
Trust account	<u>13,294</u>	<u>13,146</u>
	<u>\$ 1,658,243</u>	<u>\$ 1,400,041</u>

3. Taxes Receivable	<u>2018</u>	<u>2017</u>
Current	\$ 100,560	\$ 107,624
Arrears	55,470	60,576
Allowance	<u>(31,000)</u>	<u>(31,000)</u>
	<u>\$ 125,030</u>	<u>\$ 137,200</u>

4. Long-Term Investments	<u>2018</u>		<u>2017</u>	
	Cost	Market Value	Cost	Market Value
Credit Union shares	\$ 245	\$ 245	\$ 235	\$ 235
East-Alta Co-op	<u>7,920</u>	<u>7,920</u>	<u>7,846</u>	<u>7,846</u>
	<u>\$ 8,165</u>	<u>\$ 8,165</u>	<u>\$ 8,081</u>	<u>\$ 8,081</u>

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

5. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation liability of \$24,762 (2017 - \$15,544). 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 formed East Regional Waste Transfer Station in 2013. Reclamation of the Mannville landfill site has not yet commenced.

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

	<u>2018</u>	<u>2017</u>
Estimated closure costs	\$ 201,000	\$ 201,000
Estimated post-closure costs	<u>626,795</u>	<u>626,795</u>
Estimated total liability	\$ <u>827,795</u>	\$ <u>827,795</u>
Amount accrued to December 31	\$ 190,115	\$ 190,115
Value of topsoil set aside for closure	<u>96,780</u>	<u>96,780</u>
	\$ <u>286,895</u>	\$ <u>286,895</u>

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

7. Deferred Revenue		<u>2018</u>	<u>2017</u>
MSI Capital		\$ 175,571	\$ 284,719
Federal Gas Tax Fund		--	40,013
Communities in Bloom		21,000	21,000
Other		<u>3,510</u>	<u>2,610</u>
		<u>\$ 200,081</u>	<u>\$ 348,342</u>

Funding from various grant programs in the amount of \$200,081 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 2019. Deferred revenue is supported by cash in the amount of \$200,081 (2017 - \$348,342) held exclusively for these projects.

8. Long-Term Debt		<u>2018</u>	<u>2017</u>
Tax supported debentures		\$ 32,402	\$ 47,922
Supported by utility rates		<u>634,741</u>	<u>705,496</u>
		<u>\$ 667,143</u>	<u>\$ 753,418</u>

Principal and interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 88,705	\$ 19,002	\$ 107,707
2020	91,206	16,501	107,707
2021	76,871	14,049	90,920
2022	79,028	11,892	90,920
2023	66,090	9,673	75,763
Thereafter	<u>265,243</u>	<u>22,379</u>	<u>287,622</u>
	<u>\$ 667,143</u>	<u>\$ 93,496</u>	<u>\$ 760,639</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.229% to 3.295% per annum and matures in periods 2020 through 2028. The average annual interest rate is 2.967% for 2018 (2.94% for 2017).

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

Interest on long-term debt amounted to \$21,071 (2017 - \$23,711).

The municipality's total cash payments for interest in 2018 were \$21,432 (2017 - \$24,078).

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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>2018</u>	<u>2017</u>
Total debt limit	\$ 3,606,821	\$ 3,504,985
Total debt	<u>(667,143)</u>	<u>(753,418)</u>
Amount of debt limit unused	<u>\$ 2,939,678</u>	<u>\$ 2,751,567</u>
Debt servicing limit	\$ 601,137	\$ 584,165
Debt servicing	<u>(107,707)</u>	<u>(107,707)</u>
Amount of debt servicing limit unused	<u>\$ 493,430</u>	<u>\$ 476,458</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>2018</u>	<u>2017</u>
Tangible capital assets (schedule 2)	\$ 19,123,202	\$ 18,908,793
Accumulated amortization (schedule 2)	(9,684,330)	(9,266,928)
Long-term debt (note 8)	<u>(667,143)</u>	<u>(753,418)</u>
	<u>\$ 8,771,729</u>	<u>\$ 8,888,447</u>

11. Accumulated Surplus

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

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ 324,893	\$ 288,445
Restricted surplus		
Equipment replacement	425,678	425,678
Cemetery contributions	9,000	9,000
Internet reserve	7,323	7,323
Water capital reserve	325,112	230,015
Sewer capital reserve	335,568	286,925
Equity in tangible capital assets (note 10)	<u>8,771,729</u>	<u>8,888,447</u>
	<u>\$ 10,199,303</u>	<u>\$ 10,135,833</u>

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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:

	2018			2017
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Council				
Smith	\$ 10,125	\$ 778	\$ 10,903	\$ 4,704
Bielesch	8,000	763	8,763	1,871
Lanovaz	8,350	739	9,089	2,336
McLuckie	9,775	600	10,375	2,250
Jackson	8,325	702	9,027	8,205
Huppertz	--	--	--	7,353
Hinton	--	--	--	5,803
Boe	--	--	--	6,792
Dalton	--	--	--	6,719
CAO				
Quickstad	86,859	17,191	104,050	75,892
Kooistra	--	--	--	14,132
Designated Officer (contract)	11,036	--	11,036	10,912

⁽¹⁾ Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, fire honoraria and any other direct cash remuneration.

⁽²⁾ Employer's share of all employee benefits and contributions or payments made on behalf of employees including cell phone reimbursement, pension and health plan.

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 260,000 people and 420 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2018 were \$9,261 (2017 - \$9,033). Total current service contributions by the employees of the municipality to the LAPP in 2018 were \$8,469 (2017 - \$8,308).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion (2017 – deficiency of \$923 million).

15. Commitment

The Village of Mannville has entered into three year contracts with Wainwright Assessment Group and JMD Group LLP. These contracts expire in 2019.

16. Lease Commitments

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

2019	\$ 48,096
2020	24,052

17. Contaminated Sites Liability

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2018 (2017 – nil) as a result of this standard.

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

19. Approval of Financial Statements

Council has 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

- (a) PSAS Section 1201, Financial Statement Presentation
Revised standard is effective beginning on or after April 1, 2021, when sections PS2601 and PS3450 are adopted.
- (b) PSAS Section 2601, Foreign Currency Transaction
PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements. It applies to years beginning on or after April 1, 2021.
- (c) PSAS Section 3041, Portfolio Investments
This standard addresses the distinction between temporary and portfolio investments. The standard is effective beginning on or after April 1, 2021, when sections PS1201, PS2601 and PS3450 are adopted.
- (d) PSAS Section 3280, Asset Retirement Obligations
This standard is intended to provide guidance on accounting for asset retirement obligations and will apply in years beginning on or after April 1, 2021.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

21. Recent Accounting Pronouncements Published But Not Yet Adopted (continued)

(e) PSAS Section 3400, Revenue

This standard will provide greater clarity on the difference between exchange and non-exchange transactions. It applies in years beginning on or after April 1, 2022.

(f) PSAS Section 3450, Financial Instruments

This standard establishes recognition, measurement and disclosure requirements for derivative and non- derivative financial instruments. It applies to years beginning on or after April 1, 2021.