

VILLAGE OF MANNVILLE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2013

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, 2013, 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, 2013, 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.

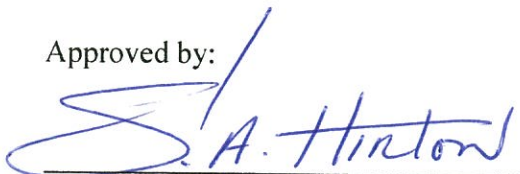
ST. PAUL, ALBERTA
February 25, 2014

Joly, McCarthy & Dion
CHARTERED ACCOUNTANTS

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
Financial assets		
Cash and cash equivalents (note 2)	\$ 1,258,921	\$ 997,177
Taxes and grants in place receivable (note 3)	60,238	73,373
Receivable from other governments	43,700	26,542
Trade and other receivables	124,675	94,716
Inventory held for resale	38,044	36,928
Land held for resale	96,427	99,427
Long-term investments (note 4)	<u>6,331</u>	<u>5,234</u>
	<u>1,628,336</u>	<u>1,333,397</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	303,442	215,050
Tax sale surplus	6,328	6,328
Landfill closure and post-closure liability (note 6)	180,115	180,115
Deferred revenue (note 7)	367,032	388,828
Long-term debt (note 8)	<u>1,167,466</u>	<u>233,213</u>
	<u>2,024,383</u>	<u>1,023,534</u>
Net financial assets (debt)	<u>(396,047)</u>	<u>309,863</u>
Non-financial assets		
Tangible capital assets (schedule 2)	9,584,550	8,787,083
Inventory	13,707	13,707
Prepaid expenses	<u>1,864</u>	<u>8,257</u>
	<u>9,600,121</u>	<u>8,809,047</u>
Accumulated surplus (note 11)	<u>\$ 9,204,074</u>	<u>\$ 9,118,910</u>
Contingencies (note 17)		

Approved by:



Mayor

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u> (unaudited)	<u>2013</u>	<u>2012</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 673,969	\$ 673,539	\$ 644,726
Sales and user fees	1,045,545	1,198,873	958,007
Government transfers for operating (schedule 4)	282,523	396,381	335,013
Investment income	13,000	15,756	14,726
Penalties and costs on taxes	12,000	15,875	14,965
Rentals	18,715	18,485	16,544
Franchise revenues	71,000	85,383	67,907
Licenses and permits	3,425	4,820	4,352
Other	<u>8,200</u>	<u>24,079</u>	<u>21,619</u>
	<u>2,128,377</u>	<u>2,433,191</u>	<u>2,077,859</u>
Expenses			
Administration and legislative	310,835	306,830	299,400
Protective services	93,525	92,378	72,565
Bylaw enforcement	13,570	23,406	13,673
Roads, streets, walks, lighting	374,490	380,390	352,988
Water supply and distribution	248,930	615,504	125,549
Wastewater treatment and disposal	101,675	99,820	123,004
Waste management	266,260	221,884	237,655
Family and community support services	103,917	116,641	107,479
Cemetery	5,125	5,935	20,000
Economic and agricultural development	8,330	10,483	19,980
Subdivision land and development	11,630	19,720	12,301
Recreation and culture	231,472	240,809	292,725
Golf course	<u>482,792</u>	<u>529,076</u>	<u>459,237</u>
	<u>2,252,551</u>	<u>2,662,876</u>	<u>2,136,556</u>
Deficiency of revenue over expenses before other	(124,174)	(229,685)	(58,697)
Other			
Government transfers for capital (schedule 4)	<u>666,066</u>	<u>314,849</u>	<u>36,718</u>
Excess (deficiency) of revenues over expenses	541,892	85,164	(21,979)
Accumulated surplus, beginning of year	<u>9,118,910</u>	<u>9,118,910</u>	<u>9,140,889</u>
Accumulated surplus, end of year	<u>\$ 9,660,802</u>	<u>\$ 9,204,074</u>	<u>\$ 9,118,910</u>

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u> (unaudited)	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenue over expenses	\$ <u>541,892</u>	\$ <u>85,164</u>	\$ <u>(21,979)</u>
Acquisition of tangible capital assets	(1,134,476)	(1,154,765)	(390,683)
Amortization of tangible capital assets	<u>358,220</u>	<u>357,298</u>	<u>353,461</u>
	<u>(776,256)</u>	<u>(797,467)</u>	<u>(37,222)</u>
Acquisition of prepaid expenses	--	(1,864)	(8,257)
Use of prepaid expenses	--	8,257	6,802
Use of supplies inventories	<u>--</u>	<u>--</u>	<u>--</u>
	<u>--</u>	<u>6,393</u>	<u>(1,455)</u>
Decrease in net financial assets	(234,364)	(705,910)	(60,656)
Net financial assets, beginning of year	<u>309,863</u>	<u>309,863</u>	<u>370,519</u>
Net financial assets (debt), end of year	\$ <u>75,499</u>	\$ <u>(396,047)</u>	\$ <u>309,863</u>

**VILLAGE OF MANNVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess (deficiency) of revenues over expenses	\$ 85,164	\$ (21,979)
Non-cash items included		
Amortization of tangible capital assets	357,298	353,461
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	13,135	(1,118)
Receivables from other governments	(17,158)	(3,203)
Trade and other receivables	(29,959)	54,189
Inventory held for resale	(1,116)	(5,610)
Land held for resale	3,000	(12,800)
Prepaid expenses	6,393	(1,455)
Increase (decrease) in		
Accounts payable and accrued liabilities	88,392	(4,804)
Deposit liabilities and deferred revenue	<u>(21,796)</u>	<u>24,505</u>
Net cash from operations	<u>483,353</u>	<u>381,186</u>
Capital		
Acquisition of tangible capital assets	<u>(1,154,765)</u>	<u>(390,683)</u>
Investing		
Decrease in investment in Mannville Housing Corporation	--	15,908
Decrease (increase) in investments	<u>(1,097)</u>	<u>207</u>
	<u>(1,097)</u>	<u>16,115</u>
Financing		
Issuance of new debenture	991,847	114,000
Repayment of long-term debt	<u>(57,594)</u>	<u>(13,168)</u>
	<u>934,253</u>	<u>100,832</u>
Change in cash and cash equivalents during the year	261,744	107,450
Cash and cash equivalents, beginning of year	<u>997,177</u>	<u>889,727</u>
Cash and cash equivalents, end of year	<u>\$ 1,258,921</u>	<u>\$ 997,177</u>

VILLAGE OF MANNVILLE
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013	2012
Balance, beginning of year	\$ <u>(7,693)</u>	\$ <u>572,733</u>	\$ <u>8,553,870</u>	\$ <u>9,118,910</u>	\$ <u>9,140,889</u>
Excess (deficiency) of revenues over expenses	85,164	--	--	85,164	(21,979)
Unrestricted funds designated for future use	(1,933)	1,933	--	--	--
Current year funds used for tangible capital assets	(162,918)	--	162,918	--	--
Annual amortization expense	357,298		(357,298)	--	--
Long-term debt repaid	<u>(57,594)</u>	--	<u>57,594</u>	--	--
Change in accumulated surplus	<u>220,017</u>	<u>1,933</u>	<u>(136,786)</u>	<u>85,164</u>	<u>(21,979)</u>
Balance, end 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>

**VILLAGE OF MANNVILLE
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Cost	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2012</u>	<u>2013</u>
Balance, beginning of year	\$ 413,244	\$ 593,695	\$ 6,179,301	\$ 7,875,974	\$ 1,056,016	\$ 169,980	\$ 16,288,210	\$ 15,897,527
Acquisition of tangible capital assets	--	209,893	--	--	18,924	--	228,817	294,462
Construction in progress	--	--	--	925,948	--	--	925,948	96,221
Disposition of tangible capital assets	--	--	--	--	--	--	--	--
Balance, end of year	<u>413,244</u>	<u>803,588</u>	<u>6,179,301</u>	<u>8,801,922</u>	<u>1,074,940</u>	<u>169,980</u>	<u>17,442,975</u>	<u>16,288,210</u>
Accumulated amortization								
Balance, beginning of year	--	156,370	2,828,374	3,735,080	662,496	118,807	7,501,127	7,147,666
Annual amortization	--	13,193	123,423	163,627	47,160	9,895	357,298	353,461
Accumulated amortization on disposals	--	--	--	--	--	--	--	--
Balance, end of year	<u>--</u>	<u>169,563</u>	<u>2,951,797</u>	<u>3,898,707</u>	<u>709,656</u>	<u>128,702</u>	<u>7,858,425</u>	<u>7,501,127</u>
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>	<u>\$ 8,787,083</u>
2012 Net book value of tangible capital assets	<u>\$ 413,244</u>	<u>\$ 437,325</u>	<u>\$ 3,350,927</u>	<u>\$ 4,140,894</u>	<u>\$ 393,520</u>	<u>\$ 51,173</u>	<u>\$ 8,787,083</u>	

**VILLAGE OF MANNVILLE
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u> (unaudited)	<u>2013</u>	<u>2012</u>
Taxation			
Real property taxes	\$ 767,858	\$ 767,427	\$ 727,242
Linear property	<u>37,189</u>	<u>37,189</u>	<u>37,720</u>
	<u>805,047</u>	<u>804,616</u>	<u>764,962</u>
Requisitions			
Alberta School Foundation Fund	124,118	124,118	112,783
MD of Minburn Foundation	<u>6,960</u>	<u>6,959</u>	<u>7,453</u>
	<u>131,078</u>	<u>131,077</u>	<u>120,236</u>
Net taxes for general municipal operations	\$ <u>673,969</u>	\$ <u>673,539</u>	\$ <u>644,726</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Federal	\$ 3,000	\$ 3,000	\$ 9,349
Provincial	261,653	320,484	254,168
Local governments	<u>17,870</u>	<u>72,897</u>	<u>71,496</u>
	282,523	396,381	335,013
Transfers for capital			
Provincial	<u>666,066</u>	<u>314,849</u>	<u>36,718</u>
Total government transfers	\$ <u>948,589</u>	\$ <u>711,230</u>	\$ <u>371,731</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 650,880	\$ 679,387	\$ 694,093
Contracted and general services	465,082	439,928	461,219
Materials, goods, supplies and utilities	520,557	462,444	369,276
Provision for allowances	--	1,782	25,623
Transfers to other governments	81,820	511,233	24,343
Transfers to local boards and organizations	155,937	186,476	183,636
Bank charges and short-term interest	7,360	7,233	6,527
Interest on long-term debt	--	16,020	3,478
Amortization	358,220	357,298	353,461
Other	<u>12,695</u>	<u>1,075</u>	<u>14,900</u>
Total expenses	\$ <u>2,252,551</u>	\$ <u>2,662,876</u>	\$ <u>2,136,556</u>

VILLAGE OF MANNVILLE
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2013

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	\$ 673,539	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 673,539
Government transfers	16,166	60,935	--	464,687	105,904	--	63,538	711,230
User fees and sales of goods	38	14,194	3,900	591,527	12,330	40,358	536,526	1,198,873
Investment income	15,756	--	--	--	--	--	--	15,756
Other revenues	<u>114,691</u>	<u>5,965</u>	<u>180</u>	<u>3,195</u>	<u>1,085</u>	<u>9,551</u>	<u>13,975</u>	<u>148,642</u>
Expenses	<u>820,190</u>	<u>81,094</u>	<u>4,080</u>	<u>1,059,409</u>	<u>119,319</u>	<u>49,909</u>	<u>614,039</u>	<u>2,748,040</u>
Salaries, wages and benefits	181,688	51,520	82,388	130,105	45	--	233,641	679,387
Contract and general services	86,664	31,658	36,560	166,814	6,172	25,203	86,857	439,928
Materials, goods, supplies and utilities	22,302	17,848	129,112	63,731	539	5,000	223,912	462,444
Transfers to others	4,563	9,051	--	498,305	115,820	--	69,970	697,709
Long-term debt interest	--	--	1,726	11,076	--	--	3,218	16,020
Other expenses	<u>6,574</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,516</u>	<u>10,090</u>
Net revenue before amortization	<u>301,791</u>	<u>110,077</u>	<u>249,786</u>	<u>870,031</u>	<u>122,576</u>	<u>30,203</u>	<u>621,114</u>	<u>2,305,578</u>
Amortization expense	518,399	(28,983)	(245,706)	189,378	(3,257)	19,706	(7,075)	442,462
	<u>(5,039)</u>	<u>(5,707)</u>	<u>(133,171)</u>	<u>(64,610)</u>	<u>--</u>	<u>--</u>	<u>(148,771)</u>	<u>(357,298)</u>
Net revenue	<u>\$ 513,360</u>	<u>\$ (34,690)</u>	<u>\$ (378,877)</u>	<u>\$ 124,768</u>	<u>\$ (3,257)</u>	<u>\$ 19,706</u>	<u>\$ (155,846)</u>	<u>\$ 85,164</u>

VILLAGE OF MANNVILLE
SCHEDULE 7 – GOLF COURSE REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budget</u> (unaudited)	<u>2013</u>	<u>2012</u>
Revenue			
Fees and rentals	\$ 157,050	\$ 185,026	\$ 187,457
Sale of golf inventory	70,000	65,825	66,820
Sale of confections	111,225	115,004	124,068
Camping	141,000	115,637	16,751
Government transfers for operations	<u>11,595</u>	<u>8,763</u>	<u>4,000</u>
	<u>490,870</u>	<u>490,255</u>	<u>399,096</u>
Expenses			
Amortization	42,000	44,341	41,639
Advertising	10,435	10,155	11,195
Bank charges	3,360	3,515	2,236
Confections	60,455	63,542	66,632
Freight and telephone	6,047	8,188	6,858
Golf inventory	56,000	61,811	53,815
Insurance	4,555	4,571	3,366
Interest on capital leases and long-term debt	--	3,218	3,408
Property taxes	10,000	8,110	7,754
Repairs and maintenance	45,115	60,165	40,178
Supplies	12,630	11,624	10,818
Utilities	40,535	55,124	27,109
Wages and benefits	<u>191,660</u>	<u>194,712</u>	<u>184,229</u>
	<u>482,792</u>	<u>529,076</u>	<u>459,237</u>
Excess (deficiency) of revenue over expenses			
- before other	8,078	(38,821)	(60,141)
Other			
Government transfers for capital (schedule 4)	<u>--</u>	<u>--</u>	<u>3,175</u>
Excess (deficiency) of revenues over expenses	<u>8,078</u>	<u>(38,821)</u>	<u>(56,966)</u>
Acquisition of tangible capital assets	--	(209,893)	(163,425)
Amortization of tangible capital assets	<u>42,000</u>	<u>44,341</u>	<u>41,639</u>
	<u>42,000</u>	<u>(165,552)</u>	<u>(121,786)</u>
Acquisition of golf inventory	<u>--</u>	<u>(1,116)</u>	<u>(5,610)</u>
Decrease in net assets	<u>\$ 50,078</u>	<u>\$ (205,489)</u>	<u>\$ (184,362)</u>
Net book value of golf course tangible capital assets			
Balance, beginning of year		\$ 1,195,934	\$ 1,074,148
Acquisition of tangible capital assets		209,893	163,425
Annual amortization		<u>(44,341)</u>	<u>(41,639)</u>
Balance, end of year		<u>\$ 1,361,486</u>	<u>\$ 1,195,934</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013

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, 2013**

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, 2013**

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>2013</u>	<u>2012</u>
Petty cash	\$ 380	\$ 130
Credit Union current account	773,579	818,315
Savings accounts	478,229	--
Guaranteed investment certificate	--	172,160
Trust account	<u>6,733</u>	<u>6,572</u>
	<u>\$ 1,258,921</u>	<u>\$ 997,177</u>

3. Taxes and Grants in Place Receivable

	<u>2013</u>	<u>2012</u>
Current	\$ 42,940	\$ 55,831
Arrears	30,838	31,082
Allowance	<u>(13,540)</u>	<u>(13,540)</u>
	<u>\$ 60,238</u>	<u>\$ 73,373</u>

4. Long-Term Investments

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Credit Union shares	\$ 194	\$ 194	\$ 162	\$ 162
East-Alta Co-op	<u>6,137</u>	<u>6,134</u>	<u>5,072</u>	<u>5,072</u>
	<u>\$ 6,331</u>	<u>\$ 6,331</u>	<u>\$ 5,234</u>	<u>\$ 5,234</u>

**VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

5. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation liability of \$22,073 (2012 - \$16,297). 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>2013</u>	<u>2012</u>
Estimated closure costs	\$ 500,000	\$ 300,000
Estimated post-closure costs	<u>201,000</u>	<u>200,180</u>
Estimated total liability	\$ <u>701,000</u>	\$ <u>500,180</u>
	<u>2013</u>	<u>2012</u>
Village of Manville's prorate share of estimated closure and post-closure costs (39.5%) (2012 – 36.01%)	\$ 276,895	\$ 180,115
Value of topsoil set aside for closure	(96,780)	--
Amount accrued to December 31, 2013	<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, 2013

7. Deferred Revenue		<u>2013</u>	<u>2012</u>
Basic Municipal Transportation Grant		\$ 182,613	\$ 134,433
MSI capital		--	89,316
Municipal Sponsorship Program		--	9,674
Federal Gas Tax Fund		128,412	78,412
MSI operating		33,167	74,881
Communities in Bloom		21,000	--
Other		<u>1,840</u>	<u>2,112</u>
		<u>\$ 367,032</u>	<u>\$ 388,828</u>

Funding from various grant programs in the amount of \$367,032 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 \$367,032 (2012 - \$303,066) held exclusively for these projects.

8. Long-Term Debt		<u>2013</u>	<u>2012</u>
Tax supported debentures		\$ 197,680	\$ 233,213
Supported by utility rates		<u>969,786</u>	<u>--</u>
		<u>\$ 1,167,466</u>	<u>\$ 233,213</u>

Principal and interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 99,647	\$ 31,878	\$ 131,525
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
Thereafter	<u>667,143</u>	<u>93,496</u>	<u>760,639</u>
	<u>\$ 1,167,466</u>	<u>\$ 226,977</u>	<u>\$ 1,394,443</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 2.287% for 2013 (2.875% for 2012).

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

Interest on long-term debt amounted to \$16,019 (2012 - \$3,478).

The municipality's total cash payments for interest in 2013 were \$13,575 (2012 - \$3,619).

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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>2013</u>	<u>2012</u>
Total debt limit	\$ 3,649,787	\$ 3,116,788
Total debt	(1,167,466)	(233,213)
Amount of debt limit unused	\$ <u>2,482,321</u>	\$ <u>2,883,575</u>
Debt servicing limit	\$ 608,298	\$ 519,464
Debt servicing	(131,525)	(40,605)
	\$ <u>476,773</u>	\$ <u>478,859</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>2013</u>	<u>2012</u>
Tangible capital assets (schedule 2)	\$ 17,442,975	\$ 16,288,210
Accumulated amortization (schedule 2)	(7,858,425)	(7,501,127)
Long-term debt (note 8)	(1,167,466)	(233,213)
	\$ <u>8,417,084</u>	\$ <u>8,553,870</u>

11. Accumulated Surplus

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

	<u>2013</u>	<u>2012</u>
Unrestricted surplus	\$ 212,324	\$ (7,693)
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
Water capital reserve	46,651	91,837
Sewer capital reserve	93,337	46,218
Equity in tangible capital assets (note 10)	<u>8,417,084</u>	<u>8,553,870</u>
	\$ <u>9,204,074</u>	\$ <u>9,118,910</u>

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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:

		2013			2012
		Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Mayor –	Huppertz	\$ 7,900	\$ 661	\$ 8,561	\$ 6,645
	Hinton	1,350	138	1,488	--
Councillors –	Jackson	1,050	128	1,178	--
	Boe	1,050	128	1,178	--
	Dalton	1,050	128	1,178	
	Good	5,250	521	5,771	8,049
	Hatch	6,275	477	6,752	6,911
	Betz	5,250	501	5,751	6,808
	McLuckie	5,925	464	6,389	7,123
CAO –	Thelma Rogers	63,882	11,035	74,917	73,540

⁽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 224,000 people and 428 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

14. Local Authorities Pension Plan (continued)

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 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2013 were \$\$7,179 (2012 - \$6,746). Total current service contributions by the employees of the municipality to the LAPP in 2013 were \$6,543 (2012 - \$6,115).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.977 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 \$698 until October 2014 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.

VILLAGE OF MANNVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 and Management have approved these financial statements.

20. Comparative Figures

Certain of the 2012 comparative figures have been restated to conform to the current year's financial statement presentation.