

Consolidated Financial Statements of

TOWN OF MANNING

Year ended December 31, 2013

TOWN OF MANNING

Consolidated Financial Statements

Year ended December 31, 2013

Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To Her Worship the Mayor and Members of Council of the Town of Manning,

We have audited the accompanying consolidated financial statements of the Town of Manning, which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider 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 consolidated financial position of the Town of Manning as at December 31, 2013, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Comparative Information

Without modifying our opinion, we draw attention to Note 18 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended December 31, 2012 has been restated.

The consolidated financial statements of the Town of Manning as at and for the year ended December 31, 2012, excluding the restatement described in Note 18 to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on March 28, 2013.

As part of our audit of the consolidated financial statements as at and for the year ended December 31, 2013, we audited the restatement described in Note 18 to the consolidated financial statements that was applied to restate the comparative information presented as at December 31, 2012. In our opinion, the restatement is appropriate and has been properly applied.

We were not engaged to audit, review, or apply any procedures to the December 31, 2012, consolidated financial statements, other than with respect to the restatement described in Note 18 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants

September 30, 2014
Edmonton, Canada

TOWN OF MANNING

Consolidated Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
		(Restated - note 18)
Financial assets:		
Cash and temporary investments (note 2)	\$ 2,633,786	\$ 2,402,232
Receivables:		
Taxes and grants in place of taxes (note 3)	54,966	84,190
From other governments	380,673	440,700
Trade and other	397,965	400,732
Land held for resale	-	49,483
Investments (note 4)	168,744	116,878
Loans recoverable (note 5)	521,145	383,875
	<u>4,157,279</u>	<u>3,878,090</u>
Liabilities:		
Accounts payable and accrued liabilities	495,926	770,542
Deposit liabilities	26,326	23,640
Deferred revenue (note 6)	831,110	337,054
Employee benefit obligations (note 7)	58,519	48,509
Long-term debt (note 8)	3,357,670	3,025,148
	<u>4,769,551</u>	<u>4,204,893</u>
Net debt	(612,272)	(326,803)
Non-financial assets:		
Tangible capital assets (Schedule 1)	26,362,278	25,612,153
Inventory for consumption	148,741	161,278
Prepaid expenses	121,236	60,942
	<u>26,632,255</u>	<u>25,834,373</u>
Accumulated surplus (note 10)	\$ 26,019,983	\$ 25,507,570

Contingencies (note 14)

The accompanying notes are an integral part of these consolidated financial statements

TOWN OF MANNING

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012 (Restated - note 18)
Revenue:			
Net municipal taxes (Schedule 2)	\$ 1,183,528	\$ 1,180,319	\$ 1,103,402
User fees and sales of goods	1,903,350	2,030,811	1,861,913
Government transfers for operating (Schedule 3)	503,281	662,144	551,425
Penalties and costs of taxes	12,500	17,648	9,222
Licenses and permits	1,850	2,594	1,685
Fines	11,400	39,504	10,822
Franchise and concession contracts	62,500	67,381	61,658
Investment income	40,000	49,384	55,078
Rentals	37,300	42,287	36,579
Other revenues	39,098	58,083	42,890
	<u>3,794,807</u>	<u>4,150,155</u>	<u>3,734,674</u>
Expenses (Schedule 4):			
Council and other legislative	121,234	96,370	81,771
General administration	620,180	600,680	624,158
Fire fighting and protective services	283,750	302,348	311,888
Ambulance, disaster and emergency measures	6,500	7,335	10,971
Bylaw enforcement	12,200	10,689	29,988
Common and equipment pool	92,921	82,488	77,565
Roads, streets, walks, lighting	731,031	800,798	677,622
Other transportation	4,000	3,559	3,856
Storm sewers and drainage	21,700	16,541	22,841
Water supply and distribution	893,407	842,114	851,761
Wastewater treatment and disposal	191,538	209,995	168,320
Waste management and recycle	102,095	102,614	104,630
Family and community support services	118,896	119,966	113,462
Public health	-	-	3,333
Cemeteries	5,000	600	600
Subdivision land development	40,857	40,857	44,323
Parks and recreation	633,015	629,018	620,885
Culture: libraries, museums, halls	132,583	128,572	159,099
Gas production and distribution	664,902	618,392	659,117
	<u>4,675,809</u>	<u>4,612,936</u>	<u>4,566,190</u>
Annual deficiency before the undernoted	(881,002)	(462,781)	(831,516)
Government transfers for capital (Schedule 3)	165,919	975,194	421,188
Annual surplus (deficiency)	(715,083)	512,413	(410,328)
Accumulated surplus, beginning of year	25,507,570	25,507,570	25,917,898
Accumulated surplus, end of year	<u>\$ 24,792,487</u>	<u>\$ 26,019,983</u>	<u>\$ 25,507,570</u>

The accompanying notes are an integral part of these consolidated financial statements

TOWN OF MANNING

Consolidated Statement of Changes in Net Debt

Year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012 (Restated - note 18)
Annual surplus (deficiency)	\$ (715,083)	\$ 512,413	\$ (410,328)
Acquisition of tangible capital assets	(1,501,601)	(1,857,112)	(876,254)
Proceeds on disposal of tangible capital assets	26,487	33,089	26,487
Amortization of tangible capital assets	1,044,700	1,068,720	1,025,445
Loss on disposal of tangible capital assets	-	5,178	1,292
	(430,414)	(750,125)	176,970
Acquisition of inventory for consumption	-	(13,826)	(185,577)
Acquisition of prepaid expenses	-	(172,799)	(94,775)
Use of inventory for consumption	-	26,363	180,382
Use of prepaid expenses	-	112,505	116,092
	-	(47,757)	16,122
Decrease in net debt	(1,145,497)	(285,469)	(217,326)
Net debt, beginning of year	(326,803)	(326,803)	(109,477)
Net debt, end of year	\$ (1,472,300)	\$ (612,272)	\$ (326,803)

The accompanying notes are an integral part of these consolidated financial statements

TOWN OF MANNING

Consolidated Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
		(Restated - note 18)
Net inflow (outflow) of cash related to following activities:		
Operating:		
Annual surplus (deficiency)	\$ 512,413	\$ (410,328)
Non-cash items:		
Amortization of tangible capital assets	1,068,720	1,025,445
Loss on disposal of tangible capital assets	5,178	1,292
Change in non-cash items:		
Decrease (increase) in taxes and grants in place of taxes	29,224	(5,067)
Decrease in receivables from other governments	60,027	707,719
Decrease (increase) in trade and other receivables	2,767	(132,208)
Decrease in land held for resale	49,483	-
Decrease (increase) in inventory for consumption	12,537	(5,195)
Decrease (increase) in prepaid expenses	(60,294)	21,317
Decrease in accounts payable and accrued liabilities	(274,616)	(1,547,819)
Increase in deposit liabilities	2,686	2,346
Decrease (increase) in deferred revenue	494,056	(205,031)
Increase in employee benefit obligations	10,010	11,599
Cash provided by (applied to) operating transactions	1,912,191	(535,930)
Capital:		
Acquisition of tangible capital assets	(1,857,112)	(876,254)
Proceeds on disposal of tangible capital assets	33,089	26,487
Cash applied to capital transactions	(1,824,023)	(849,767)
Investing:		
Increase in investments	(51,866)	(40,749)
Cash applied to investing transactions	(51,866)	(40,749)
Financing:		
Advances of loans recoverable	(152,897)	-
Repayments of loans recoverable	15,627	37,759
Long-term debt issued	620,500	220,000
Long-term debt repaid	(287,978)	(238,577)
Cash provided by financing transactions	195,252	19,182
Increase (decrease) in cash and temporary investments	231,554	(1,407,264)
Cash and temporary investments, beginning of year	2,402,232	3,809,496
Cash and temporary investments, end of year	\$ 2,633,786	\$ 2,402,232

The accompanying notes are an integral part of these consolidated financial statements

TOWN OF MANNING

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies:

The consolidated financial statements of the Town of Manning (the "Town") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). Significant aspects of the accounting policies adopted by the Town are as follows.

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the Town for the administration of their financial affairs and resources. The reporting entity is comprised of the municipal operations of the Town and the Manning Municipal Library Board.

Taxes levied include requisitions for the Alberta School Fund Foundation and North Peace Housing. The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the Alberta School Fund Foundation and North Peace Housing are not reflected in these consolidated financial statements.

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

(b) Basis of accounting:

The Town follows the accrual basis of accounting for revenues and expenses. Revenues are recognized as they are incurred and measureable as a result of receipts of goods and services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers are recognized as revenue in the period in which events giving rise to the transfer occur, provided the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. A transfer with or without eligibility criteria but stipulation is recognized in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

(d) Tax revenue:

Tax revenues are recognized as assets and revenue when the taxable event occurs.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(e) 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 a property tax revenue.

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

(f) 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 collectible from property owners for work performed by the Town.

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 as the expenses are incurred to complete the project.

(g) Deferred revenue:

Deferred revenue represents government transfers, contributions and other amounts received from third parties pursuant to legislation, regulation or agreement that 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. These amounts will be recognized as revenues in the fiscal year when the related expense is incurred, services performed or the tangible capital assets are acquired.

(h) Land held for resale:

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 levelling 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.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(i) Investments:

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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.

Investment income is reported as revenue in the period earned. When required by the funding government or by legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(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 ordinary course of operations.

(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 cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	20
Buildings	20-40
Engineered structures	15-75
Machinery and structures	15
Vehicles	10

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

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(j) 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) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization:

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

(v) 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.

(vi) Inventory for consumption:

Inventory for consumption is recorded at the lower of cost and replacement cost.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Significant estimates include assumptions used in estimating the provisions for uncollectible accounts receivable and assumptions related to recording accrued liabilities. In addition, the Town's implementation of PSAB section 3150 required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

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Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(l) Future accounting standard pronouncements:

The following summarizes upcoming changes to PSAS. In 2014, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

(i) Liability for contaminated sites:

PS3260, *Liability for Contaminated Sites*, establishes standards on remediation, recognition, and measurement of liabilities associated with contaminated sites, and provides requirements for financial statement presentation and disclosure. This standard is applicable for fiscal years beginning on or after April 1, 2014.

(ii) Financial statement presentation

PS1201, *Financial Statement Presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2016.

(iii) Foreign currency translation:

PS2601, *Foreign Currency Translation*, replaces PS2600. This standard requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is applicable for fiscal years beginning on or after April 1, 2016.

(iv) Portfolio investments:

PS3041, *Portfolio Investments*, has removed the distinction between temporary and portfolio investments. This standard now includes pooled investments in its scope and was amended to conform to PS3450, *Financial Instruments*. Upon adoption of PS3450 and PS3041, PS3030 *Temporary Investments* will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2016.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(l) Future accounting standard pronouncements (continued):

(v) Financial Instruments

PS3450, *Financial Instruments*, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of remeasurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the derecognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2016.

(m) Adoption of new accounting standards:

(i) Government transfers

Effective January 1, 2013, the Town adopted PS 3410, *Government Transfers*. This standard was adopted on a prospective basis.

Under PS 3410, municipalities are required to assess government transfers to determine if they meet the requirements for deferral. If the transfers do not meet the deferral requirements, they are recorded as revenue when the transfers are authorized and all eligibility criteria have been met. There were no adjustments as a result of the adoption of this standard.

(ii) Property tax revenue:

Effective January 1, 2013, the Town adopted PS 3510, *Tax Revenue*. This standard was adopted on a prospective basis.

Under PS 3510, municipalities recognize property tax revenue using the approved mill rate and the anticipated assessment. The standard requires that property tax revenue be reported net of tax concessions. Tax transfers are reported as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the statement of operations. Local improvements, to be paid in whole or in part by a tax imposed on benefiting property owners, is recognized as revenue in the period that the project expenditures are completed. There were no adjustments as a result of the adoption of this standard.

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

2. Cash and temporary investments:

	2013	2012
		(Restated - note 18)
Cash	\$ 2,584,037	\$ 2,353,218
Temporary investments	49,749	49,014
	\$ 2,633,786	\$ 2,402,232

Temporary investments are comprised of a term deposit with an effective interest rate of 1.50% (2012 – 1.50%) and a maturity date of 90 days or less from the date of acquisition.

3. Taxes and grants in place of taxes:

	2013	2012
		(Restated - note 18)
Property taxes receivable	\$ 45,634	\$ 46,708
Arrears taxes	9,332	37,482
	\$ 54,966	\$ 84,190

4. Investments:

	2013	2012
		(Restated - note 18)
Short term notes and deposits	\$ 63,361	\$ 13,062
Guaranteed investment certificates	105,383	103,816
	\$ 168,744	\$ 116,878

Short term notes and deposits have effective interest rates ranging from 1.45% to 1.65% (2012 – 2.00%) and mature in less than one year. Guaranteed investment certificates have effective interest rates ranging from 1.75% to 3.00% (2012 – 1.45% to 2.00%) with maturity dates ranging from June 30, 2014 to December 29, 2049 (2012 – November 1, 2013 to December 29, 2049).

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

5. Loans recoverable:

	2013		2012	
May Developments Ltd.	\$	421,145	\$	383,875
North Peace Housing		100,000		-
	\$	521,145	\$	383,875

On January 13, 2009, the Town authorized the lending of \$440,000 at 3.78% per annum to May Developments Ltd. The amount is unsecured and recoverable in annual installments plus interest at 3.78% commencing on September 16, 2009 for 10 years. This loan supports the operating debenture disclosed in note 8.

This loan was fully recovered subsequent to December 31, 2013.

On October 1, 2013, the Town authorized the lending of \$100,000 to North Peace Housing. The amount is unsecured and recoverable in quarterly installments plus interest at 4.0% per annum commencing on January 1, 2014 for 10 years. This loan is unsecured.

Principal and interest repayments are recoverable as follows:

	Principal		Interest		Total
2014	\$	8,306	\$	3,876	\$ 12,182
2015		8,643		3,539	12,182
2016		8,994		3,188	12,182
2017		9,359		2,823	12,182
2018		9,739		2,443	12,182
Thereafter		54,959		5,953	60,912
	\$	100,000	\$	21,822	\$ 121,822

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

6. Deferred revenue:

	2013	2012
Provincial government transfers		
Council Mediation Grant	\$ 17,286	\$ 17,470
Family Community Support Services - ECMAP	-	23,449
Federal Gas Tax Fund	27,141	28,847
MSI Grant	321,433	-
Street improvement project	268,740	-
Local government transfers	48,718	185,896
Barry Johnson Donation Fund	1,338	-
FCSS Funding	19,191	15,348
Prepaid local improvement charges	4,611	5,580
Prepaid property tax charges	122,652	60,464
	\$ 831,110	\$ 337,054

7. Employee benefit obligations:

	2013	2012
Vacation and overtime	\$ 58,519	\$ 48,509

8. Long-term debt:

	2013	2012
Capital debentures:		
Supported by general tax levies	\$ 1,047,382	\$ 635,097
Supported by special levies	221,544	271,536
Supported by utility rates	1,826,864	1,814,464
	\$ 3,095,790	\$ 2,721,097
Operating debenture		
Supported by promissory note (note 5)	261,880	304,051
	\$ 3,357,670	\$ 3,025,148

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

8. Long-term debt (continued):

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2014	\$ 415,258	\$ 118,468	\$ 533,726
2015	425,592	108,134	533,726
2016	436,249	97,477	533,726
2017	300,207	87,089	387,296
2018	262,884	78,377	341,261
Thereafter	1,517,480	568,999	2,086,479
	\$ 3,357,670	\$ 1,058,544	\$ 4,416,214

Long-term debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 1.65% to 5.75% per annum and matures in periods 2015 through 2032. The average annual interest rate is 3.62% for 2013 (2012: 3.92%). Long-term debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$104,412 (2012: \$106,242).

The Town's total cash payments for interest in 2013 were \$115,112 (2012: \$118,478).

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 Town be disclosed as follows:

	2013	2012
Total debt limit	\$ 6,225,231	\$ 5,602,011
Total debt	(3,357,670)	(3,025,148)
Amount of debt limit unused	\$ 2,867,561	\$ 2,576,863
Debt servicing limit	1,037,538	933,668
Debt servicing	(533,726)	(350,002)
Amount of debt servicing limit unused	\$ 503,812	\$ 583,666

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

9. Debt limits (continued):

The debt limit is calculated at 1.5 times revenue of the Town (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 Town. Rather, the financial statements must be interpreted as a whole.

10. Accumulated surplus:

	2013	2012
		(Restated - note 18)
Unrestricted surplus	\$ 479,403	\$ 342,422
Restricted surplus		
Public land	48,592	48,592
General administration	79,154	79,154
Fire fighting and services	61,087	61,087
Public works - common services	243,335	243,335
Roads, streets, walks, lighting	100,000	100,000
Wastewater treatment and disposal	556,693	556,693
Family and community support services	8,624	8,624
Cemeteries	10,000	10,000
Parks and recreation	376,473	376,473
Culture – library	125,150	125,150
Gas production and distribution	302,362	302,362
Contingency - mill rate stabilization	362,622	362,622
Equity in tangible capital assets	23,266,488	22,891,056
	<u>\$ 26,019,983</u>	<u>\$ 25,507,570</u>

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

11. Segmented disclosure:

The Town 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 consolidated financial statements as disclosed in Note 1. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) General government

General government includes activities that provide for the overall operation of the Town, which are common to, or affect all of the services provided by the Town, including Council and legislative, general administration, property assessment, taxation administration, licensing, elections and municipal census.

(ii) Protective services

Protective services include fire and law enforcement. The Fire Department is responsible for providing fire suppression services, fire prevention programs, motor vehicle accident response training and education related to prevention.

The Town's by-law officers are responsible for enforcing the Town's bylaws.

(iii) Transportation services

This category of functions is used to report activities related to public transportation, including roads, streets, walks and lighting, public transit and storm sewers and drainage.

(iv) Environmental services

Environmental services include garbage pickup and recycling bins. Water and sewer is also provided by the Town.

(v) Public health and welfare

Public health and welfare is comprised of Cemeteries, FCSS Administration, Seniors Programming, Community Development, Young Adult Programming and Youth Programs.

(vi) Planning and development

The Planning and development manages all aspects of land use planning including long range forecasting and planning, processing development permits and compliance certificates. The department is also responsible for corporate mapping functions.

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

11. Segmented disclosure (continued):

(vii) Recreation and culture

This function is comprised of the Library, Ball Diamonds, Recreation Administration, Recreation Centre, Recreation Grounds and Receptions Facilities.

(viii) Gas

Gas is included as part of the utility services supplied by the Town.

12. Salary and benefits disclosed:

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

	Salary(1)	Benefits(2)	2013 Total	2012 Total
Mayor:				
WALKER, Sunni	\$ 9,426	\$ 4,713	\$ 14,139	\$ 15,899
Councillors:				
COVE, Dan	3,893	1,998	5,891	7,395
GORMAN, Cyril	1,080	551	1,631	-
GRAW, David	2,800	1,441	4,241	6,505
HOWELL, Melody	3,213	1,633	4,846	3,954
JOHNSON, Alden	2,787	1,436	4,223	5,805
KERR, Brenda	7,147	3,768	10,915	12,245
SCHMIDT, Eric	1,080	551	1,631	-
SMITH, Vicky	4,436	2,233	6,669	6,117
STONE, Frazer	1,080	551	1,631	-
	\$ 36,942	\$ 18,875	\$ 55,817	\$ 57,920
Chief Administrative Officer:				
BRODRICK, John	\$ -	\$ -	\$ -	\$ 43,491
LOEWEN, Gerald	91,858	18,178	110,036	106,479
	\$ 91,858	\$ 18,178	\$ 110,036	\$ 149,970

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

12. Salary and benefits disclosed (continued):

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honorarium and any other direct cash remuneration.
- 2) For mayor and councilors, benefits and allowances consists of employer's share of Canada Pension Plan, travel, and general non-accountable expense allowances. For chief administrative officer, benefits and allowances consists of employer's share of Canada Pension Plan, employment insurance contributions, pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and disbursement insurance, long and short-term disability plans.

13. Local authorities pension plan:

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act.

Contributions for current service are recorded as expenses in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 10.43% (2012: 9.91%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% (2012: 13.74%) on pensionable earnings above this amount. Employees of the Town of Manning are required to make current service contributions of 9.43% (2012: 8.91%) of pensionable salary up to the year's maximum pensionable salary and 13.47% (2012: 12.74%) on pensionable salary above this amount.'

Total current service contributions by the Town to the LAPP in 2013 were \$55,395 (2012: \$41,420). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2013 were \$ 50,357 (2012: \$37,475).

As at December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion (2012: \$4.98 billion).

14. Contingencies:

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

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

15. Contractual obligations:

The Town leases recreational land under long term operating leases. These lease agreements expire between November 30, 2014 and May 3, 2020 with minimum annual lease payments as follows:

		2013
2014	\$	3,020
2015		1,920
2016		1,920
2017		1,920
2018		1,920
Thereafter		2,560
	\$	13,260

16. Transactions with the Long Lake Regional Waste Management Services Commission:

During the year, the Town paid \$ 72,196 (2012: \$74,956) to the Long Lake Regional Waste Management Services Commission which it is a member of.

17. Financial instruments:

The Town's financial instruments consist of cash and temporary investments, receivables, investments, loans recoverable, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town 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 Town 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 instruments approximates their fair values.

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

18. Prior period adjustments:

The Town of Manning has restated its financial statements to comply with the Canadian Public Sector Accounting Standards, to correct past errors in that that Manning Municipal Library was not treated as a government reporting entity and had not been consolidated into the Town's financial statements, and certain liabilities which existed at December 31, 2012 were not recorded. These adjustments are as follows:

	As previously reported	Library Consolidation	Correction of unrecorded liabilities	As restated
Cash and temporary investments	\$ 2,335,451	\$ 66,781	\$ -	\$ 2,402,232
Receivables - from				
other governments	439,853	847	-	440,700
Investments	-	116,878	-	116,878
Accounts payable and accrued liabilities	697,998	-	72,544	770,542
Tangible capital assets	25,642,770	-	(30,617)	25,612,153
Accumulated surplus	25,426,224	184,506	(103,160)	25,507,570
User fees and sales of goods	1,853,550	8,363	-	1,861,913
Government transfers for operating	504,623	132,435	-	551,425
Investment income	53,817	1,261	-	55,078
Other revenues	33,029	9,861	-	42,890
General administration	596,479	-	27,679	624,158
Culture: libraries, museums, halls	137,301	107,431	-	159,099
Gas production and distribution	583,637	-	75,481	659,118
Annual deficiency – before the undernoted	(772,846)	44,489	(103,160)	(831,516)
Annual deficiency	(351,658)	44,489	(103,160)	(410,328)

Certain other comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

19. Budget:

The 2013 budget data presented in these consolidated financial statements is based on the 2013 operating and capital budgets approved by Council on May 8, 2013.

20. Approval of financial statements:

Council and Management have approved these financial statements.

TOWN OF MANNING

Consolidated Schedule 1 - Tangible Capital Assets

Year ended December 31, 2013, with comparative information for 2012

	Land	Land Improvements	Buildings	Engineered structures	Machinery and structures	Vehicles	2013	2012
								(Restated - note 18)
Cost:								
Balance, beginning of year	\$ 604,980	\$ 475,611	\$ 22,033,196	\$ 16,499,279	\$ 914,352	\$ 1,096,817	\$ 41,624,235	\$ 40,777,744
Acquisition of tangible capital assets	410,536	-	781,757	15,341	79,303	570,175	1,857,112	876,254
Disposals of tangible capital assets	-	-	-	-	(30,286)	(31,930)	(62,216)	(29,763)
Balance end of year	1,015,516	475,611	22,814,953	16,514,620	963,369	1,635,062	43,419,131	41,624,235
Accumulated amortization:								
Balance, beginning of year	-	130,857	6,886,097	7,741,805	501,478	751,844	16,012,082	14,988,621
Amortization of tangible capital assets	-	23,782	453,398	429,948	60,369	101,223	1,068,720	1,025,445
Disposals of tangible capital assets	-	-	-	-	(2,019)	(21,930)	(23,949)	(1,984)
Balance, end of year	-	154,639	7,339,495	8,171,753	559,828	831,137	17,056,853	16,012,082
Net book value of tangible capital assets	\$ 1,015,516	\$ 320,972	\$ 15,475,458	\$ 8,342,867	\$ 403,540	\$ 803,925	\$ 26,362,278	\$ 25,612,153

TOWN OF MANNING

Consolidated Schedule 2 - Net Municipal Taxes

Year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012 (Restated - note 18)
Taxes			
Real property taxes	\$ 1,473,307	\$ 1,470,605	\$ 1,381,710
Linear property taxes	29,969	29,376	36,573
Government grants in place of property taxes	20,291	19,853	24,491
Special assessments and local improvement taxes	9,705	10,228	10,228
	1,533,272	1,530,062	1,453,002
Less: Requisitions			
Alberta School Foundation Fund	322,755	322,754	319,813
North Peace Seniors Foundation	26,989	26,989	29,787
	349,744	349,743	349,600
Net municipal taxes	\$ 1,183,528	\$ 1,180,319	\$ 1,103,402

TOWN OF MANNING

Consolidated Schedule 3 - Government Transfers

Year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012
			(Restated - note 18)
Transfer for operating			
Federal	\$ 10,150	\$ 1,260	\$ 7,916
Local Government	344,000	525,403	326,114
Provincial	149,131	135,481	217,395
	503,281	662,144	551,425
Transfers for capital			
Local Government	11,934	244,872	144,569
Provincial	153,985	730,322	276,619
	165,919	975,194	421,188
Total government transfers	\$ 669,200	\$ 1,637,338	\$ 972,613

TOWN OF MANNING

Schedule 4 – Consolidated Expenses by Object

Year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012 (Restated - note 18)
Salaries, wages and benefits	\$ 1,009,615	\$ 1,103,641	\$ 1,056,268
Contracted and general services	905,300	690,877	804,306
Purchases from other governments	72,195	72,196	74,956
Materials, goods and utilities	1,338,745	1,388,510	1,305,411
Transfers to local boards and agencies	94,600	109,150	112,747
Transfers to individuals and organizations	42,000	42,000	26,500
Interest on long-term debt	105,606	104,412	106,242
Other expenses	63,048	28,251	53,023
Amortization of tangible capital assets	1,044,700	1,068,720	1,025,445
Loss on disposal of tangible capital assets	-	5,179	1,292
	\$ 4,675,809	\$ 4,612,936	\$ 4,566,190

TOWN OF MANNING

Consolidated Schedule 5 – Segmented Disclosure

Year ended December 31, 2013, with comparative information for 2012

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	Gas	2013	2012 (Restated - note 18)
Revenue:										
Net municipal taxes	\$ 1,170,091	\$ -	\$ 7,338	\$ 2,890	\$ -	\$ -	\$ -	\$ -	\$ 1,180,319	\$ 1,103,402
User fees and sales of goods	2,222	19,999	-	944,713	2,600	-	139,757	921,520	2,030,811	1,861,913
Government transfers for operating	5,000	35,110	81,412	-	75,407	-	465,215	-	662,144	551,425
Penalties and costs on taxes	17,648	-	-	-	-	-	-	-	17,648	9,222
Licenses and permits	900	479	-	-	-	1,215	-	-	2,594	1,685
Fines	-	39,504	-	-	-	-	-	-	39,504	10,822
Franchise and concession contracts	67,381	-	-	-	-	-	-	-	67,381	61,658
Investment Income	44,967	-	-	-	-	-	4,417	-	49,384	55,078
Rentals	22,547	-	-	-	-	-	19,740	-	42,287	36,579
Other revenues	2,892	4,516	-	-	36,564	-	14,111	-	58,083	42,890
	1,333,648	99,608	88,750	947,603	114,571	1,215	643,240	921,520	4,150,155	3,734,674
Expenses:										
Salaries, wages and benefits	398,103	53,673	221,150	211,195	43,990	-	109,901	65,629	1,103,641	1,056,268
Contracted and general services	169,152	43,490	111,202	155,938	15,979	40,857	173,155	(18,896)	690,877	804,306
Purchases from other governments	-	-	-	72,196	-	-	-	-	72,196	74,956
Material, goods and utilities	56,015	74,591	158,998	292,561	52,581	-	196,160	557,604	1,388,510	1,305,411
Transfers to local boards and agencies	-	-	-	-	8,016	-	101,134	-	109,150	112,747
Transfers to individuals and organizations	22,500	-	-	-	-	-	19,500	-	42,000	26,500
Interest on long-term debt	287	8,084	5,417	87,298	-	-	3,326	-	104,412	106,242
Other expenses	18,637	5,200	4,414	-	-	-	-	-	28,251	53,023
Loss on disposal of capital assets	-	-	5,179	-	-	-	-	-	5,178	1,292
	664,694	185,038	506,360	819,188	120,566	40,857	603,176	604,337	3,544,216	3,540,745
Annual surplus (deficiency) before the undernoted:	668,954	(85,430)	(417,610)	128,415	(5,995)	(39,642)	40,064	317,183	605,939	193,929
Amortization	(31,002)	(136,688)	(397,025)	(335,536)	-	-	(154,419)	(14,050)	(1,068,720)	(1,025,445)
Government transfers for capital	-	454,872	1,322	509,000	-	-	-	10,000	975,194	421,188
Annual surplus (deficiency)	\$ 637,952	\$ 232,754	\$ (813,313)	\$ 301,879	\$ (5,995)	\$ (39,642)	\$ (114,355)	\$ 313,133	\$ 512,413	\$ (410,328)