

Consolidated Financial Statements of

TOWN OF MANNING

Year ended December 31, 2014

TOWN OF MANNING

Consolidated Financial Statements

Year ended December 31, 2014

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, 2014, 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, 2014, 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.

KPMG LLP

Chartered Accountants

April 22, 2015
Edmonton, Canada

TOWN OF MANNING

Consolidated Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Cash (note 2)	\$ 1,788,625	\$ 2,633,786
Receivables:		
Taxes and grants in place of taxes (note 3)	56,086	54,966
From other governments	32,715	380,673
Trade and other	354,240	397,965
Investments (note 4)	211,793	168,744
Loans recoverable (note 5)	91,694	521,145
	<u>2,535,153</u>	<u>4,157,279</u>
Liabilities:		
Accounts payable and accrued liabilities	346,099	495,926
Deposit liabilities	26,276	26,326
Deferred revenue (note 6)	549,141	831,110
Employee benefit obligations	36,193	58,519
Long-term debt (note 7)	2,724,287	3,357,670
	<u>3,681,996</u>	<u>4,769,551</u>
Net debt	(1,146,843)	(612,272)
Non-financial assets:		
Tangible capital assets (Schedule 1)	25,854,564	26,362,278
Inventory for consumption	149,327	148,741
Prepaid expenses	140,438	121,236
	<u>26,144,329</u>	<u>26,632,255</u>
Accumulated surplus (note 9)	<u>\$ 24,997,486</u>	<u>\$ 26,019,983</u>

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, 2014, with comparative information for 2013

	Budget	2014	2013
Revenue:			
Net municipal taxes (Schedule 2)	\$ 1,272,130	\$ 1,238,372	\$ 1,180,319
User fees and sales of goods	2,024,130	2,270,194	2,030,811
Government transfers for operating (Schedule 3)	490,922	491,330	662,144
Penalties and costs of taxes	18,000	12,435	17,648
Licenses and permits	2,100	2,134	2,594
Fines	18,500	16,442	39,504
Franchise and concession contracts	60,000	74,346	67,381
Investment income	43,000	40,913	49,384
Rentals	31,760	31,939	42,287
Other revenues	56,091	30,196	58,083
	4,016,633	4,208,301	4,150,155
Expenses (Schedule 4):			
Council and other legislative	98,061	82,545	96,370
General administration	708,137	830,530	600,680
Fire fighting and protective services	348,347	293,268	302,348
Ambulance, disaster and emergency measures	13,986	16,541	7,335
Bylaw enforcement	22,050	60,569	10,689
Common and equipment pool	73,963	78,427	82,488
Roads, streets, walks, lighting	740,789	837,200	795,620
Other transportation	4,000	4,155	3,559
Storm sewers and drainage	14,600	27,450	16,541
Water supply and distribution	953,831	1,050,797	842,114
Wastewater treatment and disposal	238,650	202,720	209,995
Waste management and recycle	105,500	100,931	102,614
Family and community support services	114,680	92,656	119,966
Cemeteries	5,000	1,759	600
Subdivision land development	50,734	88,405	40,857
Parks and recreation	667,635	737,565	629,018
Culture: libraries, museums, halls	105,508	168,958	128,572
Gas production and distribution	650,838	1,012,463	618,392
	4,916,309	5,686,939	4,607,758
Annual deficiency before the undernoted	(899,676)	(1,478,638)	(457,603)
Other:			
Gain (loss) on disposal of tangible capital assets	-	10,222	(5,178)
Government transfers for capital (Schedule 3)	960,000	170,532	975,194
Contributions of tangible capital assets	-	275,387	-
Annual surplus (deficiency)	60,324	(1,022,497)	512,413
Accumulated surplus, beginning of year	26,019,983	26,019,983	25,507,570
Accumulated surplus, end of year	\$ 26,080,307	\$ 24,997,486	\$ 26,019,983

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, 2014, with comparative information for 2013

	Budget	2014	2013
Annual surplus (deficiency)	\$ 60,324	\$ (1,022,497)	\$ 512,413
Acquisition of tangible capital assets	(1,645,700)	(345,337)	(1,857,112)
Contributions of tangible capital assets	-	(275,387)	-
Proceeds on disposal of tangible capital assets	46,600	49,612	33,089
Amortization of tangible capital assets	1,062,815	1,089,048	1,068,720
Loss (gain) on disposal of tangible capital assets	-	(10,222)	5,178
	(536,285)	507,714	(750,125)
Acquisition of inventory for consumption	-	(188,883)	(13,826)
Acquisition of prepaid expenses	-	(141,658)	(172,799)
Use of inventory for consumption	-	188,297	26,363
Use of prepaid expenses	-	122,456	112,505
	-	(19,788)	(47,757)
Change in net debt	(475,961)	(534,571)	(285,469)
Net debt, beginning of year	(612,272)	(612,272)	(326,803)
Net debt, end of year	\$ (1,088,233)	\$ (1,146,843)	\$ (612,272)

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

TOWN OF MANNING

Consolidated Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Net inflow (outflow) of cash related to following activities:		
Operating activities:		
Annual surplus (deficiency)	\$ (1,022,497)	\$ 512,413
Non-cash items:		
Amortization of tangible capital assets	1,089,048	1,068,720
Loss (gain) on disposal of tangible capital assets	(10,222)	5,178
Contributions of tangible capital assets	(275,387)	-
Write down of loans recoverable	37,270	-
Change in non-cash items:		
Decrease (increase) in taxes and grants in place of taxes	(1,120)	29,224
Decrease in receivables from other governments	347,958	60,027
Decrease in trade and other receivables	43,725	2,767
Decrease in land held for resale	-	49,483
Decrease (increase) in inventory for consumption	(586)	12,537
Increase in prepaid expenses	(19,202)	(60,294)
Decrease in accounts payable and accrued liabilities	(149,827)	(274,616)
Increase (decrease) in deposit liabilities	(50)	2,686
Increase (decrease) in deferred revenue	(281,969)	494,056
Increase (decrease) in employee benefit obligations	(22,326)	10,010
Cash provided by (used in) operating activities	(265,185)	1,912,191
Capital activities:		
Acquisition of tangible capital assets	(345,337)	(1,857,112)
Proceeds on disposal of tangible capital assets	49,612	33,089
Cash applied to capital activities	(295,725)	(1,824,023)
Investing activities:		
Increase in investments	(43,049)	(51,866)
Cash applied to investing activities	(43,049)	(51,866)
Financing activities:		
Advances of loans recoverable	-	(152,897)
Repayments of loans recoverable	392,181	15,627
Long-term debt issued	-	620,500
Long-term debt repaid	(633,383)	(287,978)
Cash provided by (applied to) financing activities	(241,202)	195,252
Increase (decrease) in cash	(845,161)	231,554
Cash, beginning of year	2,633,786	2,402,232
Cash, end of year	\$ 1,788,625	\$ 2,633,786

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

TOWN OF MANNING

Notes to Consolidated Financial Statements

Year ended December 31, 2014

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 accounted for in the period in which they are earned and measurable. Expenses are recognized as they are incurred and measurable 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, 2014

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, 2014

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 costs, less residual value, of tangible capital assets are amortized on a straight-line basis over their estimated useful lives 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, 2014

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 consolidated 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, assumptions related to recording accrued liabilities, useful lives of tangible capital assets and fair value of contributed tangible capital assets. Actual results could differ from those estimates.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(l) Future accounting standard pronouncements:

The following summarizes upcoming changes to PSAS. In 2015, 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 remeasurement 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, 2014

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.

(vi) Related Party Disclosures

PS2200, *Related Party Disclosures*, requires the disclosure of the effect of financially material transactions between related parties. This standard is applicable for fiscal years beginning on or after April 1, 2017.

(vii) Inter-Entity Transactions

PS3420, *Inter-Entity Transactions*, specifically covers how to account for and report transactions between entities controlled by a government and that comprise the government's reporting entity from both a provider and a recipient perspective. This standard is applicable to fiscal years beginning on or after April 1, 2017.

2. Cash:

	2014	2013
Unrestricted cash	\$ 1,738,554	\$ 2,584,037
Restricted cash	50,071	49,749
	<u>\$ 1,788,625</u>	<u>\$ 2,633,786</u>

Restricted cash is held for a public reserve land trust and its use is restricted for park and recreational purposes. The amount is composed of principal and interest earned.

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

3. Taxes and grants in place of taxes:

	2014		2013	
Property taxes receivable	\$	55,678	\$	45,634
Arrears taxes		408		9,332
	\$	56,086	\$	54,966

4. Investments:

	2014		2013	
Short term notes and deposits	\$	168,627	\$	63,361
Guaranteed investment certificates		43,166		105,383
	\$	211,793	\$	168,744

Short term notes and deposits have effective interest rates ranging from 1.47% to 1.90% (2013 - 1.45% to 1.65%) and mature in less than one year. Guaranteed investment certificates have effective interest rates ranging from 3.00% to 3.25% (2013 - 1.75% to 3.00%) with maturity dates ranging from May 18, 2016 to October 17, 2016 (2013 - June 30, 2014 to October 17, 2016).

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

5. Loans recoverable:

	2014		2013	
North Peace Housing	\$	91,694	\$	100,000
May Developments Ltd.		-		421,145
	\$	91,694	\$	521,145

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.

On January 13, 2009, the Town authorized the lending of \$440,000 at 3.78% per annum to May Developments Ltd. A write down of \$37,270 was recognized on this loan in the current year. This loan was settled prior to December 31, 2014.

Principal and interest repayments are recoverable as follows:

	Principal		Interest		Total
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
2019		10,135		2,047	12,182
Thereafter		44,824		3,905	48,729
	\$	91,694	\$	17,945	\$ 109,639

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

6. Deferred revenue:

	2014	2013
Provincial government transfers		
Council Mediation Grant	\$ 17,286	\$ 17,286
Federal Gas Tax Fund	27,141	27,141
MSI Grant	146,020	321,433
Street improvement project	249,000	268,740
Local government transfers	5,325	48,718
Barry Johnson Donation Fund	1,338	1,338
FCSS Funding	15,248	19,191
Prepaid local improvement charges	3,643	4,611
Prepaid property tax charges	84,140	122,652
	<u>\$ 549,141</u>	<u>\$ 831,110</u>

7. Long-term debt:

	2014	2013
Capital debentures:		
Supported by general tax levies	\$ 787,940	\$ 1,047,382
Supported by special levies	170,415	221,544
Supported by utility rates	1,765,932	1,826,864
	<u>2,724,287</u>	<u>3,095,790</u>
Operating debenture		
Supported by promissory note	-	261,880
	<u>\$ 2,724,287</u>	<u>\$ 3,357,670</u>

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

7. Long-term debt (continued):

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2015	\$ 380,196	\$ 100,442	\$ 480,638
2016	389,149	91,489	480,638
2017	251,339	82,868	334,207
2018	212,183	75,990	288,173
2019	77,083	70,056	147,139
Thereafter	1,414,337	498,459	1,912,796
	\$ 2,724,287	\$ 919,304	\$ 3,643,591

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 3.67% for 2014 (2013 - 3.62%). Long-term debt is issued on the credit and security of the Town at large.

Interest expense on long-term debt amounted to \$120,852 (2013 - \$104,412).

Total cash payments for interest were \$118,468 (2013 - \$115,112).

8. 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:

	2014	2013
Total debt limit	\$ 6,312,452	\$ 6,225,231
Total debt	(2,724,287)	(3,357,670)
Amount of debt limit unused	\$ 3,588,165	\$ 2,867,561
Debt servicing limit	\$ 1,052,075	\$ 1,037,538
Debt servicing	(751,852)	(533,726)
Amount of debt servicing limit unused	\$ 300,223	\$ 503,812

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

8. 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.

9. Accumulated surplus:

	2014	2013
Unrestricted surplus (deficit)	\$ (622,684)	\$ 613,136
Restricted surplus		
Public land	50,071	49,749
General administration	82,375	92,384
Fire fighting and services	46,215	46,215
Public works - common services	27,648	27,648
Roads, streets, walks and lighting	500,000	400,000
Wastewater treatment and disposal	512,298	481,918
Family and community support services	7,922	8,624
Cemeteries	10,000	10,000
Parks and recreation	528,949	458,949
Culture - library	113,505	200,150
Gas production and distribution	251,815	267,507
Contingency - mill rate stabilization	359,095	359,095
Equity in tangible capital assets	23,130,277	23,004,608
	<hr/>	<hr/>
	\$ 24,997,486	\$ 26,019,983

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

10. 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

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, 2014

10. Segmented disclosure (continued):

(vii) Recreation and culture

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

(viii) Gas

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

11. Salary and benefits disclosure:

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)	2014 Total	2013 Total
Mayor:				
Walker, Sunni	\$ 13,441	\$ 6,719	\$ 20,160	\$ 14,139
Councillors:				
Cove, Dan	-	-	-	5,891
Gorman, Cyril	3,520	1,785	5,305	1,631
Graw, David	-	-	-	4,241
Howell, Melody	3,440	1,738	5,178	4,846
Johnson, Alden	-	-	-	4,223
Kerr, Brenda	9,120	4,868	13,988	10,915
Schmidt, Eric	4,454	2,285	6,739	1,631
Smith, Vicky	4,294	2,200	6,494	6,669
Stone, Frazer	4,267	2,177	6,444	1,631
	\$ 42,536	\$ 21,772	\$ 64,308	\$ 55,817
Chief Administrative Officer:				
Loewen, Gerald	\$ 116,593	\$ -	\$ 116,593	\$ 110,036
Egyedy, Dennis	29,169	-	29,169	-
	\$ 145,762	\$ -	\$ 145,762	\$ 110,036

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

11. 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.

12. 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 11.39% (2013 - 10.43%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2013 - 14.47%) on pensionable earnings above this amount. Employees of the Town of Manning are required to make current service contributions of 10.39% (2013 - 9.43%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2013 - 13.47%) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2014 were \$52,134 (2013 - \$55,395). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2014 were \$47,799 (2013 - \$50,357).

As at December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion (2012 - \$4.98 billion). This amount was not specifically allocated to the participating government organizations. The 2014 actuarial balance was not available at the date these financial statements were released.

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

13. APEX supplementary pension plan:

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provision of the Alberta Employment Pension Plans Act, commenced on January 1, 2003, and provides supplementary pension benefits to a prescribed class of employees. The plan supplements LAPP.

Contributions are made by the prescribed class of employees and the Town. Employees and the Town are required to make current service contributions to APEX of 2.50% and 3.00% respectively of individual pensionable earnings.

Total current service contributions by the Town to APEX were \$692 (2013 - nil). Total current service contributions by the employees of the Town were \$577 (2013 - nil).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement age of employees. The costs of post-retirement benefits are fully funded.

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.

15. Contractual obligations:

The Town leases recreational land under long term operating leases. These lease agreements expire between May 3, 2020 and November 30, 2039 with minimum annual lease payments as follows:

		2014
2015	\$	3,120
2016		3,120
2017		3,120
2018		3,120
2019		3,120
Thereafter		30,540
	\$	46,140

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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

During the year, the Town paid \$73,618 (2013 - \$72,196) 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, 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 fair value.

18. Budget:

The 2014 budget data presented in these financial statements is based on the 2014 operating and capital budgets approved by Council on July 29, 2014.

19. Approval of Financial Statements:

Council and Management have approved these financial statements.

20. Comparative Figures:

Certain comparative figures have been reclassified to conform to the current period's presentation.

TOWN OF MANNING

Consolidated Schedule 1 - Tangible Capital Assets

Year ended December 31, 2014, with comparative information for 2013

	Land	Land Improvements	Buildings	Engineered structures	Machinery and structures	Vehicles	2014	2013
Cost:								
Balance, beginning of year	\$ 1,015,516	\$ 475,611	\$ 22,814,953	\$ 16,514,620	\$ 963,369	\$ 1,635,062	\$ 43,419,131	\$ 41,624,235
Acquisition of tangible capital assets	40,430	234,952	191,236	-	154,106	-	620,724	1,857,112
Disposals of tangible capital assets	-	-	-	-	(42,206)	(17,550)	(59,756)	(62,216)
Balance end of year	1,055,946	710,563	23,006,189	16,514,620	1,075,269	1,617,512	43,980,099	43,419,131
Accumulated amortization:								
Balance, beginning of year	-	154,639	7,339,495	8,171,753	559,828	831,138	17,056,853	16,012,082
Amortization of tangible capital assets	-	35,285	457,792	430,154	64,594	101,223	1,089,048	1,068,720
Disposals of tangible capital assets	-	-	-	-	(2,816)	(17,550)	(20,366)	(23,949)
Balance, end of year	-	189,924	7,797,287	8,601,907	621,606	914,811	18,125,535	17,056,853
Net book value of tangible capital assets	\$ 1,055,946	\$ 520,639	\$ 15,208,902	\$ 7,912,713	\$ 453,663	\$ 702,701	\$ 25,854,564	\$ 26,362,278

TOWN OF MANNING

Consolidated Schedule 2 - Net Municipal Taxes

Year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Taxes			
Real property taxes	\$ 1,528,270	\$ 1,513,841	\$ 1,470,605
Linear property taxes	30,717	21,323	29,376
Government grants in place of property taxes	33,595	23,661	19,853
Special assessments and local improvement taxes	10,228	10,228	10,228
	1,602,810	1,569,053	1,530,062
Less: Requisitions			
Alberta School Foundation Fund	305,417	305,418	322,754
North Peace Seniors Foundation	25,263	25,263	26,989
	330,680	330,681	349,743
Net municipal taxes	\$ 1,272,130	\$ 1,238,372	\$ 1,180,319

TOWN OF MANNING

Consolidated Schedule 3 - Government Transfers

Year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Transfer for operating			
Federal	\$ 3,000	\$ 5,385	\$ 1,260
Local Government	344,000	404,794	525,403
Provincial	143,922	81,151	135,481
	490,922	491,330	662,144
Transfers for capital			
Local Government	10,000	58,394	244,872
Provincial	950,000	112,138	730,322
	960,000	170,532	975,194
Total government transfers	\$ 1,450,922	\$ 661,862	\$ 1,637,338

TOWN OF MANNING

Schedule 4 – Consolidated Expenses by Object

Year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Salaries, wages and benefits	\$ 1,070,133	\$ 1,271,896	\$ 1,103,641
Contracted and general services	891,121	1,010,857	690,878
Purchases from other governments	77,100	73,618	72,196
Materials, goods and utilities	1,584,178	1,761,482	1,388,510
Transfers to local boards and agencies	35,900	243,461	109,150
Transfers to individuals and organizations	32,486	59,986	42,000
Interest on long-term debt	109,785	120,852	104,412
Other expenses	52,791	18,469	28,251
Amortization of tangible capital assets	1,062,815	1,089,048	1,068,720
Write down of loans recoverable	-	37,270	-
	\$ 4,916,309	\$ 5,686,939	\$ 4,607,758

TOWN OF MANNING

Consolidated Schedule 5 – Segmented Disclosure

Year ended December 31, 2014, with comparative information for 2013

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	Gas	2014	2013
Revenue:										
Net municipal taxes	\$ 1,228,144	\$ -	\$ 7,338	\$ 2,890	\$ -	\$ -	\$ -	\$ -	\$ 1,238,372	\$ 1,180,319
User fees and sales of goods	9,842	23,415	-	953,258	5,700	-	70,794	1,207,185	2,270,194	2,030,811
Government transfers for operating	3,000	40,564	40,000	7,432	80,407	-	319,927	-	491,330	662,144
Penalties and costs on taxes	12,435	-	-	-	-	-	-	-	12,435	17,648
Licenses and permits	700	499	-	-	-	935	-	-	2,134	2,594
Fines	-	16,442	-	-	-	-	-	-	16,442	39,504
Franchise and concession contracts	74,346	-	-	-	-	-	-	-	74,346	67,381
Investment Income	37,156	-	-	-	-	-	3,757	-	40,913	49,384
Rentals	20,004	1,775	-	-	-	-	10,160	-	31,939	42,287
Other revenues	7,216	-	-	-	11,885	-	11,095	-	30,196	58,083
	1,392,843	82,695	47,338	963,580	97,992	935	415,733	1,207,185	4,208,301	4,150,155
Expenses:										
Salaries, wages and benefits	521,350	60,010	215,182	177,188	49,172	-	172,906	76,088	1,271,896	1,103,641
Contracted and general services	259,248	83,581	80,630	328,895	15,106	39,418	150,933	53,046	1,010,857	690,877
Purchases from other governments	-	-	-	73,618	-	-	-	-	73,618	72,196
Material, goods and utilities	59,782	67,883	240,638	352,415	26,137	-	145,353	869,274	1,761,482	1,388,510
Transfers to local boards and agencies	-	-	-	-	4,000	-	239,461	-	243,461	109,150
Transfers to individuals and organizations	28,500	8,986	-	-	-	-	22,500	-	59,986	42,000
Interest on long-term debt	-	6,469	12,788	86,651	-	11,718	3,226	-	120,852	104,412
Other expenses	18,462	-	-	-	-	37,270	-	7	55,739	28,252
Amortization	25,731	143,449	397,995	335,680	-	-	172,143	14,050	1,089,048	1,068,720
	913,073	370,378	947,233	1,354,447	94,415	88,406	906,522	1,012,465	5,686,939	4,607,758
Annual surplus (deficiency) before the undernoted:	479,770	(287,683)	(899,895)	(390,867)	3,577	(87,471)	(490,789)	194,720	(1,478,638)	(457,603)
Gain (loss) on disposal of capital assets	10,222	-	-	-	-	-	-	-	10,222	(5,178)
Contributions of tangible capital assets	-	-	-	-	-	-	275,387	-	275,387	-
Government transfers for capital	5,000	6,407	-	149,125	-	-	-	10,000	170,532	975,194
Annual surplus (deficiency)	\$ 494,992	\$ (281,276)	\$ (899,895)	\$ (241,742)	\$ 3,577	\$ (87,471)	\$ (215,402)	\$ 204,720	\$ (1,022,497)	\$ 512,413