

Consolidated Financial Statements of

TOWN OF MANNING

Year ended December 31, 2015

TOWN OF MANNING

Consolidated Financial Statements

Year ended December 31, 2015

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, 2015, 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 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, 2015, 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.

Chartered Professional Accountants

April 13, 2016
Edmonton, Canada

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TOWN OF MANNING

Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash (note 2)	\$ 1,374,352	\$ 1,788,625
Receivables:		
Taxes and grants in place of taxes (note 3)	122,540	56,086
From other governments	185,332	32,715
Trade and other	499,815	354,240
Investments (note 4)	227,647	211,793
Loans recoverable (note 5)	83,019	91,694
	<u>2,492,705</u>	<u>2,535,153</u>
Liabilities:		
Accounts payable and accrued liabilities	1,054,828	346,099
Deposit liabilities	21,280	26,276
Deferred revenue (note 6)	373,872	549,141
Employee benefit obligations	32,371	36,193
Long-term debt (note 7)	2,344,091	2,724,287
	<u>3,826,442</u>	<u>3,681,996</u>
Net debt	(1,333,737)	(1,146,843)
Non-financial assets:		
Tangible capital assets (Schedule 1)	26,464,814	25,854,564
Inventory for consumption	94,822	149,327
Prepaid expenses	92,080	140,438
	<u>26,651,716</u>	<u>26,144,329</u>
Accumulated surplus (note 9)	<u>\$ 25,317,979</u>	<u>\$ 24,997,486</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, 2015, with comparative information for 2014

	Budget	2015	2014
Revenue:			
Net municipal taxes (Schedule 2)	\$ 1,359,719	\$ 1,402,544	\$ 1,238,372
User fees and sales of goods	2,176,891	1,891,342	2,270,194
Government transfers for operating (Schedule 3)	426,551	643,654	491,330
Penalties and costs of taxes	18,175	13,385	12,435
Licenses and permits	2,400	2,649	2,134
Fines	25,500	18,226	16,442
Franchise and concession contracts	64,000	69,609	74,346
Investment income	36,026	35,379	40,913
Rentals	37,230	39,041	31,939
Other revenues	68,821	55,268	30,196
	4,215,313	4,171,097	4,208,301
Expenses (Schedule 4):			
Council and other legislative	104,761	89,379	82,545
General administration	719,531	782,312	830,530
Fire fighting and protective services	333,821	330,438	293,268
Ambulance, disaster and emergency measures	11,986	11,876	16,541
Bylaw enforcement	52,850	52,130	60,569
Common and equipment pool	82,759	105,792	78,427
Roads, streets, walks, lighting	760,607	882,878	837,200
Other transportation	4,000	3,402	4,155
Storm sewers and drainage	34,749	15,693	27,450
Water supply and distribution	1,142,104	1,230,031	1,050,797
Wastewater treatment and disposal	204,893	169,899	202,720
Waste management and recycle	107,200	101,702	100,931
Family and community support services	90,614	113,444	92,656
Cemeteries	17,350	2,087	1,759
Subdivision land development	60,000	60,000	88,405
Parks and recreation	865,124	556,897	737,565
Culture: libraries, museums, halls	161,184	185,659	168,958
Gas production and distribution	922,680	652,840	1,012,463
	5,676,213	5,346,459	5,686,939
Annual deficiency before the undernoted	(1,460,900)	(1,175,362)	(1,478,638)
Other:			
Gain on disposal of tangible capital assets	46,600	64,751	10,222
Government transfers for capital (Schedule 3)	489,875	1,431,104	170,532
Contributions of tangible capital assets	-	-	275,387
Annual surplus (deficiency)	(924,425)	320,493	(1,022,497)
Accumulated surplus, beginning of year	24,997,486	24,997,486	26,019,983
Accumulated surplus, end of year	\$ 24,073,061	\$ 25,317,979	\$ 24,997,486

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, 2015, with comparative information for 2014

	Budget	2015	2014
Annual surplus (deficiency)	\$ (924,425)	\$ 320,493	\$ (1,022,497)
Acquisition of tangible capital assets	(1,116,678)	(1,836,271)	(345,337)
Contributions of tangible capital assets	-	-	(275,387)
Proceeds on disposal of tangible capital assets	99,294	121,525	49,612
Amortization of tangible capital assets	1,377,229	1,169,247	1,089,048
Gain on disposal of tangible capital assets	(46,600)	(64,751)	(10,222)
	313,245	(610,250)	507,714
Acquisition of inventory for consumption	-	(126,533)	(188,883)
Acquisition of prepaid expenses	-	(123,676)	(141,658)
Use of inventory for consumption	-	181,038	188,297
Use of prepaid expenses	-	172,034	122,456
	-	102,863	(19,788)
Change in net debt	(611,180)	(186,894)	(534,571)
Net debt, beginning of year	(1,146,843)	(1,146,843)	(612,272)
Net debt, end of year	\$ (1,758,023)	\$ (1,333,737)	\$ (1,146,843)

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

TOWN OF MANNING

Consolidated Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Net inflow (outflow) of cash related to following activities:		
Operating activities:		
Annual surplus (deficiency)	\$ 320,493	\$ (1,022,497)
Non-cash items:		
Amortization of tangible capital assets	1,169,247	1,089,048
Gain on disposal of tangible capital assets	(64,751)	(10,222)
Contributions of tangible capital assets	-	(275,387)
Write down of loans recoverable	-	37,270
Change in non-cash items:		
Increase in taxes and grants in place of taxes	(66,454)	(1,120)
Decrease (increase) in receivables from other governments	(152,617)	347,958
Decrease (increase) in trade and other receivables	(145,575)	43,725
Decrease (increase) in inventory for consumption	54,505	(586)
Decrease (increase) in prepaid expenses	48,358	(19,202)
Increase (decrease) in accounts payable and accrued liabilities	708,729	(149,827)
Decrease in deposit liabilities	(4,996)	(50)
Decrease in deferred revenue	(175,269)	(281,969)
Decrease in employee benefit obligations	(3,822)	(22,326)
Cash provided by (used in) operating activities	1,687,848	(265,185)
Capital activities:		
Acquisition of tangible capital assets	(1,836,271)	(345,337)
Proceeds on disposal of tangible capital assets	121,525	49,612
Cash applied to capital activities	(1,714,746)	(295,725)
Investing activities:		
Increase in investments	(15,854)	(43,049)
Cash applied to investing activities	(15,854)	(43,049)
Financing activities:		
Repayments of loans recoverable	8,675	392,181
Long-term debt repaid	(380,196)	(633,383)
Cash applied to financing activities	(371,521)	(241,202)
Decrease in cash	(414,273)	(845,161)
Cash, beginning of year	1,788,625	2,633,786
Cash, end of year	\$ 1,374,352	\$ 1,788,625

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

TOWN OF MANNING

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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.

(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, 2015

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) 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.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(i) 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 equipment	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.

(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.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(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.

(j) Contaminated sites liabilities:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability is recognized for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists;
- there is evidence that contamination exceeds an environmental standard;
- the Town is directly responsible or accepts responsibility for that contamination;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

In cases where responsibility is not determinable, a contingent liability may be disclosed. The liability represents the best estimate, as of year-end, of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. Recorded liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual remediation costs incurred. The liability is measured using present value techniques when cash flows are expected to occur over extended future periods.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(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, assumptions related to contaminated sites, useful lives of tangible capital assets and fair value of contributed tangible capital assets. Actual results could differ from those estimates.

(l) Future accounting standard pronouncements:

The following summarizes upcoming changes to PSAS. In 2016, 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) Introduction to Public Sector Accounting Standards

The Public Sector Accounting (PSA) Handbook was previously written primarily to address the financial reporting needs of governments in Canada. With the broadened scope of the PSA Handbook to include government organizations that previously reported under Part V of the CPA Handbook, it was necessary to update the introduction to clarify the applicability of the PSA Handbook to various public sector entities. The new introduction is applicable for fiscal years beginning on or after January 1, 2017.

(ii) Assets

PS3210, *Assets*, provides additional guidance on the definition of assets and new disclosure requirements for those assets not recognized in the government's financial statements. This standard is applicable for fiscal years beginning on or after April 1, 2017.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(l) Future accounting standard pronouncements (continued):

(iii) Contingent Assets

PS3320, *Contingent Assets*, establishes standards on the reporting and disclosure of possible assets that may arise from existing conditions or situations involving uncertainty. This standard is applicable for fiscal years beginning on or after April 1, 2017.

(iv) Contractual Rights

PS3380, *Contractual Rights*, establishes standards on the reporting and disclosure of a government's rights to economic resources that may arise from contracts or agreements that will result in both an asset and revenue in the future. This standard is applicable for fiscal years beginning on or after April 1, 2017.

(v) 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.

(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) Restructuring Transactions

PS3430, *Restructuring Transactions*, establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. This standard is applicable for fiscal years beginning on or after April 1, 2018.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(l) Future accounting standard pronouncements (continued):

(viii) 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, 2019.

(ix) 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, 2019.

(x) 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, 2019.

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(l) Future accounting standard pronouncements (continued):

(xi) 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, 2019.

2. Cash:

	2015		2014	
Unrestricted cash	\$	1,323,523	\$	1,738,554
Restricted cash		50,829		50,071
	\$	1,374,352	\$	1,788,625

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.

3. Taxes and grants in place of taxes:

	2015		2014	
Property taxes receivable	\$	109,533	\$	55,678
Arrears taxes		13,007		408
	\$	122,540	\$	56,086

TOWN OF MANNING

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 2015

4. Investments:

	2015		2014	
Short term notes and deposits	\$	141,542	\$	168,627
Guaranteed investment certificates		86,105		43,166
	\$	227,647	\$	211,793

Short term notes and deposits have effective interest rates ranging from 1.25% to 5.30% (2014 - 1.47% to 1.90%) and mature in less than one year. Guaranteed investment certificates have effective interest rates ranging from 1.10% to 2.10% (2014 - 3.00% to 3.25%) with maturity dates ranging from January 15, 2017 to July 9, 2017 (2014 - May 18, 2016 to October 17, 2016).

5. Loans recoverable:

	2015		2014	
North Peace Housing	\$	83,019	\$	91,694
	\$	83,019	\$	91,694

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
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
2020		10,546		1,636	12,182
Thereafter		34,246		2,269	36,515
	\$	83,019	\$	14,406	\$ 97,425

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

6. Deferred revenue:

	2015	2014
Provincial government transfers		
Council Mediation Grant	\$ 10,948	\$ 17,286
Federal Gas Tax Fund	22,947	27,141
MSI Grant	150,329	395,020
Alberta Community Resiliency Program	65,243	-
Local government transfers	5,325	5,325
Barry Johnson Donation Fund	1,338	1,338
FCSS Funding	22,500	15,248
Prepaid local improvement charges	2,674	3,643
Prepaid property taxes	92,568	84,140
	<u>\$ 373,872</u>	<u>\$ 549,141</u>

7. Long-term debt:

	2015	2014
Capital debentures:		
Supported by general tax levies	\$ 523,912	\$ 787,940
Supported by special levies	118,113	170,415
Supported by utility rates	1,702,066	1,765,932
	<u>\$ 2,344,091</u>	<u>\$ 2,724,287</u>

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

7. Long-term debt (continued):

Principal and interest repayments are due as follows:

	Principal	Interest	Total
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
2020	80,794	66,344	147,138
Thereafter	1,333,543	432,114	1,765,657
	\$ 2,344,091	\$ 818,861	\$ 3,162,952

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 2016 through 2032. The average annual interest rate is 3.87% for 2015 (2014 - 3.67%). Long-term debt is issued on the credit and security of the Town at large.

Interest expense on long-term debt amounted to \$100,442 (2014 - \$120,852).

Total cash payments for interest were \$101,442 (2014 - \$118,468).

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:

	2015	2014
Total debt limit	\$ 6,256,646	\$ 6,312,452
Total debt	(2,344,091)	(2,724,287)
Amount of debt limit unused	\$ 3,912,555	\$ 3,588,165
Debt servicing limit	\$ 1,042,774	\$ 1,052,075
Debt servicing	(480,638)	(751,852)
Amount of debt servicing limit unused	\$ 562,136	\$ 300,223

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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:

	2015	2014
Unrestricted surplus (deficit)	\$ (1,283,395)	\$ (622,684)
Restricted surplus		
Public land	50,829	50,071
General administration	82,375	82,375
Fire fighting and services	46,215	46,215
Public works - common services	27,648	27,648
Roads, streets, walks and lighting	500,000	500,000
Wastewater treatment and disposal	512,298	512,298
Family and community support services	7,922	7,922
Cemeteries	10,000	10,000
Parks and recreation	518,949	528,949
Culture - library	113,505	113,505
Gas production and distribution	251,815	251,815
Contingency - mill rate stabilization	359,095	359,095
Equity in tangible capital assets	24,120,723	23,130,277
	<hr/>	<hr/>
	\$ 25,317,979	\$ 24,997,486

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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, 2015

10. 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.

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)	2015 Total	2014 Total
Mayor:				
Walker, Sunni	\$ 9,227	\$ 4,613	\$ 13,840	\$ 20,160
Councillors:				
Gorman, Cyril	3,694	1,846	5,540	5,305
Howell, Melody	613	307	920	5,178
Kerr, Brenda	8,200	4,100	12,300	13,988
Pierson, Tyrel	2,920	1,460	4,380	-
Schmidt, Eric	3,827	1,913	5,740	6,739
Smith, Vicky	4,174	2,086	6,260	6,494
Stone, Frazer	1,973	987	2,960	6,444
	\$ 34,628	\$ 17,312	\$ 51,940	\$ 64,308
Chief Administrative Officer:				
Loewen, Gerald	\$ -	\$ -	\$ -	\$ 116,593
Egyedy, Dennis	120,047	26,728	146,775	29,169
	\$ 120,047	\$ 26,728	\$ 146,775	\$ 145,762

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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% (2014 - 11.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2014 - 15.84%) on pensionable earnings above this amount. Employees of the Town of Manning are required to make current service contributions of 10.39% (2014 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2014 - 14.84%) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2015 were \$74,326 (2014 - \$52,134). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2015 were \$68,344 (2014 - \$47,799).

As at December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.45 billion (2014 - \$4.86 billion). This amount was not specifically allocated to the participating government organizations. The 2015 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, 2015

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% (2014 - 2.50%) and 3.00% (2014 - 3.00%) respectively of individual pensionable earnings.

Total current service contributions by the Town to APEX were \$3,594 (2014 - \$692). Total current service contributions by the employees of the Town were \$2,995 (2014 - \$577).

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. A nominal payment is made upon initiation of the leases.

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

During the year, the Town paid \$72,107 (2014 - \$73,618) to the Long Lake Regional Waste Management Services Commission which it is a member of.

TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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 2015 budget data presented in these financial statements is based on the 2015 operating and capital budgets approved by Council on December 10, 2014. The 2015 operating and capital budgets were revised and approved by Council on May 13, 2015.

19. Approval of Financial Statements:

Council and Management have approved these financial statements.

20. Comparative information:

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

TOWN OF MANNING

Consolidated Schedule 1 - Tangible Capital Assets

Year ended December 31, 2015, with comparative information for 2014

	Land	Land Improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	2015	2014
Cost:								
Balance, beginning 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
Acquisition and contributions of tangible capital assets	-	-	8,845	995,744	561,291	270,391	1,836,271	620,724
Disposals of tangible capital assets	-	-	(88,047)	(64,860)	(107,337)	-	(260,244)	(59,756)
Balance end of year	1,055,946	710,563	22,926,987	17,445,504	1,529,223	1,887,903	45,556,126	43,980,099
Accumulated amortization:								
Balance, beginning of year	-	189,924	7,797,287	8,601,907	621,606	914,811	18,125,535	17,056,853
Amortization of tangible capital assets	-	35,285	457,147	467,624	80,929	128,262	1,169,247	1,089,048
Disposals of tangible capital assets	-	-	(80,454)	(64,860)	(58,156)	-	(203,470)	(20,366)
Balance, end of year	-	225,209	8,173,980	9,004,671	644,379	1,043,073	19,091,312	18,125,535
Net book value of tangible capital assets	\$ 1,055,946	\$ 485,354	\$ 14,753,007	\$ 8,440,833	\$ 884,844	\$ 844,830	\$ 26,464,814	\$ 25,854,564

TOWN OF MANNING

Consolidated Schedule 2 - Net Municipal Taxes

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Taxes			
Real property taxes	\$ 1,564,832	\$ 1,684,458	\$ 1,513,841
Linear property taxes	31,321	31,216	21,323
Government grants in place of property taxes	33,749	48,137	23,661
Special assessments and local improvement taxes	37,322	10,229	10,228
	<u>1,667,224</u>	<u>1,774,040</u>	<u>1,569,053</u>
Less: Requisitions			
Alberta School Foundation Fund	282,240	332,856	305,418
North Peace Seniors Foundation	25,265	38,640	25,263
	<u>307,505</u>	<u>371,496</u>	<u>330,681</u>
Net municipal taxes	<u>\$ 1,359,719</u>	<u>\$ 1,402,544</u>	<u>\$ 1,238,372</u>

TOWN OF MANNING

Consolidated Schedule 3 - Government Transfers

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Transfer for operating			
Federal	\$ 3,900	\$ 3,756	\$ 5,385
Local Government	337,500	538,301	404,794
Provincial	85,151	101,597	81,151
	426,551	643,654	491,330
Transfers for capital			
Local Government	56,625	135,195	58,394
Provincial	433,250	1,295,909	112,138
	489,875	1,431,104	170,532
Total government transfers	\$ 916,426	\$ 2,074,758	\$ 661,862

TOWN OF MANNING

Consolidated Schedule 4 - Expenses by Object

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Salaries, wages and benefits	\$ 1,048,988	\$ 1,169,195	\$ 1,271,896
Contracted and general services	1,223,199	1,376,361	1,010,857
Purchases from other governments	79,100	72,107	73,618
Materials, goods and utilities	1,502,250	1,186,530	1,761,482
Transfers to local boards and agencies	264,132	203,506	243,461
Transfers to individuals and organizations	44,986	44,000	59,986
Interest on long-term debt	94,528	100,442	120,852
Other expenses	41,801	25,071	18,469
Amortization of tangible capital assets	1,377,229	1,169,247	1,089,048
Write down of loans recoverable	-	-	37,270
	\$ 5,676,213	\$ 5,346,459	\$ 5,686,939

TOWN OF MANNING

Consolidated Schedule 5 - Segmented Disclosure

Year ended December 31, 2015, with comparative information for 2014

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	Gas	2015	2014
Revenue:										
Net municipal taxes	\$ 1,392,316	\$ -	\$ 7,338	\$ 2,890	\$ -	\$ -	\$ -	\$ -	\$ 1,402,544	\$ 1,238,372
User fees and sales of goods	(3,396)	59,475	-	1,021,900	4,650	-	19,422	789,291	1,891,342	2,270,194
Government transfers for operating	55,053	92,654	-	36,000	99,945	-	360,002	-	643,654	491,330
Penalties and costs on taxes	13,385	-	-	-	-	-	-	-	13,385	12,435
Licenses and permits	1,400	719	-	-	-	530	-	-	2,649	2,134
Fines	-	18,226	-	-	-	-	-	-	18,226	16,442
Franchise and concession contracts	69,609	-	-	-	-	-	-	-	69,609	74,346
Investment Income	28,322	-	-	-	-	-	7,057	-	35,379	40,913
Rentals	23,541	1,875	-	-	-	-	13,625	-	39,041	31,939
Other revenues	13,704	-	1,625	270	31,617	-	1,750	6,302	55,268	30,196
	1,593,934	172,949	8,963	1,061,060	136,212	530	401,856	795,593	4,171,097	4,208,301
Expenses:										
Salaries, wages and benefits	490,140	66,509	226,503	38,311	43,840	-	205,381	98,511	1,169,195	1,271,896
Contracted and general services	253,440	68,421	143,664	664,569	15,787	60,000	98,503	71,977	1,376,361	1,010,857
Purchases from other governments	-	-	-	72,107	-	-	-	-	72,107	73,618
Material, goods and utilities	57,184	73,252	191,045	299,263	51,404	-	55,776	458,606	1,186,530	1,761,482
Transfers to local boards and agencies	-	-	-	-	4,500	-	199,006	-	203,506	243,461
Transfers to individuals and organizations	25,500	6,000	-	-	-	-	12,500	-	44,000	59,986
Interest on long-term debt	-	4,150	10,073	83,103	-	-	3,116	-	100,442	120,852
Other expenses	23,450	-	-	-	-	-	1,621	-	25,071	18,469
Write-down of loans recoverable	-	-	-	-	-	-	-	-	-	37,270
Amortization of tangible capital assets	31,002	170,488	433,078	344,279	-	-	166,653	23,747	1,169,247	1,089,048
	880,716	388,820	1,004,363	1,501,632	115,531	60,000	742,556	652,841	5,346,459	5,686,939
Annual surplus (deficiency) before the undernoted:	713,218	(215,871)	(995,400)	(440,572)	20,681	(59,470)	(340,700)	142,752	(1,175,362)	(1,478,638)
Gain (loss) on disposal of capital assets	-	-	3,173	-	-	-	61,578	-	64,751	10,222
Contributions of tangible capital assets	-	-	-	-	-	-	-	-	-	275,387
Government transfers for capital	-	135,195	447,666	382,176	-	-	-	466,067	1,431,104	170,532
Annual surplus (deficiency)	\$ 713,218	\$ (80,676)	\$ (544,561)	\$ (58,396)	\$ 20,681	\$ (59,470)	\$ (279,122)	\$ 608,819	\$ 320,493	\$ (1,022,497)