

Consolidated Financial Statements of

# **TOWN OF MANNING**

Year ended December 31, 2016

# TOWN OF MANNING

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Year ended December 31, 2016

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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, 2016, 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.



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*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, 2016, 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*

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Chartered Professional Accountants

April 26, 2017

Edmonton, Canada

# TOWN OF MANNING

## Consolidated Statement of Financial Position


December 31, 2016, with comparative information for 2015


	2016	2015
<b>Financial assets:</b>		
Cash (note 2)	\$ 235,558	\$ 1,374,352
Receivables:		
Taxes and grants in place of taxes (note 3)	69,176	122,540
From other governments	570,917	185,332
Trade and other	420,637	499,815
Investments (note 4)	138,266	227,647
Loans recoverable (note 5)	-	83,019
	<u>1,434,554</u>	<u>2,492,705</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	758,013	1,054,828
Deposit liabilities	12,878	21,280
Deferred revenue (note 6)	219,427	373,872
Employee benefit obligation	18,130	32,371
Long-term debt (note 7)	1,954,942	2,344,091
	<u>2,963,390</u>	<u>3,826,442</u>
<b>Net debt</b>	<b>(1,528,836)</b>	<b>(1,333,737)</b>
<b>Net financial assets:</b>		
Tangible capital assets (Schedule 1)	26,646,312	26,464,814
Inventory for consumption	157,977	94,822
Prepaid expenses	82,138	92,080
	<u>26,886,427</u>	<u>26,651,716</u>
<b>Accumulated surplus (note 9)</b>	<b>\$ 25,357,591</b>	<b>\$ 25,317,979</b>

Contingencies (note 14)

See accompanying notes to consolidated financial statements.

Approved by:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Councilor

# TOWN OF MANNING

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
<b>Revenue:</b>			
Net municipal taxes (Schedule 2)	\$ 1,837,310	\$ 1,426,608	\$ 1,402,544
User fees & sale of goods	2,213,530	1,974,879	1,891,342
Government transfers (Schedule 3)	582,029	690,124	643,654
Penalties and costs on taxes	12,500	21,395	13,385
Investment income	36,175	17,305	35,379
Fines	25,500	14,450	18,226
Rentals	33,910	33,954	39,041
Licenses and permits	2,900	2,037	2,649
Franchise and concession contracts	75,000	81,696	69,609
Other	24,863	83,418	55,268
	<b>4,843,717</b>	<b>4,345,866</b>	<b>4,171,097</b>
<b>Expenses (Schedule 4):</b>			
Council and other legislative	96,780	64,562	89,379
General administration	853,106	849,934	782,312
Fire fighting and protective services	337,459	371,155	330,438
Ambulance, disaster and emergency measures	12,000	11,849	11,876
Bylaw enforcement	54,250	57,632	52,130
Common and equipment pool	110,753	114,846	105,792
Roads, street, walks, lighting	852,347	697,571	882,878
Other transportation	4,200	4,051	3,402
Storm sewers and drainage	33,949	21,882	15,693
Water supply and distribution	1,270,416	1,336,611	1,230,031
Wastewater treatment and distribution	167,473	208,217	169,899
Waste management and recycle	110,300	99,473	101,702
Family and community support services	112,901	126,808	113,444
Cemeteries	3,750	907	2,087
Subdivision land development	61,200	60,000	60,000
Parks and recreation	481,589	584,417	554,817
Culture: libraries, museums, halls	82,552	184,017	187,739
Gas production and distribution	941,197	504,566	652,840
	<b>5,586,222</b>	<b>5,298,498</b>	<b>5,346,459</b>
Annual deficiency before the undernoted	(742,505)	(952,632)	(1,175,362)
<b>Other:</b>			
Gain on disposal of tangible capital assets	-	43,973	64,751
Government transfers for capital (Schedule 3)	1,204,988	948,271	1,431,104
Contributions of tangible capital assets	-	-	-
Annual surplus	462,483	39,612	320,493
Accumulated surplus, beginning of year	25,317,979	25,317,979	24,997,486
Accumulated surplus, end of year	\$ 25,780,462	\$ 25,357,591	\$ 25,317,979

See accompanying notes to consolidated financial statements.

# TOWN OF MANNING

## Consolidated Statement of Changes in Net Debt

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
Annual surplus	\$ 462,483	\$ 39,612	\$ 320,493
Acquisition of tangible capital assets	(1,300,933)	(1,361,798)	(1,836,271)
Contributions of tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	-	97,430	121,525
Amortization of tangible capital assets	1,045,152	1,126,843	1,169,247
Gain on disposal of tangible capital assets	-	(43,973)	(64,751)
	(255,781)	(181,498)	(610,250)
Acquisition of inventory for consumption	-	(126,049)	(126,533)
Acquisition of prepaid expenses	-	(119,155)	(123,676)
Use of inventory for consumption	-	62,894	181,038
Use of prepaid expenses	-	129,097	172,034
	-	(53,213)	102,863
Change in net debt	206,702	(195,099)	(186,894)
Net debt, beginning of year	(1,333,737)	(1,333,737)	(1,146,843)
Net debt, end of year	\$ (1,127,035)	\$ (1,528,836)	\$ (1,333,737)

See accompanying notes to consolidated financial statements.

# TOWN OF MANNING

## Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Annual surplus (deficiency)		
Operating activities:		
Annual surplus (deficiency)	\$ 39,612	\$ 320,493
Non-cash items:		
Amortization of tangible capital assets	1,126,843	1,169,247
Gain on disposal of tangible capital assets	(43,973)	(64,751)
Change in non-cash items:		
Decrease (increase) in grants in place of taxes	53,364	(66,454)
Decrease (increase) in receivables from other governments	(385,585)	(152,617)
Decrease (increase) in trade and other	79,178	(145,575)
Decrease (increase) in inventory for consumption	(63,155)	54,505
Increase (decrease) in accounts payable and accrued liabilities	(296,815)	708,729
Decrease (increase) in prepaid expenses	9,942	48,358
Decrease in deposit liabilities	(8,402)	(4,996)
Decrease in deferred revenue	(154,445)	(175,269)
Decrease in employee benefit obligations	(14,241)	(3,822)
Cash provided by (used in) operating activities	342,323	1,687,848
Capital activities:		
Acquisition of tangible capital assets	(1,361,798)	(1,836,271)
Proceeds on disposal of tangible capital assets	97,430	121,525
Cash applied to capital activities	(1,264,368)	(1,714,746)
Investing activities:		
Increase in investments	89,381	(15,854)
Cash applied to inventory activities	89,381	(15,854)
Financing activities:		
Repayments of loans recoverable	83,019	8,675
Long-term debt repaid	(389,149)	(380,196)
Cash applied to financing activities	(306,130)	(371,521)
Decrease in cash	(1,138,794)	(414,273)
Cash, beginning of year	1,374,352	1,788,625
Cash, end of year	\$ 235,558	\$ 1,374,352

See accompanying notes to consolidated financial statements.



# TOWN OF MANNING

## Notes to Consolidated Financial Statements

Year ended December 31, 2016

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### 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) 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.

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (d) Requisition over-levy and under-levy (continued):

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.

### (e) 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.

### (f) 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.

### (g) 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, 2016

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## 1. Significant accounting policies (continued):

### (h) 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, 2016

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## 1. Significant accounting policies (continued):

### (h) 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.

### (i) 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. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance, and monitoring.

### (j) 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.

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (k) Future accounting standard pronouncements:

The following summarizes upcoming changes to PSAS. In 2017, 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.

#### (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.

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (k) Future accounting standard pronouncements (continued):

#### (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.

#### (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, 2016

### 1. Significant accounting policies (continued):

#### (k) 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 re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2019.

### 2. Cash:

	2016	2015
Unrestricted cash	\$ 183,961	\$ 1,323,523
Restricted cash	51,597	50,829
	<u>\$ 235,558</u>	<u>\$ 1,374,352</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.

### 3. Taxes and grants in place of taxes:

	2016	2015
Property taxes receivable	\$ 55,073	\$ 109,533
Arrears taxes	14,103	13,007
	<u>\$ 69,176</u>	<u>\$ 122,540</u>

### 4. Investments:

	2016	2015
Short term notes and deposits	\$ 125,204	\$ 141,542
Guaranteed investment certificates	-	86,105

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 4. Investments (continued):

Common shares held with the credit union	13,062	-
	<u>\$ 138,266</u>	<u>\$ 227,647</u>

Short term notes and deposits have effective interest rates ranging from 1.10% to 2.10% (2015 - 1.25% to 5.30%) and mature in less than one year. Short term notes and deposits consist of investments held by the Town of Manning Municipal Library as well as a \$39,100 term deposit held by the Town with an effective interest rate of 1.60% maturing on December 16, 2017.

## 5. Loans recoverable:

	2016	2015
North Peace Housing	\$ -	\$ 83,019

On October 1, 2013, the Town authorized the lending of \$100,000 to North Peace Housing. Upon inception, the amount was unsecured and recoverable in quarterly installments plus interest at 4.0% per annum commencing on January 1, 2014 for 10 years. On June 30, 2016, the North Peace Housing repaid the full outstanding balance of the loan.

## 6. Deferred revenue:

	2016	2015
Prepaid property taxes	\$ 102,388	\$ 92,568
FCSS Funding	50,383	22,500
Regional collaboration study	50,000	-
Federal Gas Tax Fund	14,951	22,947
Prepaid local improvement charges	1,705	2,674
MSI Grant	-	150,329
Alberta Community Resiliency Program	-	65,243
Council Mediation Grant	-	10,948
Local government transfers	-	5,325
Barry Johnson Donation Fund	-	1,338
	<u>\$ 219,427</u>	<u>\$ 373,872</u>

## 7. Long-term debt:



# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 7. Long-term debt (continued):

	2016	2015
Supported by general tax levies	\$ 255,218	\$ 523,912
Supported by special levies	64,599	118,113
Supported by utility rates	1,635,125	1,702,066
	<u>\$ 1,954,942</u>	<u>\$ 2,344,091</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
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
2021	84,684	62,455	147,139
Thereafter	1,248,859	369,660	1,618,519
	<u>\$ 1,954,942</u>	<u>\$ 727,373</u>	<u>\$ 2,682,315</u>

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 2017 through 2032. The average annual interest rate is 4.14% for 2016 (2015 - 3.87%). Long-term debt is issued on the credit and security of the Town at large.

Interest expense on long-term debt amounted to \$91,489 (2015 - \$100,442).

Total cash payments for interest were \$91,489 (2015 - \$101,442).

## 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:

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 8. Debt limits (continued):

	2016	2015
Total debt limit	\$ 6,518,799	\$ 6,256,646
Total debt	(1,954,942)	(2,344,091)
Amount of debt limit used	\$ 4,563,857	\$ 3,912,555
	2016	2015
Debt servicing limit	\$ 1,086,467	\$ 1,042,774
Debt servicing	(480,638)	(480,638)
Amount of debt servicing limit unused	\$ 605,829	\$ 562,136

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.

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 9. Accumulated surplus:

	2016	2015
Unrestricted surplus (deficit)	\$ 567,724	\$ (1,283,395)
Reserves:		
Public land	50,829	50,829
General administration	29,746	82,375
Cemeteries	10,000	10,000
Family and community support services	7,922	7,922
Parks and recreation	-	518,949
Wastewater treatment and disposal	-	512,298
Roads, streets, walks, lighting	-	500,000
Contingency - mill rate stabilization	-	359,095
Gas production and distribution	-	251,815
Culture - library	-	113,505
Fire fighting and services	-	46,215
Public works - common services	-	27,648
Equity in tangible capital assets	24,691,370	24,120,723
	\$ 25,357,591	\$ 25,317,979

## 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:

### (a) 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.

### (b) 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.

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 10. Segmented disclosure: (continued):

(c) 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.

(d) Environmental services

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

(e) Public health and welfare

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

(f) 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.

(g) Recreation and culture

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

(h) Gas

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

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 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)	2016 Total	2015 Total
<b>Mayor:</b>				
Walker, Sunni	6,907	3,453	10,360	13,840
<b>Councillors:</b>				
Gorman, Cyril	3,420	1,710	5,130	5,540
Presakarchuk, Daryl	3,693	1,847	5,540	-
Kerr, Brenda	5,962	2,981	8,943	12,300
Rycroft, Greg	4,200	2,100	6,300	4,380
Schmidt, Eric	2,893	1,447	4,340	5,740
Smith, Vicky	4,920	2,460	7,380	6,260
Stone, Frazer	-	-	-	2,960
Howell, Melody	-	-	-	920
	<b>31,995</b>	<b>15,998</b>	<b>47,993</b>	<b>51,940</b>
<b>Chief Administrative Officer:</b>				
Egyedy, Dennis	129,282	22,875	152,157	146,775
	<b>129,282</b>	<b>22,875</b>	<b>152,157</b>	<b>146,775</b>

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

2) For Mayor and Councillors, 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.

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 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% (2015 - 11.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2015 - 15.84%) on pensionable earnings above this amount. Employees of the Town of Manning are required to make current service contributions of 10.39% (2015 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2015 - 14.84%) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2016 were \$78,922 (2015 - \$74,326). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2016 were \$72,600 (2015 - \$68,344).

As at December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923 million (2015 - \$2.45 billion). This amount was not specifically allocated to the participating government organizations. The 2016 actuarial balance was not available at the date these financial statements were released.

## 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% (2015 - 2.50%) and 3.00% (2015 - 3.00%) respectively of individual pensionable earnings.

Total current service contributions by the Town to APEX were \$3,819 (2015 - \$3,594). Total current service contributions by the employees of the Town were \$3,182 (2015 - \$2,995).

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.

# TOWN OF MANNING

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 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 \$68,694 (2015 - \$72,107) 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 2016 budget data presented in these financial statements is based on the 2016 operating and capital budgets approved by Council on November 18, 2015.

# **TOWN OF MANNING**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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**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

## Schedule 1 -Tangible Capital Assets

Year ended December 31, 2016, with comparative information for 2015

	Land	Land Improvements	Land	Buildings	Engineered structures and equipment	Machinery and equipment	Vehicles	2016	2015
<b>Cost:</b>									
Balance, beginning 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	
Acquisition and contributions of tangible capital assets	-	-	114,820	1,065,492	181,486	-	1,361,798	1,836,271	
Disposals of tangible capital assets	-	-	-	-	(57,275)	(115,285)	(172,560)	(260,244)	
Balance end of year	1,055,946	710,563	23,041,807	18,510,996	1,653,434	1,772,618	46,745,364	45,556,126	
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	225,209	8,173,980	9,004,671	644,379	1,043,073	19,091,312	18,125,535	
Amortization of tangible capital assets	-	35,528	452,087	421,192	96,068	121,968	1,126,843	1,169,247	
Disposals of tangible capital assets	-	-	-	-	(3,818)	(115,285)	(119,103)	(203,470)	
Balance, end of year	-	260,737	8,626,067	9,425,863	736,629	1,049,756	20,099,052	19,091,312	
<b>Net book value of tangible capital assets</b>	<b>\$ 1,055,946</b>	<b>\$ 449,826</b>	<b>\$ 14,415,740</b>	<b>\$ 9,085,133</b>	<b>\$ 916,805</b>	<b>\$ 722,862</b>	<b>\$ 26,646,312</b>	<b>\$ 26,464,814</b>	

# TOWN OF MANNING

## Schedule 2 - Net Municipal Taxes

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
<b>Taxes</b>			
Real property taxes	\$ 2,077,238	\$ 1,739,314	\$ 1,684,458
Linear property taxes	36,476	30,691	31,216
Government grants in place of property taxes	57,425	46,238	48,137
Special assessments and local improvement taxes	10,229	10,062	10,229
	<u>2,181,368</u>	<u>1,826,305</u>	<u>1,774,040</u>
<b>Less: Requisitions</b>			
Alberta School Foundation Fund	305,418	355,579	332,856
North Peace Seniors Foundation	38,640	44,118	38,640
	<u>344,058</u>	<u>399,697</u>	<u>371,496</u>
<b>Net municipal taxes</b>	<u>\$ 1,837,310</u>	<u>\$ 1,426,608</u>	<u>\$ 1,402,544</u>

# TOWN OF MANNING

## Schedule 3 - Government Transfers

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
<b>Transfer for operating</b>			
Federal	\$ 1,000	\$ 900	\$ 3,756
Local government	449,707	578,249	538,301
Provincial	131,322	110,975	101,597
	<u>582,029</u>	<u>690,124</u>	<u>643,654</u>
<b>Transfers for capital</b>			
Local government	130,000	113,681	135,195
Provincial	1,204,988	834,590	1,295,909
	<u>1,334,988</u>	<u>948,271</u>	<u>1,431,104</u>
<b>Total government transfers</b>	<u>\$ 1,917,017</u>	<u>\$ 1,638,395</u>	<u>\$ 2,074,758</u>

# TOWN OF MANNING

## Schedule 4 - Expenses by Object

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
Salaries, wages and benefits	\$ 1,121,032	\$ 1,242,897	\$ 1,169,195
Contracted and general services	1,361,745	1,323,033	1,376,361
Purchases from other governments	80,300	68,693	72,107
Materials, goods and utilities	1,551,027	1,130,340	1,186,530
Transfers to local boards and agencies	203,552	191,928	203,506
Transfers to individuals and organizations	51,000	67,750	44,000
Interest on long-term debt	90,184	91,489	100,442
Other expenses	82,230	55,525	25,071
Amortization of tangible capital assets	1,045,152	1,126,843	1,169,247
	<b>\$ 5,586,222</b>	<b>\$ 5,298,498</b>	<b>\$ 5,346,459</b>

# TOWN OF MANNING

## Schedule 5 -Segmented Disclosure

Year ended December 31, 2016, with comparative information for 2015

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	Gas	2016	2015
<b>Revenue:</b>										
Net municipal taxes	\$ 1,416,547	\$ -	\$ 7,338	\$ 2,723	\$ -	\$ -	\$ -	\$ -	\$ 1,426,608	\$ 1,402,544
User fees and sales of goods	12,569	42,552	-	1,041,271	3,170	-	28,208	847,109	1,974,879	1,891,342
Government transfers for operating	76,650	87,359	89,679	-	32,516	-	403,920	-	680,124	643,654
Penalties and costs on taxes	21,395	-	-	-	-	-	-	-	21,395	13,385
Investment income	15,633	-	-	-	-	-	1,672	-	17,305	35,379
Fines	-	14,450	-	-	-	-	-	-	14,450	18,226
Rentals	27,579	75	-	-	-	-	6,300	-	33,954	39,041
Licenses and permits	588	354	-	-	-	1,095	-	-	2,037	2,649
Franchise and concession	91,696	-	-	-	-	-	-	-	81,696	69,609
Other revenues	7,577	-	26,398	12,733	36,710	-	-	-	83,418	55,268
	1,660,234	144,790	123,415	1,056,727	72,396	1,095	440,100	847,109	4,345,666	4,171,097
<b>Expenses:</b>										
Salaries, wages and benefits	511,325	71,874	249,817	47,190	46,605	-	263,479	62,607	1,242,897	1,169,195
Contracted and general services	216,287	118,445	59,306	722,057	15,012	60,000	91,905	40,021	1,323,033	1,376,361
Purchases from other governments	-	-	-	68,693	-	-	-	-	68,693	72,107
Material, goods and utilities	51,125	72,730	167,742	352,537	60,523	-	51,087	374,596	1,130,340	1,186,530
Transfers to local boards and agencies	-	-	-	-	5,575	-	186,353	-	191,928	203,506
Transfers to individuals and organizations	49,250	6,000	-	-	-	-	12,500	-	67,750	44,900
Interest on long-term debt	-	1,792	7,297	79,400	-	-	3,000	-	91,489	100,442
Other expenses	55,525	-	-	-	-	-	-	-	55,525	25,071
Amortization of tangible capital assets	30,984	169,795	354,188	374,424	-	-	170,110	27,342	1,126,843	1,169,247
	914,496	440,636	838,350	1,644,301	127,715	60,000	768,434	504,566	5,298,498	5,346,459
Annual surplus (deficiency) before the undermoted:	745,738	(295,846)	(714,935)	(587,574)	(55,319)	(58,905)	(328,334)	342,543	(952,632)	(1,175,362)
Gain (loss) on disposal of capital assets	-	-	43,973	-	-	-	-	-	43,973	64,751
Government transfers for capital	-	113,681	371,089	230,495	-	-	40,000	193,006	948,271	1,431,104
Annual surplus (deficiency)	\$ 745,738	\$ (182,165)	\$ (299,873)	\$ (357,079)	\$ (55,319)	\$ (58,905)	\$ (288,334)	\$ 535,549	\$ 39,612	\$ 320,493