

**VILLAGE OF IRMA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Brian King Professional Corporation  
Certified General Accountant



**INDEPENDENT AUDITOR'S REPORT**

**To the Mayor and Council of the Village of Irma:**

*Report on the Consolidated Financial Statements*

I have audited the accompanying consolidated financial statements of the Village of Irma, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Irma as at December 31, 2013, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

M.D. of Wainwright

March 16, 2014

A handwritten signature in black ink, appearing to be "M.D. of Wainwright", written over a horizontal line.

Certified General Accountant

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u> (restated)
<b>FINANCIAL ASSETS</b>		
Cash and term deposits (Note 2)	533,138	415,328
Taxes and grants in place of taxes (Note 3)	43,742	51,673
Trade and other receivables	60,342	60,416
Due from other governments	3,597	20,909
Inventory held for resale	156,762	138,070
Other financial assets	8,934	8,697
	<u>806,515</u>	<u>695,093</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	49,790	64,328
Deferred revenue (Note 5)	88,050	42,743
Long term debt (Note 6)	145,269	167,938
	<u>283,109</u>	<u>275,009</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>523,406</u>	<u>420,084</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	4,404,370	4,221,437
Prepaid expenses	3,212	3,188
	<u>4,407,582</u>	<u>4,224,625</u>
<b>ACCUMULATED SURPLUS (NOTE 9)</b>	<u>4,930,988</u>	<u>4,644,709</u>

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget (unaudited)	2013	2012 (restated)
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	394,446	<b>392,663</b>	365,531
User fees and sales of goods	254,000	<b>224,923</b>	297,615
Penalties and costs on taxes	6,000	<b>9,545</b>	12,939
Licenses and permits	800	<b>1,342</b>	2,679
Fines	600	-	-
Franchise and concession contracts	37,000	<b>54,339</b>	40,261
Investment income	1,500	<b>831</b>	514
Rentals	-	<b>75</b>	150
Government transfers for operating	164,188	<b>340,848</b>	329,374
Other	9,500	<b>48,077</b>	8,134
Gain on disposal of assets	-	<b>19,193</b>	-
	<u>868,034</u>	<u><b>1,091,836</b></u>	<u>1,057,197</u>
<b>EXPENSES</b>			
Legislative	37,000	<b>42,820</b>	32,538
Administration	181,632	<b>129,845</b>	135,385
Protective services	84,052	<b>82,345</b>	90,205
Transportation	207,537	<b>133,662</b>	147,609
Water supply and distribution	72,600	<b>68,098</b>	72,923
Wastewater treatment and disposal	44,750	<b>40,868</b>	43,542
Waste management	55,350	<b>51,392</b>	47,990
Public health and welfare	7,328	<b>9,941</b>	6,868
Planning and development	30,000	<b>10,250</b>	36,133
Recreation	65,050	<b>240,441</b>	230,986
Culture	29,036	<b>3,817</b>	2,934
Amortization	-	<b>192,773</b>	183,192
	<u>814,335</u>	<u><b>1,006,252</b></u>	<u>1,030,305</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER</b>	53,699	<b>85,584</b>	26,892
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	202,420	<b>200,695</b>	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	256,119	<b>286,279</b>	26,892
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>4,644,709</u>	<u><b>4,644,709</b></u>	<u>4,617,817</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>4,900,828</u></u>	<u><u><b>4,930,988</b></u></u>	<u><u>4,644,709</u></u>

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget (unaudited)	2013	2012 (restated)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>256,119</u>	<u>286,279</u>	<u>26,892</u>
Acquisition of tangible capital assets	(233,000)	(375,706)	(45,075)
Proceeds on disposal of tangible capital assets	-	19,193	20,000
Amortization of tangible capital assets	-	192,773	183,192
Loss (gain) on sale of tangible capital assets	-	(19,193)	-
	<u>(233,000)</u>	<u>(182,933)</u>	<u>158,117</u>
Net (increase) decrease of prepaid assets	-	(24)	(353)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	23,119	103,322	184,656
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>420,084</u>	<u>420,084</u>	<u>235,428</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>443,203</u>	<u>523,406</u>	<u>420,084</u>

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012 (restated)
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	286,279	26,892
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	192,773	183,192
Loss (gain) on disposal of tangible capital assets	(19,193)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	7,931	(7,220)
Decrease (increase) in trade and other receivables	74	(1,362)
Decrease (increase) in due from other governments	17,312	192,323
Decrease (increase) in inventory held for resale	(18,692)	(18,001)
Decrease (increase) in prepaid expenses	(24)	(353)
Decrease (increase) in other financial assets	(237)	(369)
Increase (decrease) in accounts payable and accrued liabilities	(14,538)	38,474
Increase (decrease) in deferred revenue	45,307	244,998
	<b>496,992</b>	<b>658,574</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(375,706)	(45,075)
Sale of tangible capital assets	19,193	20,000
	<b>(356,513)</b>	<b>(25,075)</b>
<b>FINANCING</b>		
Long-term debt issued	90,000	-
Long-term debt repaid	(112,669)	(111,865)
	<b>(22,669)</b>	<b>(111,865)</b>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>117,810</b>	<b>521,634</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>415,328</b>	<b>(106,306)</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>533,138</b>	<b>415,328</b>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash on hand	200	200
Cash in bank	532,938	415,128
	<b>533,138</b>	<b>415,328</b>

## VILLAGE OF IRMA

### SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2013 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013	2012
<b>BALANCE, BEGINNING OF YEAR</b>	354,246	236,964	4,053,499	<b>4,644,709</b>	4,617,817
Excess of revenues over expenses	286,279	-	-	<b>286,279</b>	26,892
Unrestricted funds designated for future use	(15,086)	15,086	-	-	-
Current year funds used for tangible capital assets	(366,261)	(9,445)	375,706	-	-
Annual amortization expense	192,773	-	(192,773)	-	-
Net change in long term debt	(22,669)	-	22,669	-	-
Change in accumulated surplus	75,036	5,641	205,602	<b>286,279</b>	26,892
<b>BALANCE, END OF YEAR</b>	<b>429,282</b>	<b>242,605</b>	<b>4,259,101</b>	<b>4,930,988</b>	<b>4,644,709</b>

## VILLAGE OF IRMA

### CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2013 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2013	2012
<b>COST:</b>								
Balance - beginning of year	145,992	6,940	1,095,697	4,677,602	295,785	133,083	<b>6,355,099</b>	6,335,173
Acquisition of tangible capital assets	8,330	-	6,973	197,365	115,687	47,351	<b>375,706</b>	45,075
Disposal of tangible capital assets	-	-	-	-	86,018	-	<b>86,018</b>	25,149
Balance - end of year	<u>154,322</u>	<u>6,940</u>	<u>1,102,670</u>	<u>4,874,967</u>	<u>325,454</u>	<u>180,434</u>	<b><u>6,644,787</u></b>	<u>6,355,099</u>
<b>ACCUMULATED AMORTIZATION</b>								
Balance - beginning of year	-	3,007	192,769	1,688,018	181,176	68,692	<b>2,133,662</b>	1,955,619
Annual amortization	-	463	22,287	141,245	21,122	7,656	<b>192,773</b>	183,192
Accumulated amortization on disposals	-	-	-	-	86,018	-	<b>86,018</b>	5,149
Balance - end of year	-	<u>3,470</u>	<u>215,056</u>	<u>1,829,263</u>	<u>116,280</u>	<u>76,348</u>	<b><u>2,240,417</u></b>	<u>2,133,662</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b><u>154,322</u></b>	<b><u>3,470</u></b>	<b><u>887,614</u></b>	<b><u>3,045,704</u></b>	<b><u>209,174</u></b>	<b><u>104,086</u></b>	<b><u>4,404,370</u></b>	<b><u>4,221,437</u></b>
<b>OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>145,992</u>	<u>3,933</u>	<u>902,928</u>	<u>2,989,584</u>	<u>114,609</u>	<u>64,391</u>	<b><u>4,221,437</u></b>	

# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2013 (Schedule 3)

	Budget (Unaudited)	2013	2012
<b>TAXATION</b>			
Real property taxes	490,356	<b>487,582</b>	453,491
Linear property taxes	13,251	<b>13,251</b>	13,660
Government grants in place of property taxes	3,397	<b>4,388</b>	4,411
	<u>507,004</u>	<u><b>505,221</b></u>	<u>471,562</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	107,006	<b>107,006</b>	100,436
Battle River Foundation	5,552	<b>5,552</b>	5,595
	<u>112,558</u>	<u><b>112,558</b></u>	<u>106,031</u>
<b>NET MUNICIPAL TAXES</b>	<u>394,446</u>	<u><b>392,663</b></u>	<u>365,531</u>

# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2013 (Schedule 4)

	Budget (Unaudited)	2013	2012
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	57,188	<b>62,188</b>	56,548
Local Governments	107,000	<b>278,660</b>	272,826
	<u>164,188</u>	<u><b>340,848</b></u>	<u>329,374</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	-	<b>50,000</b>	-
Provincial Government	202,420	<b>150,695</b>	-
	<u>202,420</u>	<u><b>200,695</b></u>	<u>-</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>366,608</u>	<u><b>541,543</b></u>	<u>329,374</u>

# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2013 (Schedule 5)

	Budget (Unaudited)	2013	2012
<b>Expenditures</b>			
Salaries, wages and benefits	300,937	<b>274,004</b>	257,472
Contracted and general services	247,151	<b>171,206</b>	198,641
Purchases from other governments	3,000	<b>2,425</b>	2,912
Materials, goods and utilities	136,500	<b>108,104</b>	141,030
Provision for allowances	350	<b>299</b>	90
Transfers to local boards and agencies	90,566	<b>241,226</b>	230,874
Transfers to individuals and agencies	10,000	<b>10,250</b>	7,250
Bank charges and short term interest	1,500	<b>125</b>	2,471
Interest on capital long term debt	4,350	<b>2,236</b>	3,719
Other expenditures	19,981	<b>3,604</b>	2,654
Amortization of tangible capital assets	-	<b>192,773</b>	183,192
	<u>814,335</u>	<u><b>1,006,252</b></u>	<u>1,030,305</u>

# VILLAGE OF IRMA

## SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2013 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUE</b>								
Net municipal property taxes (Schedule 2)	392,663	-	-	-	-	-	-	392,663
User fees and sales of goods	3,765	6,000	3,455	211,103	600	-	-	224,923
Penalties and costs on taxes	6,784	-	-	2,761	-	-	-	9,545
Licenses and permits	467	825	-	-	-	50	-	1,342
Franchise and concession contracts	54,339	-	-	-	-	-	-	54,339
Investment income	831	-	-	-	-	-	-	831
Rentals	75	-	-	-	-	-	-	75
Government transfers	62,188	70,000	-	1,000	-	-	207,660	340,848
Other	2,303	33,166	-	-	12,608	-	-	48,077
	<u>523,415</u>	<u>109,991</u>	<u>3,455</u>	<u>214,864</u>	<u>13,208</u>	<u>50</u>	<u>207,660</u>	<u>1,072,643</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	91,749	17,406	58,085	96,928	3,843	-	5,993	274,004
Contracted and general services	69,211	34,085	21,757	41,760	1,891	-	2,502	171,206
Purchases from other governments	-	2,425	-	-	-	-	-	2,425
Materials, goods and utilities	10,069	24,147	47,935	23,507	379	-	2,067	108,104
Provision for allowances	299	-	-	-	-	-	-	299
Transfers to local boards and agencies	-	3,702	-	-	3,828	-	233,696	241,226
Transfers to individuals and agencies	-	-	-	-	-	10,250	-	10,250
Bank charges and short term interest	125	-	-	-	-	-	-	125
Interest on capital long term debt	-	-	2,201	35	-	-	-	2,236
Other expenditures	1,212	580	1,812	-	-	-	-	3,604
	<u>172,665</u>	<u>82,345</u>	<u>131,790</u>	<u>162,230</u>	<u>9,941</u>	<u>10,250</u>	<u>244,258</u>	<u>813,479</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>350,750</u>	<u>27,646</u>	<u>(128,335)</u>	<u>52,634</u>	<u>3,267</u>	<u>(10,200)</u>	<u>(36,598)</u>	<u>259,164</u>
<b>AMORTIZATION AND DISPOSAL OF ASSETS</b>								
Amortization of tangible capital assets	847	28,244	118,615	43,864	349	-	854	192,773
Loss (gain) on disposal of tangible capital asse	-	-	(19,193)	-	-	-	-	(19,193)
	<u>847</u>	<u>28,244</u>	<u>99,422</u>	<u>43,864</u>	<u>349</u>	<u>-</u>	<u>854</u>	<u>173,580</u>
<b>NET REVENUE</b>	<u>349,903</u>	<u>(598)</u>	<u>(227,757)</u>	<u>8,770</u>	<u>2,918</u>	<u>(10,200)</u>	<u>(37,452)</u>	<u>85,584</u>

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Irma are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the village are as follows:

#### **a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village are, therefore accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

#### **b) Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **c) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

#### **d) Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### **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 property tax revenue.

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

#### **f) Inventories 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 the respective function.

#### **g) Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

#### **i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<b>YEARS</b>
Buildings	50
Engineered structures - other	20-50
Engineered structures - water system	30-75
Engineered structures - wastewater system	50
Land improvements	15
Machinery and equipment	7-15
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and 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. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### **iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

#### **v. Cultural and Historical Tangible Capital Assets**

Works of art for display are not recorded as tangible capital assets but are disclosed.

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 2. CASH AND TERM DEPOSITS

	<u>2013</u>	<u>2012</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 4)	88,050	42,743
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	<u>242,605</u>	<u>236,694</u>
Total restricted cash and term deposits	<u><u>330,655</u></u>	<u><u>279,437</u></u>
Total un-restricted cash and term deposits	<u><u>202,483</u></u>	<u><u>135,891</u></u>

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2013</u>	<u>2012</u>
Prepaid property taxes	(3,511)	(5,863)
Current taxes and grants in place of taxes	15,325	32,180
Arrears taxes	10,387	3,815
Property held by the village as a result of tax forfeiture	21,541	21,541
	<u><u>43,742</u></u>	<u><u>51,673</u></u>

### 4. BANK INDEBTEDNESS

Bank indebtedness consists of an authorized overdraft in the amount of \$150,000 bearing interest at prime, secured by all assets of the village at large.

### 5. DEFERRED INCOME

Deferred income consists of the following:	<u>2013</u>	<u>2012</u>
Municipal Sustainability Initiative - capital	71,369	26,062
Municipal Infrastructure Management System implementation grant	16,681	16,681
	<u><u>88,050</u></u>	<u><u>42,743</u></u>

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 6. LONG TERM DEBT

	<u>2013</u>	<u>2012</u>
Municipal District of Wainwright No. 61	55,269	95,269
Wainwright Credit Union Ltd.	90,000	58,200
Alberta Capital Finance Authority	-	14,469
	<u>145,269</u>	<u>167,938</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	58,000	2,241	60,241
2015	33,269	2,160	35,429
2016	18,000	1,620	19,620
2017	18,000	1,080	19,080
2018	18,000	540	18,540
	<u>145,269</u>	<u>7,641</u>	<u>152,910</u>

Debt repayable to the Wainwright Credit Union Ltd. bears interest at Prime and matures in 2018 and is secured by the credit and security of the village at large.

Debt repayable to the Municipal District Of Wainwright No. 61 bears no interest and matures in 2015 and is secured by the credit and security of the village at large.

The village's total cash payments for interest in 2013 were \$2,594 (2012 - \$5,148).

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 7. 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 Village of Irma be disclosed as follows:

	<u>2013</u>	<u>2012</u>
Total debt limit	1,637,754	1,585,796
Total debt	145,269	247,938
Surplus debt limit	<u>1,492,485</u>	<u>1,337,858</u>
Debt servicing limit	272,959	264,299
Debt servicing	60,241	156,466
Surplus debt servicing	<u>212,718</u>	<u>107,833</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities, which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2013</u>	<u>2012</u>
Tangible capital assets (Schedule 2)	6,644,787	6,355,099
Accumulated amortization (Schedule 2)	(2,240,417)	(2,133,662)
Long-term debt (Note 6)	(145,269)	(167,938)
	<u>4,259,101</u>	<u>4,053,499</u>

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 9. ACCUMULATED SURPLUS

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

	<u>2013</u>	<u>2012</u>
<b>Unrestricted surplus</b>	<u>429,282</u>	<u>354,246</u>
<b>Restricted surplus</b>		
Fire & rescue department	85,789	95,234
Water system	127,122	112,157
Cemetery	<u>29,694</u>	<u>29,573</u>
	<u>242,605</u>	<u>236,964</u>
<b>Equity in tangible capital assets</b>	<u>4,259,101</u>	<u>4,053,499</u>
	<u><u>4,930,988</u></u>	<u><u>4,644,709</u></u>

### 10. SEGMENTED DISCLOSURE

The Village of Irma provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6)

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 11. SALARY AND BENEFITS DISCLOSURE

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

	2013			2012
	Salary	Benefits & Allowances	Total	Total
Coubrough	4,940	1,427	6,367	5,339
Challenger	960	279	1,239	-
Fuder D	6,730	1,476	8,206	6,448
Fuder V	1,120	279	1,399	-
Green	1,520	279	1,799	-
Larson	2,160	1,147	3,307	3,728
Nissen	5,120	1,147	6,267	5,984
White	-	1,147	1,147	2,498
CAO	22,560	4,395	26,955	69,642
CAO	34,756	6,781	41,537	-

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

### 12. CONTINGENCIES

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

The village is a member of the Wainwright Regional Waste to Energy Authority. Under the terms of the membership, the village could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the authority. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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### 13. FINANCIAL INSTRUMENTS

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

The village is subject to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the village 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 fair value of these financial instruments approximates their fair value.

### 14. LOCAL AUTHORITIES PENSION PLAN

Employees of the village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves 223,643 people and 428 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

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

Total current service contributions by the village to the LAPP in 2013 were \$12,063. Total current service contributions by the employees of the village to the Local Authorities Pension Plan in 2013 were \$10,942.

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.98 billion.

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 15. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The village has prepared its budget according to the former accounting standards that were in place previously which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget (unaudited)	2013	2012
Excess of revenue over expenditures, per financial statements	256,119	286,279	26,892
Adjustments			
Amortization expense	-	192,773	183,192
Acquisition of tangible capital assets	(233,000)	(375,706)	(45,075)
Results of operations - previous methods	23,119	103,346	165,009
Net transfers (to) from reserves	3,550	(5,641)	(5,454)
Debenture issued	86,000	90,000	-
Debenture repaid	(112,669)	(112,669)	(111,865)
Increase (decrease) in unrestricted surplus	-	75,036	47,690

### 16. PRIOR PERIOD ADJUSTMENT

During the year, it was discovered that the initial loan amount with the MD of Wainwright was understated by \$26,846 and equity in tangible capital assets were overstated by \$26,846.

### 17. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

### 18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.