

**TOWN OF CARDSTON**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2013**

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**TOWN OF CARDSTON**  
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**For the year ended December 31, 2013**

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INDEPENDENT AUDITORS' REPORT

To: The Mayor and Members of Council of  
the Town of Cardston

We have audited the accompanying consolidated financial statements of the Town of Cardston which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations, change in net financial assets and cash flow 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*

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 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.

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 financial position of the Town of Cardston as at December 31, 2013 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

April 22, 2014

*Young Parkyn McNab LLP*

Chartered Accountants

## MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Town of Cardston.

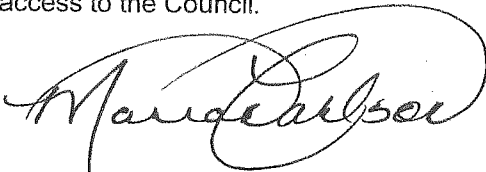
These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Cardston is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Audit committee.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Young Parkyn McNab LLP, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Young Parkyn McNab LLP has full and free access to the Council.



Chief Administrative Officer

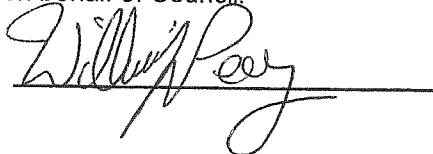
**TOWN OF CARDSTON**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2013

	2013	2012
<b>Financial assets</b>		
Cash	\$ 277,590	\$ 479,299
Taxes and grants in place of taxes receivable (note 2)	62,215	76,403
Trade and other receivables	952,161	856,489
Land held for resale	310,290	326,894
Notes receivable (note 3)	221,957	291,957
Investments (note 4)	1,922,158	1,881,995
	3,746,371	3,913,037
<b>Liabilities</b>		
Accounts payable and accrued liabilities	471,297	393,808
Employee benefit obligations (note 5)	134,060	148,559
Deferred revenue (note 6)	1,074,841	1,284,709
Long-term debt (note 7)	1,264,029	1,487,693
Obligation under capital lease (note 8)	11,660	14,912
	2,955,887	3,329,681
<b>Net financial assets</b>	790,484	583,356
<b>Non-financial assets</b>		
Prepaid expenses	17,275	14,861
Inventory for consumption	470,548	471,267
Tangible capital assets (schedule 2)	44,969,540	44,189,481
	45,457,363	44,675,609
<b>Accumulated surplus</b> (note 11)	\$ 46,247,847	\$ 45,258,965

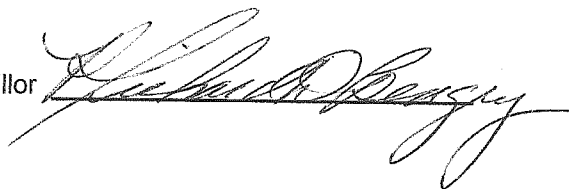
*Commitments and contingencies* (note 19)

Approved on behalf of Council:

Councillor



Councillor



**TOWN OF CARDSTON**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2013

	Budget (Unaudited)	2013	2012
<b>Revenue</b>			
Net municipal taxes (note 12)	\$ 2,481,810	\$ 2,480,238	\$ 2,508,352
User fees and sales of goods	5,521,446	5,403,392	4,178,715
Government transfers for operating (note 13)	658,320	461,025	682,432
Investment income	70,000	87,508	67,525
Penalties and costs of taxes	22,000	28,351	28,612
Licenses and permits	36,750	43,010	41,940
Gain on disposal of capital assets	-	10,095	58,917
Franchise and concession contracts	103,735	103,722	87,026
Donations	1,500	15,507	1,750
	8,895,561	8,632,848	7,655,269
<b>Expenses (note 14)</b>			
Legislative	106,900	102,368	97,176
Administration	1,089,551	1,086,378	1,049,157
Fire	127,596	127,572	116,638
Emergency measures and disaster services	-	6,000	11,635
Ambulance services and first aid	5,592	5,581	72,520
Bylaw enforcement	87,387	83,432	69,002
Roads, streets, walks, lighting	1,465,198	1,391,255	1,246,177
Airport	15,453	15,966	18,380
Water supply and distribution	1,069,216	1,042,115	867,601
Wastewater treatment and disposal	979,555	836,942	953,114
Waste management	311,279	299,212	308,359
Family and community support services	231,266	219,918	264,654
Cemeteries and crematoriums	72,674	48,554	47,160
Other public health and welfare	33,112	23,775	20,833
Land use planning, zoning and development	183,167	192,445	248,525
Economic and agricultural development	345,399	305,041	229,810
Parks and recreation	1,769,584	1,671,630	1,204,575
Culture - libraries, museums, halls	275,769	274,629	229,645
Electrical distribution	1,514,647	1,482,127	1,370,437
	9,683,345	9,214,940	8,425,398
<b>Deficiency of revenue over expenses before other</b>	<b>(787,784)</b>	<b>(582,092)</b>	<b>(770,129)</b>
<b>Other</b>			
Government transfers for capital (note 13)	1,305,456	1,532,080	1,671,204
Contributed assets	125,000	38,894	40,895
	1,430,456	1,570,974	1,712,099
<b>Excess of revenue over expenses</b>	<b>642,672</b>	<b>988,882</b>	<b>941,970</b>
<b>Accumulated surplus, beginning of year</b>	<b>45,258,965</b>	<b>45,258,965</b>	<b>44,316,995</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 45,901,637</b>	<b>\$ 46,247,847</b>	<b>\$ 45,258,965</b>

**TOWN OF CARDSTON**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2013

	Budget (Unaudited)	2013	2012
<b>Excess of revenue over expenses</b>	\$ 642,672	\$ 988,882	\$ 941,970
Acquisition of tangible capital assets	(3,091,397)	(2,731,550)	(2,580,608)
Amortization	1,856,266	1,907,678	1,794,906
Contributed assets	(125,000)	(38,894)	(40,895)
Loss on disposal of tangible capital assets	-	77,706	1,556
Gain on disposal of tangible capital assets	-	(10,095)	(58,910)
Proceeds on disposal of tangible capital assets	-	15,095	72,481
	(1,360,131)	(780,060)	(811,470)
Net change in inventory for consumption	-	720	(54,373)
Net change in prepaid expense	-	(2,414)	6,769
	-	(1,694)	(47,604)
<b>Increase in net financial assets</b>	(717,459)	207,128	82,896
<b>Net financial assets, beginning of year</b>	583,356	583,356	500,460
<b>Net financial assets (debt), end of year</b>	\$ (134,103)	\$ 790,484	\$ 583,356

**TOWN OF CARDSTON**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2013

	2013	2012
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 988,882	\$ 941,970
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	77,706	1,556
Gain on disposal of tangible capital assets	(10,095)	(58,910)
Amortization	1,907,678	1,794,906
Contributed assets	(38,894)	(40,895)
	2,925,277	2,638,627
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	14,188	1,367
Trade and other receivables	(95,672)	219,534
Land held for resale	16,604	3,450
Inventory for consumption	720	(54,373)
Prepaid expenses	(2,414)	6,769
Accounts payable and accrued liabilities	77,489	(104,841)
Employee benefit obligations	(14,499)	26,033
Deferred revenue	(209,868)	(130,806)
	2,711,825	2,605,760
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	15,095	72,481
Acquisition of tangible capital assets	(2,731,550)	(2,580,608)
	(2,716,455)	(2,508,127)
<b>Investing transactions</b>		
Purchase of investments	(316,805)	(1,244,910)
Proceeds on sale of investments	276,641	193,932
Payment on notes receivable	70,000	70,000
	29,836	(980,978)
<b>Financing transactions</b>		
Repayment of capital lease	(3,252)	(2,926)
Repayment of long-term debt	(223,663)	(216,288)
	(201,709)	(1,102,559)
<b>Decrease in cash and temporary investments</b>	(201,709)	(1,102,559)
<b>Cash, beginning of year</b>	479,299	1,581,858
<b>Cash, end of year</b>	\$ 277,590	\$ 479,299



**1. Significant accounting policies**

The consolidated financial statements of the Town of Cardston are the representations of management prepared in accordance with generally accepted accounting principles for local government established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, 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.

(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.

**1. Significant accounting policies, continued**

(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 decline in value that is other than temporary, the respective investment is written down to recognize the decline.

(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 and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks, and street lighting are recorded as tangible capital assets under their respective function.

(g) Prepaid local improvements charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town.

Where a taxpayer has elected to prepay the outstanding local improvement charge, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowing, the deferred revenue is amortized to the revenue by an amount equal to the debt repayment.

(h) 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.

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**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

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**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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenue 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:

	Years
Land improvements	10-30
Buildings	25-50
Engineered structures	5-80
Machinery and equipment	5-40
Vehicles	10-40

Amortization will be recorded in the month that the asset is purchased and will be prorated in the first and last year, based on the number of months used. 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.

**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**2. Taxes and grants in place of taxes receivables**

	2013	2012
Taxes and grants in place of taxes receivable	\$ 44,893	\$ 47,104
Arrears	17,322	29,299
	\$ 62,215	\$ 76,403

**3. Notes receivable**

	2013	2012
Black Sands Management Group	\$ 216,957	\$ 216,957
Cardston Agricultural Society	5,000	10,000
Leavitt Irrigation District	-	65,000
	\$ 221,957	\$ 291,957

Under the terms of the lease with Black Sands Management Group, the Town provided capital equipment totaling \$194,800 and consumable inventory totaling \$22,157. At the expiration or earlier termination of the lease, Black Sands Management Group must provide the Town with capital equipment and consumable inventory equivalent in value. The lease agreement expires 2021.

The Town provided a loan to the Cardston Agricultural Society for the purchase of a tractor. This note receivable is unsecured, non-interest bearing and is repayable in annual installments of \$5,000.

**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**4. Investments**

	2013		2012	
	Cost	Market value	Cost	Market value
Bank of Montreal - 4.5% (due 2016)	\$ 407,507	\$ 428,312	\$ 389,989	\$ 417,500
TD - 2.87% (due 2017)	619,622	622,076	634,409	643,639
Scotiabank - 3.13% (due 2019)	202,985	198,771	209,895	208,623
CIBC - 3.7% - 4.09% (due 2019)	198,876	201,094	178,294	179,077
CIBC Bond - 3.15% - 4.11% (due 2013)	-	-	257,290	266,645
Bank of Nova Scotia - 2.836% (due 2019)	211,512	205,455	212,118	210,111
BMO - 3.151% (due 2018)	281,656	278,451	-	-
	<b>\$ 1,922,158</b>	<b>\$ 1,934,159</b>	<b>\$ 1,881,995</b>	<b>\$ 1,925,595</b>

**5. Employee benefit obligations**

	2013	2012
Vacation	\$ 134,060	\$ 148,559
Sick time	\$ -	\$ 27,504

**Vacation and overtime**

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

**6. Deferred revenue**

	2013	2012
Municipal Sustainability Initiative - Capital	\$ 73,468	\$ 186,030
Prepaid taxes	544,503	520,548
Federal Gas Tax Fund Grant	120,961	99,588
Basic Municipal Transportation Grant	1,128	10,299
Emergency Preparedness Grant	-	500
Hail damage insurance proceeds	8,692	467,744
Schaffer - electrical servicing	21,480	-
Family and Community Support Services	16,568	-
Pool donations	2,250	-
Regional Collaboration Grant	285,791	-
	<b>\$ 1,074,841</b>	<b>\$ 1,284,709</b>

**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**7. Long-term debt**

	2013	2012
Leavitt Irrigation District Debenture - Operating	\$ -	\$ 81,346
Wastewater Outfall Line Debenture - Capital	1,264,029	1,406,347
	<u>\$ 1,264,029</u>	<u>\$ 1,487,693</u>
Current portion	<u>\$ 145,619</u>	<u>\$ 223,663</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2014	\$ 145,619	\$ 28,314	\$ 173,933
2015	148,996	24,937	173,933
2016	152,452	21,481	173,933
2017	155,987	17,945	173,932
2018	159,605	14,327	173,932
Thereafter	501,370	20,426	521,796
	<u>\$ 1,264,029</u>	<u>\$ 127,430</u>	<u>\$ 1,391,459</u>

Debenture debt is repayable to Alberta Capital Finance Authority and matures in 2021. The interest rate is 2.306% before Provincial subsidy. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Cardston at large.

Interest on long-term debt amounted to \$34,405 (2012 - \$41,857).

The Town's total cash payments for interest in 2013 were \$35,986 (2012 - \$43,362).

**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**8. Capital lease obligation**

	2013	2012
IOS Financial Services	\$ 11,660	\$ 14,912
Current portion	\$ 3,608	\$ 3,252

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2014	\$ 3,608	\$ 1,049	\$ 4,657
2015	4,004	653	4,657
2016	4,048	116	4,164
	\$ 11,660	\$ 1,818	\$ 13,478

This lease for a Ricoh photocopier is repayable in monthly installments of \$388 including interest at 10.45%. Security pledged consists of equipment with a carrying value of \$10,100. The lease expires 2016.

**9. Equity in tangible capital assets**

	2013	2012
Tangible capital assets (schedule 2)	\$ 80,491,444	\$ 78,068,585
Accumulated amortization (schedule 2)	(35,521,904)	(33,879,104)
Long-term debt (note 7)	(1,264,029)	(1,487,693)
Obligation under capital lease (note 8)	(11,660)	(14,912)
Non-capital long-term debt	-	81,345
	\$ 43,693,851	\$ 42,768,221

**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**10. Reserves**

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2013	2012
Land trust	\$ 94,410	\$ 94,410
Equipment	5,144	5,144
Recreation	517,123	700,673
Bylaw	19,331	12,881
Public works	204,422	127,554
Miscellaneous	325,081	218,559
Land sales	390,055	418,894
Health Society	20,600	20,600
Cemetery perpetual care	100,000	100,000
Urban renewal	43,000	61,288
Electrical	160,793	177,728
Off site levies	31,016	31,016
	<b>\$ 1,910,975</b>	<b>\$ 1,968,747</b>

**11. Accumulated surplus**

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

	2013	2012
Unrestricted surplus	\$ 643,021	\$ 521,997
Internally restricted surplus (reserves) (note 10)	1,910,975	1,968,747
Equity in tangible capital assets (note 9)	43,693,851	42,768,221
	<b>\$ 46,247,847</b>	<b>\$ 45,258,965</b>



**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**12. Net municipal property taxes**

	Budget (Unaudited)	2013	2012
<b>Taxation</b>			
Real property taxes	\$ 3,361,545	\$ 3,359,972	\$ 3,288,681
Government grants in place of property taxes	56,459	56,459	56,226
	3,418,004	3,416,431	3,344,907
<b>Requisitions</b>			
Alberta School Foundation Fund	872,726	872,725	772,273
Other requisitions	63,468	63,468	64,282
	936,194	936,193	836,555
	\$ 2,481,810	\$ 2,480,238	\$ 2,508,352

**13. Government transfers**

	Budget (Unaudited)	2013	2012
<b>Transfers for operating:</b>			
Provincial government	\$ 617,580	\$ 420,285	\$ 641,692
Local government	40,740	40,740	40,740
	658,320	461,025	682,432
<b>Transfers for capital</b>			
Federal government	214,680	180,125	249,136
Provincial government	965,776	1,176,955	1,422,068
Local government	125,000	175,000	-
	1,305,456	1,532,080	1,671,204
	\$ 1,963,776	\$ 1,993,105	\$ 2,353,636

**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**14. Expenses by object**

	Budget (Unaudited)	2013	2012
Salaries, wages and benefits	\$ 2,387,754	\$ 2,314,287	\$ 2,481,514
Contracted and general services	1,927,587	1,880,052	1,815,329
Materials, goods, supplies and utilities	3,211,066	2,758,313	2,036,404
Bank charges and short-term interest	8,500	11,134	10,925
Interest on long-term debt	37,392	35,782	43,563
Other expenses	62,300	52,253	23,572
Transfers to organizations and others	192,480	177,735	217,629
Amortization	1,856,266	1,907,678	1,794,906
Loss on disposal of tangible capital assets	-	77,706	1,556
	<b>\$ 9,683,345</b>	<b>\$ 9,214,940</b>	<b>\$ 8,425,398</b>

**15. Budget amounts**

The 2013 budget for the Town was approved by Council on May 14, 2013 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital expenses, loan proceeds and principal payments on debt. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted surplus per financial statements	\$ 642,672
Less: Capital expenses	(3,091,397)
Principal payments on debt	(223,663)
Transfers to reserves	(753,120)
Add: Amortization	1,856,266
Transfers from reserves	1,569,242
<b>Equals: approved budget</b>	<b>\$ -</b>

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**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

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**16. Debt limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	2013	2012
Total debt limit	\$ 12,964,539	\$ 11,396,871
Total debt	1,275,689	1,502,604
	<u>\$ 11,688,850</u>	<u>\$ 9,894,267</u>
Debt servicing limit	\$ 2,160,757	\$ 1,899,479
Debt servicing	178,590	219,214
	<u>\$ 1,982,167</u>	<u>\$ 1,680,265</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.

**TOWN OF CARDSTON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**17. 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:

	(1) Salary	(2) Benefits & allowances	2013	2012
<b>Council</b>				
Mayor Rick Schow	\$ 13,017	\$ 989	\$ 14,006	\$ 18,988
Mayor Maggie Kronen	12,043	2,540	14,583	10,456
Councilor David Dahl	6,085	252	6,337	10,789
Councilor Tim Court	5,983	162	6,145	9,307
Councilor David Edmonds	9,478	664	10,142	10,388
Councilor Bill Creed	8,492	406	8,898	8,643
Councilor Dave Smith	5,066	-	5,066	7,822
Councilor Rob Barfuss	2,888	787	3,675	-
Councilor Dennis Barnes	2,678	307	2,985	-
Councilor Richard Bengry	2,468	292	2,760	-
Councilor Bill Peavoy	2,468	259	2,727	-
Chief Administrative Officer	101,538	21,519	123,057	119,927
Designated officers (3 positions)	\$ 211,665	\$ 48,687	\$ 260,352	\$ 296,922

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

(2) Benefits and allowances include the 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

**18. Local Authorities Pension Plan**

The Town participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 223,000 people and about 428 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

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 Plan 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 Town 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 Town to the Local Authorities Pension Plan in 2012 were \$188,381 (2012 - \$175,908). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2012 were \$171,869 (2012 - \$159,483).

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

**19. Commitments and contingencies**

a) The Town of Cardston is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements. Under the terms of 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.

b) Employees of the Town are allowed to accrue sick leave up to a maximum of 120 days. As at December 31, 2013 the amount of accumulated sick leave was \$618,777 (2012 - \$587,470). The total amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

c) The Town of Cardston is currently working on large capital projects relating to the community pool and UV treatment plant. The 2014 expenditures expected to complete these projects totals approximately \$750,000.

d) The Town of Cardston has ongoing agreements for electricity services, recycling services and solid waste collection services, which were renewed in 2011 for five years.

e) The Town of Cardston received \$715,686 in 2013 for insurance proceeds pertaining to the hail storm in 2012 with \$8,692 remaining to be spent. In addition, an additional \$128,320 insurance proceeds is expected to be received and expended in 2014.

**20. Financial instruments**

The Town of Cardston's financial instruments consist of cash and temporary investments, taxes and grants in place of taxes receivable, trade and other receivables, notes receivable, investments, land held for resale, accounts payable and accrued liabilities, municipal line of credit and long-term debt. It is management's opinion that the Town is not exposed to significant interest or risk arising from these financial instruments.

The Town of Cardston 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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**21. Approval of financial statements**

These financial statements were approved by Council and Management.

**22. Comparative figures**

Where necessary the comparative figures for the 2012 year have been reclassified to conform with 2013 financial statement presentation.

**TOWN OF CARDSTON**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Internally restricted (reserves)	Equity in tangible capital assets	2013	2012
Balance, beginning of year	\$ 521,997	\$ 1,968,747	\$ 42,768,221	\$ 45,258,965	\$ 44,316,995
Excess of revenue over expenses	988,882	-	-	988,882	941,970
Unrestricted funds designated for future use	(672,568)	672,568	-	-	-
Restricted funds used for operations	155,855	(155,855)	-	-	-
Restricted funds used for tangible capital assets	-	(574,485)	574,485	-	-
Current year funds used for tangible capital assets	(2,157,065)	-	2,157,065	-	-
Contributed tangible capital assets	(38,894)	-	38,894	-	-
Disposal of tangible capital assets	82,706	-	(82,706)	-	-
Annual amortization expense	1,907,678	-	(1,907,678)	-	-
Capital lease obligation principal repaid	(3,252)	-	3,252	-	-
Capital debenture repaid	(142,318)	-	142,318	-	-
Change in accumulated surplus	121,024	(57,772)	925,630	988,882	941,970
<b>Balance, end of year</b>	<b>\$ 643,021</b>	<b>\$ 1,910,975</b>	<b>\$ 43,693,851</b>	<b>\$ 46,247,847</b>	<b>\$ 45,258,965</b>

**TOWN OF CARDSTON**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

Schedule of tangible capital assets	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	Schedule 2	
								2013	2012
<b>Cost:</b>									
Balance, beginning of year \$	2,015,646	\$ 2,513,027	\$ 7,066,515	\$ 61,291,966	\$ 2,497,275	\$ 955,148	\$ 1,729,008	\$ 78,068,585	\$ 75,671,910
Acquisitions	-	16,257	-	846,886	67,913	63,890	1,775,498	2,770,444	2,621,495
Construction-in-progress	-	-	53,010	1,722,402	41,393	-	(1,816,805)	-	-
Disposals	-	-	-	(203,066)	(50,318)	(52,966)	(41,235)	(347,585)	(224,820)
<b>Balance, end of year</b>	<b>2,015,646</b>	<b>2,529,284</b>	<b>7,119,525</b>	<b>63,658,188</b>	<b>2,556,263</b>	<b>966,072</b>	<b>1,646,466</b>	<b>80,491,444</b>	<b>78,068,585</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	702,947	3,076,215	28,402,461	1,166,735	530,745	-	33,879,104	32,293,898
Annual amortization	-	114,485	121,639	1,429,953	183,590	58,011	-	1,907,678	1,794,906
Disposals	-	-	-	(168,076)	(43,836)	(52,966)	-	(264,878)	(209,700)
<b>Balance, end of year</b>	<b>-</b>	<b>817,432</b>	<b>3,197,854</b>	<b>29,664,338</b>	<b>1,306,489</b>	<b>535,790</b>	<b>-</b>	<b>35,521,904</b>	<b>33,879,104</b>
<b>Net book value</b>	<b>\$ 2,015,646</b>	<b>\$ 1,711,852</b>	<b>\$ 3,921,671</b>	<b>\$ 33,993,850</b>	<b>\$ 1,249,774</b>	<b>\$ 430,282</b>	<b>\$ 1,646,466</b>	<b>\$ 44,969,540</b>	<b>\$ 44,189,481</b>
<b>2012 net book value (restated)</b>	<b>\$ 2,015,646</b>	<b>\$ 1,810,080</b>	<b>\$ 3,990,300</b>	<b>\$ 32,889,505</b>	<b>\$ 1,330,539</b>	<b>\$ 424,403</b>	<b>\$ 1,729,008</b>	<b>\$ 44,189,481</b>	



**TOWN OF CARDSTON**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

Schedule of segmented disclosure

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Electrical	Total
<b>Revenue</b>									
Net municipal taxes	\$ 2,480,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,480,238
User fees and sales of goods	1,209,359	22,483	14,681	1,951,372	34,141	59,749	177,960	1,933,647	5,403,392
Government transfers for operating	43,811	(20,174)	-	123,962	175,375	37,139	100,912	-	461,025
Investment income	75,880	-	-	11,628	-	-	-	-	87,508
Penalties and costs of taxes	28,351	-	-	-	-	-	-	-	28,351
Licenses and permits	43,010	-	-	-	-	-	-	-	43,010
Gain on disposal of capital assets	-	-	10,095	-	-	-	-	-	10,095
Franchise and concession contracts	103,722	-	-	-	-	-	-	-	103,722
Donations	-	2,450	-	-	-	-	-	13,057	15,507
	<b>3,984,371</b>	<b>4,759</b>	<b>24,776</b>	<b>2,086,962</b>	<b>209,516</b>	<b>96,888</b>	<b>278,872</b>	<b>1,946,704</b>	<b>8,532,848</b>
<b>Expenses</b>									
Salaries, wages and benefits	816,476	63,945	230,601	279,603	57,136	247,382	351,665	267,478	2,314,287
Contracted and general services	190,202	-	81,178	255,473	52,047	116,438	79,165	1,105,549	1,880,052
Materials, goods, supplies and utilities	143,575	141,632	401,036	738,300	4,830	133,665	1,210,743	(15,468)	2,758,313
Bank charges and short term interest	11,134	-	-	-	-	-	-	-	11,134
Interest on long term debt	1,376	-	-	34,406	-	-	-	-	35,782
Other expenditures	(407)	-	-	-	-	-	-	-	52,253
Transfers to organizations and others	-	-	-	-	500	-	52,160	-	52,660
Amortization of tangible capital assets	26,391	17,009	688,999	807,766	177,735	-	251,044	116,469	1,907,678
Loss on disposal of tangible capital assets	-	-	5,407	62,719	-	-	1,481	8,100	77,706
	<b>1,188,747</b>	<b>222,586</b>	<b>1,407,221</b>	<b>2,178,267</b>	<b>292,248</b>	<b>497,485</b>	<b>1,946,258</b>	<b>1,482,128</b>	<b>9,214,940</b>
<b>Deficiency of revenue over expenses before other</b>	<b>2,795,624</b>	<b>(217,827)</b>	<b>(1,382,445)</b>	<b>(91,305)</b>	<b>(82,732)</b>	<b>(400,597)</b>	<b>(1,667,386)</b>	<b>464,576</b>	<b>(582,092)</b>
<b>Other</b>									
Government transfers for capital	-	-	268,370	673,331	-	-	590,379	-	1,532,080
Contributed assets	-	-	-	-	-	-	38,894	-	38,894
	-	-	268,370	673,331	-	-	629,273	-	1,570,974
<b>Excess of revenue over expenses</b>	<b>\$ 2,795,624</b>	<b>\$ (217,827)</b>	<b>\$ (1,114,075)</b>	<b>\$ 582,026</b>	<b>\$ (82,732)</b>	<b>\$ (400,597)</b>	<b>\$ (1,038,113)</b>	<b>\$ 464,576</b>	<b>\$ 988,862</b>