

TOWN OF CARDSTON
Consolidated Financial Statements
For the year ended December 31, 2014

TOWN OF CARDSTON
TABLE OF CONTENTS
For the year ended December 31, 2014

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT REPORT	2
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF OPERATIONS	4
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	5
CONSOLIDATED STATEMENT OF CASH FLOW	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7 - 20
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS	21 - 23

INDEPENDENT AUDITOR'S 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, 2014, 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, 2014 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 28, 2015



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, 2014

	2014	2013
Financial assets		
Cash and temporary investment (note 2)	\$ 742,981	\$ 277,590
Taxes and grants in place of taxes receivable (note 3)	111,044	62,215
Trade and other receivables (note 4)	909,780	952,161
Land held for resale	390,290	310,290
Notes receivable (note 5)	295,042	221,957
Investments (note 6)	1,996,408	1,922,158
	4,445,545	3,746,371
Liabilities		
Accounts payable and accrued liabilities	490,621	471,296
Employee benefit obligations (note 7)	141,376	134,060
Deferred revenue (note 8)	1,239,515	1,074,841
Long-term debt (note 9)	1,118,411	1,264,029
Obligation under capital lease (note 10)	8,052	11,660
	2,997,975	2,955,886
Net financial assets	1,447,570	790,485
Non-financial assets		
Prepaid expenses	203,761	17,275
Inventory for consumption	492,548	470,548
Tangible capital assets (schedule 2)	44,689,095	44,969,540
	45,385,404	45,457,363
Accumulated surplus (note 13)	\$ 46,832,974	\$ 46,247,848

Commitments and contingencies (note 21)

Approved on behalf of Council:

Councillor _____

Councillor _____

TOWN OF CARDSTON
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2014

	Budget (Unaudited)	2014	2013
Revenue			
Net municipal taxes (note 14)	\$ 2,494,517	\$ 2,494,666	\$ 2,480,238
User fees and sales of goods	5,040,238	4,879,303	5,403,392
Government transfers for operating (note 15)	765,152	696,549	461,025
Investment income	75,000	87,452	87,508
Penalties and costs of taxes	22,000	25,111	28,351
Licenses and permits	36,750	38,575	43,010
Gain on disposal of capital assets	-	780	10,095
Franchise and concession contracts	105,846	112,758	103,722
Donations	1,500	1,750	15,507
	8,541,003	8,336,944	8,632,848
Expenses (note 16)			
Legislative	114,004	128,063	102,368
Administration	1,166,725	1,122,001	1,086,378
Fire	134,259	139,750	127,572
Emergency measures and disaster services	1,300	9,451	6,000
Ambulance services and first aid	4,581	4,581	5,581
Bylaw enforcement	94,849	86,582	83,432
Roads, streets, walks, lighting	1,455,326	1,248,747	1,391,255
Airport	11,536	14,224	15,966
Water supply and distribution	933,200	869,938	1,042,115
Wastewater treatment and disposal	925,680	851,261	836,942
Waste management	581,498	519,889	299,212
Family and community support services	247,770	223,896	219,918
Cemeteries	73,797	59,488	48,554
Other public health and welfare	33,924	17,105	23,775
Land use planning, zoning and development	248,964	199,872	192,445
Economic and agricultural development	222,165	228,281	305,041
Parks and recreation	1,173,917	1,122,377	1,671,630
Culture - libraries, museums, halls	255,505	255,132	274,629
Electrical distribution	1,751,197	1,455,981	1,482,127
	9,430,197	8,556,619	9,214,940
Deficiency of revenue over expenses before other	(889,194)	(219,675)	(582,092)
Other			
Government transfers for capital (note 15)	1,254,248	804,801	1,532,080
Contributed assets	10,000	-	38,894
	1,264,248	804,801	1,570,974
Excess of revenue over expenses	375,054	585,126	988,882
Accumulated surplus, beginning of year	46,247,848	46,247,848	45,258,966
Accumulated surplus, end of year	\$ 46,622,902	\$ 46,832,974	\$ 46,247,848

TOWN OF CARDSTON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2014

	Budget (Unaudited)	2014	2013
Excess of revenue over expenses	\$ 375,054	\$ 585,126	\$ 988,882
Acquisition of tangible capital assets	(2,596,828)	(1,621,785)	(2,731,550)
Amortization	2,034,029	1,887,437	1,907,678
Contributed assets	(10,000)	-	(38,894)
Loss on disposal of tangible capital assets	-	-	77,706
Gain on disposal of tangible capital assets	-	(780)	(10,095)
Proceeds on disposal of tangible capital assets	-	15,571	15,095
	(572,799)	280,443	(780,060)
Net change in inventory for consumption	-	(21,998)	721
Net change in prepaid expense	-	(186,486)	(2,414)
	-	(208,484)	(1,693)
Increase in net financial assets	(197,745)	657,085	207,129
Net financial assets, beginning of year	790,485	790,485	583,356
Net financial assets, end of year	\$ 592,740	\$ 1,447,570	\$ 790,485

TOWN OF CARDSTON
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2014

	2014	2013
Operating transactions		
Excess of revenue over expenses	\$ 585,126	\$ 988,882
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	-	77,706
Gain on disposal of tangible capital assets	(780)	(10,095)
Amortization	1,887,437	1,907,678
Contributed assets	-	(38,894)
	2,471,783	2,925,277
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(48,829)	14,188
Trade and other receivables	42,382	(95,670)
Land held for resale	(80,000)	16,604
Inventory for consumption	(21,998)	721
Prepaid expenses	(186,486)	(2,414)
Accounts payable and accrued liabilities	19,325	77,486
Employee benefit obligations	7,316	(14,499)
Deferred revenue	164,674	(209,868)
	2,368,167	2,711,825
Capital transactions		
Proceeds on disposal of tangible capital assets	15,571	15,095
Acquisition of tangible capital assets	(1,621,785)	(2,731,550)
	(1,606,214)	(2,716,455)
Investing transactions		
Purchase of investments	(926,000)	(316,805)
Proceeds on sale of investments	851,750	276,641
Advances of notes receivable	(78,085)	-
Payment on notes receivable	5,000	70,000
	(147,335)	29,836
Financing transactions		
Repayment of capital lease	(3,608)	(3,252)
Repayment of long-term debt	(145,619)	(223,663)
	465,391	(201,709)
Increase (decrease) in cash and temporary investments	465,391	(201,709)
Cash and temporary investment, beginning of year	277,590	479,299
Cash and temporary investment, end of year	\$ 742,981	\$ 277,590

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

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.

(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.

(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.

1. Significant accounting policies, continued

(e) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

(f) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(g) 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.

(h) Government transfers

Government transfers are the transfer of assets from other 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.

(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.

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. Significant accounting policies, continued

(i) Non-financial assets, continued

(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.

2. Cash and temporary investment

	2014	2013
Cash	\$ 91,939	\$ 277,590
Temporary investment	651,042	-
	\$ 742,981	\$ 277,590

Temporary investments consist of short-term deposits with original maturities of a year or less. The temporary investment is comprised of a GIC with an interest rate of 1.95%. The investment matures in 2015.

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

3. Taxes and grants in place of taxes receivables

	2014	2013
Taxes and grants in place of taxes receivable	\$ 83,661	\$ 44,883
Arrears	27,383	17,332
	\$ 111,044	\$ 62,215

4. Trade and other receivables

	2014	2013
Trade receivables	\$ 91,332	\$ 141,021
Goods and Services Tax (GST)	70,887	156,386
Grants receivable	212,251	135,427
Electrical receivable	535,310	519,327
	\$ 909,780	\$ 952,161

5. Notes receivable

	2014	2013
Black Sands Management Group	\$ 262,926	\$ 216,957
Cardston Agricultural Society	-	5,000
Apprenticeship loan	32,116	-
	\$ 295,042	\$ 221,957

Under the terms of the lease with Black Sands Management Group, the Town provided capital equipment totaling \$240,769 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 2019.

The apprenticeship loan is to repay funds spent related to the apprenticeship program. This to be repaid over 3 years at \$10,722 per year. If the annual payment is not made on time, interest will accrue on the overdue balance at 1% per month.

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

6. Investments

	2014		2013	
	Cost	Market value	Cost	Market value
Bank of Montreal - 4.5% (due 2016)	\$ -	\$ -	\$ 407,507	\$ 428,312
TD - 2.87% - 2.92% (due 2017)	604,835	618,684	619,622	622,076
Scotiabank - 3.13% (due 2019)	196,080	199,212	202,985	198,771
TD Capital Trust - 3.18% (due 2018)	460,678	468,498	-	-
CIBC - 3.7% - 4.09% (due 2019)	190,895	199,191	198,876	201,094
Bank of Nova Scotia - 2.836%	-	-	211,512	205,455
BMO - 3.151% (due 2018)	267,920	273,150	281,656	278,451
Bank of Nova Scotia (due 2020)	276,000	282,237	-	-
	<u>\$ 1,996,408</u>	<u>\$ 2,040,972</u>	<u>\$ 1,922,158</u>	<u>\$ 1,934,159</u>

All of the above investments are bonds with the exception of the \$276,000 held with the Bank of Nova Scotia. This amount is a principal protected note, with guaranteed principal repayment and is cashable, on demand, without penalty. Accrued interest is not realized until maturity and is based on the performance of the TSX index.

7. Employee benefit obligations

	2014	2013
Vacation	\$ 141,376	\$ 134,060

Vacation

The vacation liability is comprised of the vacation 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.

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

8. Deferred revenue

	2014	2013
Municipal Sustainability Initiative - Capital	\$ 365,927	\$ 73,468
Prepaid taxes	558,064	544,503
Federal Gas Tax Fund Grant	88,471	120,961
Basic Municipal Transportation Grant	41,992	1,128
Hail damage insurance proceeds	-	8,692
Schaffer - electrical servicing	21,480	21,480
Family and Community Support Services	23,889	16,568
Pool donations	33,891	2,250
Regional Collaboration Grant	83,301	285,791
Community Futures	7,500	-
FCC	15,000	-
	<u>\$ 1,239,515</u>	<u>\$ 1,074,841</u>

9. Long-term debt

	2014	2013
Wastewater Outfall Line Debenture - Capital	\$ 1,118,411	\$ 1,264,029
Current portion	\$ 148,996	\$ 145,619

Principal and interest repayments are due as follows:

	Principal	Interest	Total
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
2019	163,307	10,625	173,932
Thereafter	338,064	20,426	358,490
	<u>\$ 1,118,411</u>	<u>\$ 109,741</u>	<u>\$ 1,228,152</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 \$28,167 (2013 - \$34,405)

The Town's total cash payments for interest in 2014 were \$28,314 (2013 - \$35,986).

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

10. Capital lease obligation

		2014		2013
IOS Financial Services	\$	8,052	\$	11,660
Current portion	\$	4,004	\$	3,608

Principal and interest repayments are due as follows:

		Principal		Interest		Total
2015	\$	4,004	\$	653	\$	4,657
2016		4,048		116		4,164
	\$	8,052	\$	769	\$	8,821

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 \$6,190. The lease expires 2016.

11. Equity in tangible capital assets

		2014		2013
Tangible capital assets (schedule 2)		\$ 81,713,474		\$ 80,491,444
Accumulated amortization (schedule 2)		(37,024,379)		(35,521,904)
Long-term debt (note 9)		(1,118,411)		(1,264,029)
Obligation under capital lease (note 10)		(8,052)		(11,660)
	\$	43,562,632	\$	43,693,851

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

12. 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.

	2014	2013
Land trust	\$ 94,410	\$ 94,410
Equipment	-	5,144
Recreation	500,150	517,123
Bylaw	34,631	19,331
Public works	342,445	204,422
Miscellaneous	439,052	325,081
Land sales	397,918	390,055
Health Society	20,600	20,600
Cemetery perpetual care	100,000	100,000
Urban renewal	23,000	43,000
Electrical	182,584	160,793
Off site levies	31,016	31,016
	\$ 2,165,806	\$ 1,910,975

13. Accumulated surplus

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

	2014	2013
Unrestricted surplus	\$ 1,104,536	\$ 643,022
Internally restricted surplus (reserves) (note 12)	2,165,806	1,910,975
Equity in tangible capital assets (note 11)	43,562,632	43,693,851
	\$ 46,832,974	\$ 46,247,848

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

14. Net municipal property taxes

	Budget (Unaudited)	2014	2013
Taxation			
Real property taxes	\$ 3,343,619	\$ 3,343,768	\$ 3,359,972
Government grants in place of property taxes	51,825	51,825	56,459
	3,395,444	3,395,593	3,416,431
Requisitions			
Alberta School Foundation Fund	834,624	834,624	872,725
Other requisitions	66,303	66,303	63,468
	900,927	900,927	936,193
	\$ 2,494,517	\$ 2,494,666	\$ 2,480,238

15. Government transfers

	Budget (Unaudited)	2014	2013
Transfers for operating:			
Provincial government	\$ 724,152	\$ 655,809	\$ 420,285
Local government	41,000	40,740	40,740
	765,152	696,549	461,025
Transfers for capital			
Federal government	450,919	258,858	180,125
Provincial government	655,829	540,243	1,176,955
Local government	147,500	5,700	175,000
	1,254,248	804,801	1,532,080
	\$ 2,019,400	\$ 1,501,350	\$ 1,993,105

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

16. Expenses by object

	Budget (Unaudited)	2014	2013
Salaries, wages and benefits	\$ 2,667,288	\$ 2,536,004	\$ 2,314,287
Contracted and general services	2,342,527	1,982,814	1,880,052
Materials, goods, supplies and utilities	2,097,015	1,891,352	2,758,313
Bank charges and short-term interest	9,500	9,166	11,134
Interest on long-term debt	29,362	29,583	35,782
Other expenses	49,800	42,684	52,253
Transfers to organizations and others	200,676	177,579	177,735
Amortization	2,034,029	1,887,437	1,907,678
Loss on disposal of tangible capital assets	-	-	77,706
	\$ 9,430,197	\$ 8,556,619	\$ 9,214,940

17. Budget amounts

The 2014 budget for the Town was approved by Council on May 13, 2014 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	\$ 375,054
Less: Capital expenses	(2,596,828)
Principal payments on debt	(145,619)
Transfers to reserves	(800,119)
Add: Amortization	2,034,029
Transfers from reserves	1,133,483
Equals: approved budget	\$ -

TOWN OF CARDSTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

18. Debt limits

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

	2014	2013
Total debt limit	\$ 12,505,418	\$ 12,964,539
Total debt	1,126,463	1,275,689
Total debt limit available	\$ 11,378,955	\$ 11,688,850
Debt servicing limit	\$ 2,084,236	\$ 2,160,757
Debt servicing	178,590	178,590
Debt servicing available	\$ 1,905,646	\$ 1,982,167

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, 2014

19. 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)	(2)	2014	2013
	Salary	Benefits & allowances		
Council				
Mayor Maggie Kronen	\$ 18,894	\$ 2,339	\$ 21,233	\$ 14,583
Mayor Rick Schow	-	-	-	14,006
Councilor Rob Barfuss	12,424	1,304	13,728	3,675
Councilor Dennis Barnes	14,476	1,696	16,172	2,985
Councilor Richard Bengry	11,536	521	12,057	2,760
Councilor Tim Court	-	-	-	6,145
Councilor Bill Creed	11,368	521	11,889	8,898
Councilor David Dahl	-	-	-	6,337
Councilor David Edmonds	11,966	1,447	13,413	10,142
Councilor Bill Peavoy	9,375	-	9,375	2,727
Councilor Dave Smith	-	-	-	5,066
Chief Administrative Officer	103,555	23,802	127,357	123,057
Designated officers (3 positions)	\$ 224,599	\$ 55,756	\$ 280,355	\$ 260,352

(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.

20. 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 230,000 people and about 418 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Town to the Local Authorities Pension Plan in 2014 were \$217,398 (2013 - \$188,381). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2014 were \$199,770 (2013 - \$171,869).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

21. 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, 2014 the amount of accumulated sick leave was \$663,045 (2013 - \$618,777). 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 waterslide. The expenditures expected to complete these projects totals approximately \$700,000.

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.

22. 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.

23. Approval of financial statements

These financial statements were approved by Council and Management.

24. Comparative figures

Where necessary the comparative figures for the 2013 year have been reclassified to conform with 2014 financial statement presentation.

TOWN OF CARDSTON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of changes in accumulated surplus

Schedule 1

	Unrestricted	Internally restricted (reserves)	Equity in tangible capital assets	2014	2013
Balance, beginning of year	\$ 643,022	\$ 1,910,975	\$ 43,693,851	\$ 46,247,848	\$ 45,258,966
Excess of revenue over expenses	585,126	-	-	585,126	988,882
Unrestricted funds designated for future use	(852,076)	852,076	-	-	-
Restricted funds used for operations	210,651	(210,651)	-	-	-
Restricted funds used for tangible capital assets	-	(386,594)	386,594	-	-
Current year funds used for tangible capital assets	(1,235,191)	-	1,235,191	-	-
Disposal of tangible capital assets	14,794	-	(14,794)	-	-
Annual amortization expense	1,887,437	-	(1,887,437)	-	-
Capital lease obligation principal repaid	(3,608)	-	3,608	-	-
Capital debenture repaid	(145,619)	-	145,619	-	-
Change in accumulated surplus	461,514	254,831	(131,219)	585,126	988,882
Balance, end of year	\$ 1,104,536	\$ 2,165,806	\$ 43,562,632	\$ 46,832,974	\$ 46,247,848

TOWN OF CARDSTON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2014	2013
Cost:									
Balance, beginning of year	\$ 2,015,646	\$ 2,529,284	\$ 7,119,525	\$ 63,658,188	\$ 2,556,263	\$ 966,072	\$ 1,646,466	\$ 80,491,444	\$ 78,068,585
Acquisitions	-	-	524,539	706,928	108,113	183,011	99,194	1,621,785	2,770,444
Construction-in-progress	-	-	969,055	670,319	-	-	(1,639,374)	-	-
Disposals	-	-	(278,705)	(78,684)	(40,000)	-	-	(397,389)	(347,585)
Write downs	-	-	-	(2,366)	-	-	-	(2,366)	-
Balance, end of year	2,015,646	2,529,284	8,334,414	64,954,385	2,624,376	1,149,083	106,286	81,713,474	80,491,444
Accumulated amortization:									
Balance, beginning of year	-	817,432	3,197,854	29,664,339	1,306,489	535,790	-	35,521,904	33,879,104
Annual amortization	-	115,639	146,801	1,403,503	156,446	65,049	-	1,887,438	1,907,678
Disposals	-	-	(278,705)	(71,419)	(34,839)	-	-	(384,963)	(264,878)
Balance, end of year	-	933,071	3,065,950	30,996,423	1,428,096	600,839	-	37,024,379	35,521,904
Net book value	\$ 2,015,646	\$ 1,596,213	\$ 5,268,464	\$ 33,957,962	\$ 1,196,280	\$ 548,244	\$ 106,286	\$ 44,689,095	\$ 44,969,540
2013 net book value	\$ 2,015,646	\$ 1,711,851	\$ 3,921,671	\$ 33,993,849	\$ 1,249,775	\$ 430,282	\$ 1,646,466	\$ 44,969,540	

TOWN OF CARDSTON
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of segmented disclosure									Schedule 3
	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Electrical	Total
Revenue									
Net municipal taxes	\$ 2,494,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,494,666
User fees and sales of goods	304,890	25,282	8,074	2,031,189	49,185	111,725	240,582	2,108,376	4,879,303
Government transfers for operating	63,805	1,300	-	298,789	200,996	34,805	96,854	-	696,549
Investment income	84,052	-	-	3,400	-	-	-	-	87,452
Penalties and costs of taxes	25,111	-	-	-	-	-	-	-	25,111
Licenses and permits	38,575	-	-	-	-	-	-	-	38,575
Gain on disposal of capital assets	-	-	-	-	-	-	-	780	780
Franchise and concession contracts	112,758	-	-	-	-	-	-	-	112,758
Donations	-	1,750	-	-	-	-	-	-	1,750
	3,123,857	28,332	8,074	2,333,378	250,181	146,530	337,436	2,109,156	8,336,944
Expenses									
Salaries, wages and benefits	908,260	75,402	249,399	348,457	66,118	208,491	392,686	287,191	2,536,004
Contracted and general services	173,368	-	84,801	436,844	47,927	120,096	80,024	1,039,754	1,982,814
Materials, goods, supplies and utilities	131,750	148,884	331,194	580,345	8,365	99,567	589,607	1,640	1,891,352
Bank charges and short term interest	9,166	-	-	-	-	-	-	-	9,166
Interest on long term debt	1,416	-	-	28,167	-	-	-	-	29,583
Other expenditures	168	-	-	-	500	-	42,016	-	42,684
Transfers to organizations and others	-	-	-	-	177,579	-	-	-	177,579
Amortization of tangible capital assets	25,933	16,079	597,578	847,274	-	-	273,176	127,397	1,887,437
	1,250,061	240,365	1,262,972	2,241,087	300,489	428,154	1,377,509	1,455,982	8,556,619
Deficiency of revenue over expenses before other	1,873,796	(212,033)	(1,254,898)	92,291	(50,308)	(281,624)	(1,040,073)	653,174	(219,675)
Other									
Government transfers for capital	-	-	230,056	182,938	-	-	391,807	-	804,801
Excess of revenue over expenses	\$ 1,873,796	\$ (212,033)	\$ (1,024,842)	\$ 275,229	\$ (50,308)	\$ (281,624)	\$ (648,266)	\$ 653,174	\$ 585,126