



**GREGORY,
HARRIMAN
& ASSOCIATES LLP**

**TOWN OF IRRICANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

TOWN OF IRRICANA

DECEMBER 31, 2013

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Assets (Debt)	5
Consolidated Statement of Cash Flows	6
Schedule 1 - Schedule of Changes in Accumulated Surplus	7
Schedule 2 - Schedule of Tangible Capital Assets	8
Schedule 3 - Schedule of Property and Other Taxes	9
Schedule 4 - Schedule of Government Transfers	10
Schedule 5 - Schedule of Consolidated Expenses by Object	11
Notes to Financial Statements	12 - 19



**GREGORY,
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INDEPENDENT AUDITORS' REPORT

To the Members of Council for the
Town of Irricana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Irricana, which comprise the statement of financial position as at December 31, 2013 and the statements of operations, change in net financial assets (debt) 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian 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 of 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 auditors' 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 controls. 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 consolidated financial statement presentation.

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 Irricana as at December 31, 2013 and the results of its operations, change in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Strathmore, Alberta
April 7, 2014

Gregory, Harriman & Assoc. LLP
Gregory, Harriman & Associates LLP

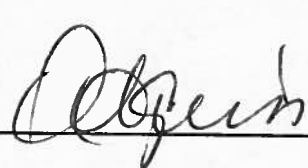
**TOWN OF IRRICANA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013**

	2013	2012
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,190,122	\$ 1,414,092
Taxes and grants in place of taxes receivables (Note 3)	205,194	324,736
Trade and other receivables (Note 4)	180,847	257,876
Tax sale trust asset (Note 5)	-	793
	1,576,163	1,997,497
 LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	139,127	142,531
Tax sale trust liability (Note 5)	-	793
Deposit liabilities (Note 7)	9,400	9,900
Other liabilities (Note 8)	51,957	55,842
Deferred revenue (Note 9)	784,985	1,433,696
Long term debt and debentures (Note 10, 11)	359,943	404,039
	1,345,412	2,046,801
 NET FINANCIAL ASSETS (DEBT)	230,751	(49,304)
 NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2) (Note 12, 13)	10,393,705	9,322,845
Inventory for consumption	15,513	16,457
Prepaid expenses (Note 14)	2,890	4,773
	10,412,108	9,344,075
 ACCUMULATED SURPLUS (Schedule 1) (Note 15)	\$ 10,642,859	\$ 9,294,771


COMMITMENTS (Note 17)

CONTINGENCIES (Note 18)

Approved by: _____



Mayor



Chief Administrative Officer

**TOWN OF IRRICANA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<i>Budget (Unaudited)</i>	2013	2012
REVENUE			
Net municipal taxes (Schedule 3)	\$ 1,007,638	\$ 1,034,927	\$ 913,145
User fees and sales of goods	526,943	488,946	523,459
Government transfers for operating (Schedule 4)	121,271	111,513	183,763
Penalties and costs of taxes	91,242	94,223	117,712
Licenses and permits	14,355	16,191	15,147
Fines	-	200	-
Franchise	18,000	24,082	19,875
Interest and investment income	1,006	1,882	680
Rentals	52,639	70,579	50,950
Other revenues	14,000	14,460	39,702
TOTAL REVENUE	<u>1,847,094</u>	<u>1,857,003</u>	<u>1,864,433</u>
EXPENSES (Schedule 5)			
Legislative	54,200	38,595	40,127
Administration	482,212	450,683	434,559
Protective services	125,311	101,787	99,864
Roads, streets, walks and lighting	227,902	367,554	353,685
Water and wastewater	497,506	535,145	583,030
Waste management	72,139	78,002	71,628
Public health and welfare	69,415	37,160	72,281
Subdivision land development	59,668	35,517	58,312
Recreation, parks and culture	182,324	279,766	322,740
(Gain) loss on disposal of tangible capital assets	-	-	(938)
TOTAL EXPENSES	<u>1,770,677</u>	<u>1,924,209</u>	<u>2,035,288</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	76,417	(67,206)	(170,855)
OTHER			
Contributed assets	-	-	7,200
Government transfers for capital (Schedule 4)	430,326	1,415,294	264,660
	<u>430,326</u>	<u>1,415,294</u>	<u>271,860</u>
EXCESS OF REVENUE OVER EXPENSES	<u>506,743</u>	<u>1,348,088</u>	<u>101,005</u>
ACCUMULATED SURPLUS, beginning of the year	9,294,771	9,294,771	9,193,766
ACCUMULATED SURPLUS, end of year	<u>\$ 9,801,514</u>	<u>\$ 10,642,859</u>	<u>\$ 9,294,771</u>

The accompanying notes form an integral part of these financial statements.
Gregory, Harriman & Associates LLP

TOWN OF IRRICANA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2013

	<i>Budget (Unaudited)</i>	2013	2012
EXCESS OF REVENUE OVER EXPENSES	\$ 506,743	\$ 1,348,088	\$ 101,005
Acquisition of tangible capital assets (Schedule 2)	(465,326)	(1,452,832)	(345,339)
Proceeds on disposal of tangible capital assets	-	-	4,957
Amortization of tangible capital assets (Schedule 2)	-	381,972	365,669
(Gain) loss on disposal of tangible capital assets	-	-	(938)
	<u>(465,326)</u>	<u>(1,070,860)</u>	<u>24,349</u>
(Increase) decrease in inventory for consumption	-	944	(3,635)
(Increase) decrease in prepaid expenses	-	1,883	79,012
	-	<u>2,827</u>	<u>75,377</u>
INCREASE (DECREASE) IN NET ASSETS (DEBT)	41,417	280,055	200,731
NET FINANCIAL ASSETS (DEBT), beginning of year	-	(49,304)	(250,035)
NET FINANCIAL ASSETS (DEBT), end of year	\$ 41,417	\$ 230,751	\$ (49,304)

The accompanying notes form an integral part of these financial statements.
 Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 1,348,088	\$ 101,005
Non-cash items included in shortfall of revenue over expenses:		
Amortization of tangible capital assets	381,972	365,669
Gain on disposal of tangible capital assets	-	(938)
Non-cash charges to operations (net change)		
(Increase) decrease in taxes and grants in place receivables	120,335	49,603
(Increase) decrease in trade and other receivables	77,029	(56,232)
Decrease (increase) in prepaid expenses and deposits	1,883	79,012
Decrease (increase) in inventory for consumption	944	(3,635)
Increase (decrease) in accounts payable and accrued liabilities	(4,699)	(115,694)
Increase (decrease) in other liabilities	(3,885)	(14,266)
Increase (decrease) in deferred revenue	(648,711)	(18,522)
Cash provided by operating transactions	<u>1,272,956</u>	<u>386,002</u>
CAPITAL		
Acquisition of tangible capital assets	(1,452,832)	(345,339)
Disposal of tangible capital assets	-	4,957
Cash applied to capital transactions	<u>(1,452,832)</u>	<u>(340,382)</u>
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	648,713	18,522
Cash provided by (applied to) investing transactions	<u>648,713</u>	<u>18,522</u>
FINANCING		
Debentures repaid	(44,096)	(56,129)
Cash provided by (applied to) financing transactions	<u>(44,096)</u>	<u>(56,129)</u>
NET CASH INCREASE (DECREASE), during the year	424,741	8,013
CASH, beginning of year	(19,604)	(27,617)
CASH, end of year (Note 2)	<u>\$ 405,137</u>	<u>\$ (19,604)</u>
Cash and cash equivalents is made up of:		
Cash (Note 2)	1,190,122	1,414,092
Less: restricted portion of cash and temporary investments (Note 2)	(784,985)	(1,433,696)
	<u>\$ 405,137</u>	<u>\$ (19,604)</u>

The accompanying notes form an integral part of these financial statements.
Gregory, Harriman & Associates LLP

TOWN OF IRRICANA
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
BALANCE, BEGINNING OF YEAR	\$ 72,995	\$ 302,970	\$ 8,918,806	\$ 9,294,771	\$ 9,193,766
Excess of revenue over expenses	1,348,088	-	-	1,348,088	101,005
Unrestricted funds designated for future use	(47,291)	47,291	-	-	-
Restricted funds used for operations	-	-	-	-	-
Restricted funds used for tangible capital assets	-	(20,542)	20,542	-	-
Current year funds used for tangible capital assets	(1,432,290)	-	1,432,290	-	-
Disposal of tangible capital assets	-	-	-	-	-
Annual amortization expense	381,972	-	(381,972)	-	-
Long term debt repaid	(44,096)	-	44,096	-	-
Change in accumulated surplus	206,383	26,749	1,114,956	1,348,088	101,005
BALANCE, END OF YEAR	\$ 279,378	\$ 329,719	\$ 10,033,762	\$ 10,642,859	\$ 9,294,771

The accompanying notes form an integral part of these financial statements.
 Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
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
COST:								
BALANCE, BEGINNING OF YEAR	\$ 618,395	\$ 311,323	\$ 3,422,980	\$ 10,548,487	\$ 449,023	\$ 111,620	\$ 15,461,828	\$ 15,128,746
Acquisition of tangible capital assets	-	-	501,055	841,223	81,320	-	1,423,598	298,270
Construction-in-progress	-	-	-	29,234	-	-	29,234	47,069
Disposal of tangible capital assets	-	-	-	-	-	-	-	(12,257)
BALANCE, END OF YEAR	618,395	311,323	3,924,035	11,418,944	530,343	111,620	16,914,660	15,461,828
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	124,112	1,582,012	4,214,984	177,771	40,104	6,138,983	5,781,552
Annual amortization	-	17,539	84,578	208,974	63,353	7,528	381,972	365,669
Accumulated amortization on disposals	-	-	-	-	-	-	-	(8,238)
BALANCE, END OF YEAR	-	141,651	1,666,590	4,423,958	241,124	47,632	6,520,955	6,138,983
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 618,395	\$ 169,672	\$ 2,257,445	\$ 6,994,986	\$ 289,219	\$ 63,988	\$ 10,393,705	\$ 9,322,845
2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 618,395	\$ 187,211	\$ 1,840,968	\$ 6,333,503	\$ 271,252	\$ 71,516	\$ 9,322,845	

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Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2013
SCHEDULE 3**

	<i>Budget (Unaudited)</i>	2013	2012
TAXATION			
Residential property taxes	\$ 1,245,224	\$ 1,277,179	\$ 1,130,468
Non-residential property taxes	54,507	56,189	74,741
Linear property taxes	15,457	9,092	9,899
Special assessments	-	-	34,238
	<u>1,315,188</u>	<u>1,342,460</u>	<u>1,249,346</u>
REQUISITIONS			
Alberta School Foundation Fund	276,492	275,128	302,731
Calgary Separate School District #1	27,011	28,358	28,942
Rocky View Seniors Foundation Fund	4,047	4,047	4,528
	<u>307,550</u>	<u>307,533</u>	<u>336,201</u>
NET MUNICIPAL TAXES	<u>\$ 1,007,638</u>	<u>\$ 1,034,927</u>	<u>\$ 913,145</u>

**TOWN OF IRRICANA
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2013
SCHEDULE 4**

	<i>Budget (Unaudited)</i>	2013	2012
TRANSFERS FOR OPERATING			
Provincial Government	\$ 116,113	\$ 110,113	\$ 157,517
Federal Government	4,158	-	2,820
Other Local Governments	1,000	1,400	23,426
	<u>121,271</u>	<u>111,513</u>	<u>183,763</u>
TRANSFERS FOR CAPITAL			
Provincial Government	430,326	1,415,294	264,660
Federal Government	-	-	-
	<u>430,326</u>	<u>1,415,294</u>	<u>264,660</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 551,597</u>	<u>\$ 1,526,807</u>	<u>\$ 448,423</u>

**TOWN OF IRRICANA
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2013
SCHEDULE 5**

CONSOLIDATED EXPENSES BY OBJECT	<i>Budget (Unaudited)</i>	2013	2012
Salaries, wages and benefits <i>(Note 16)</i>	\$ 573,762	\$ 481,268	\$ 592,463
Contracted and general services	495,499	434,644	400,148
Materials, goods, supplies and utilities	553,313	478,601	535,918
Provision for allowances	1,044	4,368	(2)
Transfers to local boards and agencies	115,290	110,903	109,683
Bank charges and short term interest	997	3,316	3,141
Interest on long term debt	23,534	22,925	25,436
Other expenditures	7,238	6,212	3,770
Amortization of tangible capital assets	-	381,972	365,669
(Gain) loss on disposal of tangible capital assets	-	-	(938)
	<u>\$ 1,770,677</u>	<u>\$ 1,924,209</u>	<u>\$ 2,035,288</u>

The accompanying notes form an integral part of these financial statements.
Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

1. SIGNIFICANT ACCOUNTING POLICIES

The Town of Irricana ("The Town") is a Municipality in the Province of Alberta. These consolidated financial statements are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Town of Irricana are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, change in fund balances and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the municipality and 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.

b) Basis of Accounting

The accrual basis of accounting is followed for financial statement presentation. This basis includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenses recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due.

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 amount of revenues and expenditures 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.

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) 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 that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

g) 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 (Debt) 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	15-20
Buildings	25-50
Engineered structures	
Roads and sidewalks	20-30
Storm sewers	75
Water distribution system	45-75
Wastewater treatment system	45-75
Machinery and equipment	5-20
Vehicles	10

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) Inventory for Consumption

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.

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

2. CASH

	2013	2012
Petty cash	300	300
Chequing accounts	(1,686)	58,369
T-Bill savings accounts	1,191,508	1,355,423
	\$ 1,190,122	\$ 1,414,092

The T-Bill savings accounts are earning interest at 0.6 to 1.05% per annum.

Included in savings and provincial grants receivable is a restricted amount of \$784,985 (2012 - \$1,433,696) received from certain Alberta Government grants that are held exclusively for approved projects (Note 9).

The Town has an authorized overdraft limit of \$490,000 to finance day to day operating requirements and is payable on demand with an interest rate of 3%. \$490,000 is unused at year end.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2013	2012
Current taxes and grants in place of taxes	138,804	211,077
Arrears taxes	66,390	113,659
	\$ 205,194	\$ 324,736

4. TRADE AND OTHER RECEIVABLES

	2013	2012
Water and sewer receivables	86,428	81,791
Goods and Services Tax receivable	85,363	4,234
Other	9,056	21,485
Provincial grants receivable	-	150,366
	\$ 180,847	\$ 257,876

5. TAX SALE TRUST ASSET

	2013	2012
Tax sale trust	-	793
Balance of tax sale trust, end of year	-	793
	\$ -	\$ 793

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
Trade accounts payable	106,121	94,907
Accrued liabilities	20,000	26,564
Accrued vacation/time-in-lieu	10,457	17,902
Accrued interest payable	2,549	3,158
	\$ 139,127	\$ 142,531

7. DEPOSIT LIABILITIES

	2013	2012
Development bonds payable	8,000	8,500
Builders' water and sewer bonds	1,500	1,500
Utility deposits payable	(100)	(100)
	\$ 9,400	\$ 9,900

8. OTHER LIABILITIES

	2013	2012
Prepaid property taxes and utilities	51,927	55,466
Prepaid fees and licenses	30	376
	\$ 51,957	\$ 55,842

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

9. DEFERRED REVENUE

	2013	2012
Municipal Sustainability Initiative - Capital	260,578	381,206
Alberta Municipal Infrastructure Program	341,605	929,116
Streets Improvement Funding/Basic Municipal Transportation	182,802	108,349
New Deal for Cities and Communities/Federal Gas Tax Fund	-	15,025
	\$ 784,985	\$ 1,433,696

Municipal Sustainability Initiative - Capital

This grant represents funds received through the Alberta Municipal Sponsorship Program. The use of these funds is restricted to eligible projects, as approved under the funding agreement. The balance represents the unexpended portion of a capital grant received in 2013. The projects are to be completed in 2014.

Alberta Municipal Infrastructure Program

This is a five year funding program from the Province of Alberta to assist municipalities in developing their infrastructure. The use of these funds is restricted to eligible projects, as approved under the funding agreement. The balance represents the unexpended portion of capital grants received in 2005 and 2012. The projects are to be completed by the end of 2015.

Streets Improvement Funding/Basic Municipal Transportation

This grant provides financial assistance to support municipalities in developing and maintaining their capital transportation infrastructure requirements. The balance represents funds received in 2012 and 2013 which have been approved for capital projects that will be completed in 2014.

New Deal for Cities and Communities

This is a federally-funded program that provides support for capital municipal projects designed to maintain or enhance core municipal infrastructure. The funds were used for work done on the Centennial Centre.

All of the unexpended funds held in deferred revenue are supported by T-bill savings (Note 2).

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

10. LONG TERM DEBT AND DEBENTURES

	<u>2013</u>	<u>2012</u>
Tax supported debentures	359,943	393,118
Long term debt	-	10,921
	<u>\$ 359,943</u>	<u>\$ 404,039</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	15,612	21,147	36,759
2015	16,529	20,229	36,758
2016	17,500	19,258	36,758
2017	18,528	18,230	36,758
2018	19,617	17,142	36,759
Thereafter	272,157	95,430	367,587
	<u>\$ 359,943</u>	<u>\$ 191,436</u>	<u>\$ 551,379</u>

Debenture debt is repayable to Alberta Capital Finance Authority, and bears interest at 5.875% per annum before Provincial subsidy, and matures in 2028. Debenture debt is issued on the credit and security of the Town of Irricana at large.

The Town's total cash payments for interest on long term debt and debentures in 2013 was \$26,736 (2012 - \$29,724).

11. DEBT LIMITS

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

	<u>2013</u>	<u>2012</u>
Total debt limit	2,785,505	2,798,057
Total debt (Note 10)	359,943	404,039
Amount of unused debt limit	<u>\$ 2,425,562</u>	<u>\$ 2,394,018</u>
Debt servicing limit	464,251	466,343
Debt servicing	38,445	67,630
Amount of unused debt servicing limit	<u>\$ 425,806</u>	<u>\$ 398,713</u>

The debt limit is calculated at 1.5 times revenue of the municipality, as defined in Alberta Regulation 255/00, and the debt servicing 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 alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

12. TANGIBLE CAPITAL ASSETS

	<u>2013</u>	<u>2012</u>
Land	618,395	618,395
Land improvements	169,872	187,210
Buildings	2,257,445	1,840,968
Engineered structures		
Roads and sidewalks	1,496,952	1,384,246
Storm sewers	120,036	121,624
Water distribution system	3,395,716	2,805,861
Wastewater treatment system	1,982,281	2,021,772
Machinery, equipment and furnishings	289,219	271,252
Vehicles	63,989	71,517
	<u>\$ 10,393,705</u>	<u>\$ 9,322,845</u>

The Town of Irricana owns 13 original murals painted on the side of various buildings in the town. The artworks were donated to the town and have significant cultural and historical value in perpetuity. The artworks, valued at \$3,600, are not recorded as tangible capital assets in the financial statements and are not amortized.

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2013</u>	<u>2012</u>
Tangible capital assets (Schedule 2)	16,914,660	15,461,828
Accumulated amortization (Schedule 2)	(6,520,955)	(6,138,983)
Long term debt (Note 10)	(359,943)	(404,039)
	<u>\$ 10,033,762</u>	<u>\$ 8,918,806</u>

14. PREPAID EXPENSES

	<u>2013</u>	<u>2012</u>
Other	2,890	4,773
	<u>\$ 2,890</u>	<u>\$ 4,773</u>

15. ACCUMULATED SURPLUS

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

	<u>2013</u>	<u>2012</u>
Unrestricted surplus (deficit)	279,378	72,996
Restricted surplus		
Operating	13,477	13,477
General equipment replacement	2,051	2,451
Street operating	3,000	-
Water	162,006	162,006
Sewer system	60,978	61,120
Transfer site	960	960
Cemetery	200	200
Subdivision	13,963	13,963
Economic development	22,223	10,223
Recreation	21,516	16,516
Campground	21,292	14,000
Community Hall	8,053	8,053
Equity in tangible capital assets (Note 13)	10,033,762	8,918,806
	<u>\$ 10,642,859</u>	<u>\$ 9,294,771</u>

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

16. SALARY AND BENEFITS DISCLOSURE

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

	Salary ¹	Benefits and Allowances ²	Total 2013	Total 2012
Mayor				
Lisa Constantini	7,084	206	7,290	9,716
Valerie Squires	1,428	-	1,428	-
Councillors				
Dennis Tracz	816	-	816	-
Kim Schmaltz	816	-	816	-
Lora Peterson	766	-	766	-
Laura Thiessen	816	-	816	-
Wayne Niblow	2,008	27	2,035	-
Peter Dunn	3,898	49	3,947	405
Larry Martin	3,598	39	3,637	5,710
Joshua Taylor	3,598	39	3,637	3,648
Andrew Carr	-	-	-	3,160
Frank Dusome	-	-	-	3,325
Chief Administrative Officer	98,107	5,909	104,016	86,779
	<u>\$ 122,935</u>	<u>\$ 6,269</u>	<u>\$ 129,204</u>	<u>\$ 112,743</u>

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 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.

17. COMMITMENTS

The Town has numerous agreements and commitments in place which are in the normal course of operations. They would include contracts for bylaw enforcement, collection and disposition of solid waste, account software maintenance, utility contracts, and property tax assessments. These agreements are reviewed regularly and renewed as necessary.

The Town is committed to adhering to the Collective Agreement of CUPE Local Sub37 dated October 1, 2012, and agreed to by the Union and the employee members. The Collective Agreement is in effect up to and including December 31, 2013.

The Town is committed to paying the County of Rocky View \$10,000 per annum for operating the Waste Transfer Site.

18. CONTINGENCIES

The Town of Irricana is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). 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.

19. RELATED PARTY TRANSACTIONS

The Aqua 7 Regional Water Commission has been identified as a related party. The Town of Irricana has entered into an agreement with the Commission for a supply of water service.

Service fees are based on budgeted operating costs of the Commission. Water purchases are based on actual water consumption during the year. Fees and rates are reviewed by the Commission on an annual basis.

Service fees and water purchases paid to the Commission for 2013 were \$257,326 (2012 - \$311,385).

Amount payable to the Commission at December 31, 2013 is \$22,168 (2012 - \$26,680).

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

20. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, taxes and grants in place of taxes receivables, trade and other receivables, tax sale trust asset, accounts payable and accrued liabilities, tax sale trust liability, deposit liabilities, other liabilities, and long term debt and debentures. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

Interest Rate Risk

The Town has fixed interest rates through the debenture financing with Alberta Municipal Affairs. The Town's exposure to interest rate risk is negligible, related only to the market value of these debentures, which are not traded.

Credit Risk

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

21. COMPARATIVE FIGURES

The prior year comparative figures have been reclassified where necessary to conform to the current year presentation.

22. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.