

VILLAGE OF EMPRESS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

EBT



**ENSMINGER · BECK
& THOMPSON ●●●**
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VILLAGE OF EMPRESS

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MANAGEMENT RESPONSIBILITY STATEMENT

The management of Village of Empress is responsible for preparing the consolidated financial statements, the notes to the consolidated financial statements and other financial information contained in this annual report.

Management prepares the consolidated financial statements in accordance with Canadian public sector accounting standards. The consolidated financial statements are considered by management to present fairly the management's financial position and results of operations.

The organization, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the consolidated financial statements.

The consolidated financial statements have been reported on by Ensminger, Beck & Thompson, Chartered Accountants, the councilors' auditors. Their report outlines the scope of their examination and their opinion on the consolidated financial statements.

A handwritten signature in black ink, appearing to read "ROSS", is positioned above the printed name of the Municipal Manager.

Municipal Manager
April 29, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of
Village of Empress

We have audited the accompanying consolidated financial statements of Village of Empress, which comprise the consolidated Statement of Financial Position as at December 31, 2013, and the consolidated Statements of Operations, Changes in Accumulated Surplus and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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.

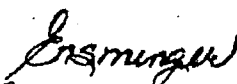
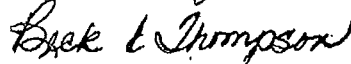
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 Village of Empress as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Medicine Hat, Alberta
April 29, 2014



CHARTERED ACCOUNTANTS

VILLAGE OF EMPRESS


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash and short-term investments (Note 2)	\$ 497,102	\$ 912,110
Receivables		
Taxes and grants in place of taxes (Note 3)	51,821	14,819
Trade and other receivables	10,773	11,921
Receivables from other governments	29,062	22,718
GST receivable	44,499	26,985
Land inventory held for resale	25,407	25,407
Investments (Note 4)	2,036	1,978
	660,700	1,015,938
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	19,893	23,393
Deferred revenue (Note 6)	276,659	618,042
Deposit liabilities (Note 7)	1,400	1,400
Other current liabilities (Note 8)	49,380	49,380
	347,332	692,215
NET FINANCIAL ASSETS	313,368	323,723
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 3)	2,239,523	1,604,299
Prepaid expenses	3,887	3,290
	2,243,410	1,607,589
ACCUMULATED SURPLUS	\$ 2,556,778	\$ 1,931,312

CONTINGENCIES (Note 9)

COMMITMENTS (Note 10)


Mayor

The accompanying notes are an integral part of the financial statements.

VILLAGE OF EMPRESS

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Budget (Unaudited)	2013 Actual	2012 Actual
REVENUES			
Net municipal taxes (Schedule 2)	\$ 124,855	\$ 124,077	\$ 127,466
User fees and sale of goods	86,150	76,047	108,515
Government transfers for operating (Schedule 2)	167,690	148,722	120,409
Investment income	1,500	928	438
Penalties and costs on taxes	8,000	6,915	8,423
Licenses and permits	-	20	-
Franchise and concession contracts	3,000	2,777	2,714
Loss on disposal of tangible capital assets	-	-	(151)
Other	20,165	14,488	29,290
	411,360	373,974	397,104
EXPENDITURES			
Administration	174,358	137,694	184,676
Common	-	1,182	-
Cultural	2,326	8,026	2,265
Land use planning, zoning, and development	7,084	6,867	4,959
Legislative	11,800	12,904	10,565
Parks and recreation	34,800	49,021	29,014
Protective services	13,610	20,292	12,904
Public health and welfare	1,200	618	750
Transportation	98,445	110,368	128,683
Waste management	9,685	14,640	9,535
Wastewater treatment and disposal	4,000	4,524	4,836
Water supply and distribution	25,852	104,828	40,830
	383,160	470,964	429,017
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	28,200	(96,990)	(31,913)
GOVERNMENT TRANSFERS FOR CAPITAL (Schedule 2)	792,154	722,456	423,387
EXCESS OF REVENUES OVER EXPENDITURES	\$ 820,354	\$ 625,466	\$ 391,474

The accompanying notes are an integral part of the consolidated financial statements.

VILLAGE OF EMPRESS

CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	Total 2013	Total 2012
BALANCE, beginning of year	\$ 327,014	\$ -	\$ 1,604,298	\$ 1,931,312	\$ 1,539,838
Excess of revenues over expenditures	625,466	-	-	625,466	391,474
Current year government transfers used for tangible capital assets	(720,091)	-	720,091	-	-
Current year operational revenue used for tangible capital assets	(17,572)	-	17,572	-	-
Annual amortization expense	102,438	-	(102,438)	-	-
BALANCE, end of year	\$ 317,255	\$ -	\$ 2,239,523	\$ 2,556,778	\$ 1,931,312

The accompanying notes are an integral part of the consolidated financial statements.

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

	2013	2012
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 625,466	\$ 391,474
Adjustments for		
Amortization on tangible capital assets	102,438	65,496
Loss on disposal of tangible capital assets	-	151
	727,904	457,121
Changes in non-cash working capital		
Taxes and grants in place of taxes receivable	(37,003)	10,210
Trade and other receivables	1,147	(742)
Receivables from other governments	(6,344)	52,382
GST receivable	(17,513)	(4,055)
Land inventory for resale	-	(9,220)
Investments	(58)	(64)
Accounts payable and accrued liabilities	(3,500)	(39,971)
Deferred revenue	(341,383)	378,662
Deposit liabilities	-	(240)
Prepaid expenses	(596)	1,346
	322,654	845,429
CAPITAL		
Purchase of tangible capital assets	(737,662)	(371,638)
Proceeds on disposal of tangible capital assets	-	1,377
	(737,662)	(370,261)
INCREASE (DECREASE) IN CASH	(415,008)	475,168
CASH, beginning of year	912,110	436,942
CASH, end of year	\$ 497,102	\$ 912,110

The accompanying notes are an integral part of the consolidated financial statements.

VILLAGE OF EMPRESS

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

	Budget (Unaudited)	2013	2012
EXCESS OF REVENUE OVER EXPENSES	\$ 820,354	\$ 625,466	\$ 391,474
Acquisition of tangible capital assets	(823,954)	(737,663)	(371,638)
Proceeds on disposal of tangible capital assets	-	-	1,377
Amortization of tangible capital assets	-	102,438	65,496
Gain (loss) on disposal of tangible capital assets	-	-	151
	(3,600)	(9,759)	86,860
Change in prepaid expenses	-	(596)	1,346
	(3,600)	(10,355)	88,206
NET FINANCIAL ASSETS, beginning of year	323,723	323,723	235,517
NET FINANCIAL ASSETS, end of year	\$ 320,123	\$ 313,368	\$ 323,723

VILLAGE OF EMPRESS

SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget (Unaudited)	2013	2012
TAXATION			
Real property taxes	\$ 149,781	\$ 149,003	\$ 147,073
Linear property taxes	4,427	4,427	4,516
	154,208	153,430	151,589
REQUISITIONS			
Alberta School Foundation Fund	23,430	23,430	18,104
Acadia Foundation	5,923	5,923	6,019
	29,353	29,353	24,123
NET MUNICIPAL TAXES	\$ 124,855	\$ 124,077	\$ 127,466

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget (Unaudited)	2013	2012
TRANSFERS FOR OPERATING			
Federal government	\$ 2,800	\$ 1,562	\$ -
Provincial government	46,994	60,031	60,782
Local governments	117,896	87,129	59,627
	167,690	148,722	120,409
TRANSFERS FOR CAPITAL			
Federal government	137,500	114,470	104,488
Provincial government	654,654	607,986	318,899
	792,154	722,456	423,387
TOTAL GOVERNMENT TRANSFERS	\$ 959,844	\$ 871,178	\$ 543,796

VILLAGE OF EMPRESS

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2013	2012
COST:								
BALANCE, beginning of year	\$ 38,407	\$ 133,003	\$ 233,519	\$ 2,222,448	\$ 297,334	\$ 20,001	\$ 2,944,713	\$ 2,588,357
Acquisition of tangible capital assets	-	-	-	537,819	40,121	159,723	737,662	5,343
Construction in progress	-	-	-	-	-	-	-	366,295
Disposal of tangible capital assets	-	-	-	-	-	-	-	(15,282)
BALANCE, end of year	38,407	133,003	233,519	2,760,267	337,455	179,724	3,682,375	2,944,713
ACCUMULATED AMORTIZATION:								
BALANCE, beginning of year	-	12,766	137,513	1,032,740	139,645	17,750	1,340,414	1,288,672
Annual amortization	-	3,505	5,675	56,266	17,369	19,623	102,438	65,496
Accumulated amortization on disposals	-	-	-	-	-	-	-	(13,754)
BALANCE, end of year	-	16,271	143,188	1,089,006	157,014	37,373	1,442,852	1,340,414
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 38,407	\$ 116,732	\$ 90,331	\$ 1,671,261	\$ 180,441	\$ 142,351	\$ 2,239,523	\$ 1,604,299

VILLAGE OF EMPRESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The significant policies are detailed as follows:

REPORTING ENTITY

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

The Schedule of Property and Other Taxes (Schedule 2) also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

BASIS OF ACCOUNTING

The consolidated 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 receipts 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.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial position date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

VILLAGE OF EMPRESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES, continued

INVESTMENTS

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term or 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.

DEBT CHARGES RECOVERABLE

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

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 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.

LAND INVENTORY HELD FOR RESALE

Land inventory held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

VILLAGE OF EMPRESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES, continued

NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

i. Tangible Capital Assets

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

Land improvements	40 years
Buildings	40 years
Engineered structures	
Water system	40 years
Wastewater system	40 years
Other engineered structures	25-40 years
Machinery and equipment	4-15 years
Vehicles	*

* Vehicles are amortized at 20% in year 1, 15% in year 2 and 10% in year 3 and thereafter.

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned and in the year of disposal no amortization is charged. 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 are also 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 the 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 (specific item basis) and replacement cost.

VILLAGE OF EMPRESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES, continued

GOVERNMENT TRANSFERS

Government transfers are the transfers 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 are the result of a direct financial return.

Government transfers are recognized in the consolidated 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, any stipulations have been met, and reasonable estimates of the amounts can be determined.

CONTRIBUTED SERVICES

Special Areas Board contributes time in the operations of the facility throughout the operating cycle. Because of the difficulty of determining their fair value, contributed services are not recognized in the consolidated financial statements.

2. CASH AND SHORT-TERM INVESTMENTS

	2013	2012
Cash	\$ 284,805	\$ 642,707
Temporary investments	212,297	269,403
	<u>\$ 497,102</u>	<u>\$ 912,110</u>

Temporary investments are comprised of term deposits bearing interest at 1.50% (2012 - 1.50%), maturing March 2014.

Of the cash and temporary investments, \$276,659 (2012 - \$618,042) is considered restricted cash and not available for general use as it relates to conditional government grant revenues that have not yet been expended for the purposes intended.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2013	2012
Current taxes and grants in place receivables	\$ 24,369	\$ 12,142
Arrears taxes	27,452	36,507
Less: allowance for doubtful accounts	-	(33,830)
	<u>\$ 51,821</u>	<u>\$ 14,819</u>

VILLAGE OF EMPRESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

4. INVESTMENTS

	2013 Cost	2013 Market Value	2012 Cost	2012 Market Value
Equity investments in UFA and Medicine Hat Co-op	\$ 2,036	\$ 2,036	\$ 1,978	\$ 1,978

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
Trade payables and accrued liabilities	\$ 14,516	\$ 23,393
Vacation payable	5,377	-
	\$ 19,893	\$ 23,393

6. DEFERRED REVENUE

	2013	2012
Municipal Sustainability Initiative - Capital	\$ 87,061	\$ 145,849
Basic Municipal Transportation Grant	159,684	55,355
Municipal Water Wastewater Partnership	-	302,369
Federal Gas Tax Fund	29,914	114,469
	\$ 276,659	\$ 618,042

Alberta Municipal Sustainability Initiative

Funding is received annually from the Municipal Sustainability Initiative Program. The use of these funds is restricted to eligible operating costs and eligible capital projects, as approved under the funding agreement.

Basic Municipal Transportation Grant

Provincial government funding was received to undertake certain eligible street improvement infrastructure expenditures within the Village that have not yet been expended.

Alberta Municipal Water Wastewater Partnership

Provincial government funding was received in 2011, 2012 and 2013 to assist in the construction of certain water supply upgrade expenditures which were expended during the year.

Federal Gas Tax Fund

Funding was received from 2005 to 2013 from the Federal Gas Tax Fund. The use of these funds is restricted to eligible capital projects as approved under the funding agreement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

7. DEPOSIT LIABILITIES

In addition to utilities deposits totaling \$300 (2012 - \$300), the Village holds deposits related to park improvements of \$1,100 (2012 - \$1,100).

8. OTHER CURRENT LIABILITIES

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the Environmental Protection Act. There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the consolidated financial statements and another reasonably possible amount. A third party commitment exists for those who hold claims on stockpiles in the gravel pits owned by the Village to assist in future reclamation however, the amount of assistance is undeterminable at this time.

9. CONTINGENCIES

The Village is a member of the Alberta Local Authorities Reciprocal Insurance Exchange (MUNIX). Under the terms of the membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Village is entitled to certain grant allocations of which have not been recognized in the consolidated financial statements as the funds have not been received prior to year end. These entitlements include the 2013 Municipal Sustainability Initiative - Capital of \$129,398.

10. COMMITMENTS

The Village has entered into a memorandum of understanding with the Acadia Foundation to assist with the repayment of debt associated with the Acadia Foundation's expansion. Presently, the Acadia Foundation is undertaking the Acadia Foundation Building Expansion Project which includes upgrades, renovations, construction and expansion of the three lodges in the communities of Oyen, Consort, and Hanna. In order to fund the project the Foundation will borrow not more than \$25 million over the term of the project. As of December 31, 2013 the Foundation has borrowed the entire \$25 million to fund current year constructions. The Village, as a funding municipality to the Acadia Foundation, is committed to pay their proportional share of the borrowing based on the equalized assessment for the year in which the funds were borrowed. The Village's share of the current year borrowing will be repaid over a period of 10 years in the amount of approximately \$3,280 per year.

VILLAGE OF EMPRESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

11. CONSOLIDATED EXPENDITURES BY OBJECT

	2013 Budget (Unaudited)	2013 Actual	2012 Actual
Salaries, wages and benefits	\$ 100,527	\$ 150,552	\$ 111,017
Contracted and general services	173,743	137,271	163,869
Materials, goods, supplies and utilities	78,540	92,212	66,790
Provision for allowances	8,200	(33,972)	7,402
Transfers to local boards and agencies	19,650	21,488	11,982
Bank charges and short-term interest	2,500	975	2,461
Amortization of tangible capital assets	-	102,438	65,496
	\$ 383,160	\$ 470,964	\$ 429,017

12. DEBT LIMITS

2013 2012

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

Total debt limit	\$ 560,921	\$ 595,655
Total debt	-	-

Amount of debt limit unused	\$ 560,921	\$ 595,655
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	2013	2012
Debt servicing limit	\$ 93,494	\$ 99,276
Debt servicing	-	-

Amount of debt servicing limit unused	\$ 93,494	\$ 99,276
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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 as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

13. ACCUMULATED SURPLUS	2013	2012
Unrestricted surplus	\$ 317,255	\$ 327,013
Equity in tangible capital assets	2,239,523	1,604,299
	<u>\$ 2,556,778</u>	<u>\$ 1,931,312</u>

14. SALARIES AND BENEFITS

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

	2013 Salary	2013 Benefits & Allowances	2013 Total	2012 Total
Council members:				
Deputy Mayor/Mayor - Rod Briggs	\$ 1,575	\$ 727	\$ 2,302	\$ 3,300
Mayor/Councilor - Chad Van Dam	2,065	570	2,635	1,200
Councilor - Beverly Farnden	2,175	2,255	4,430	1,050
Councilor - Arlen Johnston	1,090	529	1,619	-
Chief Administrative Office - contract	11,500	-	-	38,000
Chief Administrative Office - Debbie Ross	36,750	5,613	42,363	-

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

2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition. Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

VILLAGE OF EMPRESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

15. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village can participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Section Pension Plans Act. The LAPP serves over 214,000 members and 423 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund.

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

In 2013, service contributions by the Village to the LAPP were \$4,113. The 2013 current service contributions by the employees of the Village were \$3,746. In 2012, the Village did not have any employees that qualified to participate in the LAPP.

At December 31, 2012, the plan disclosed an actuarial deficiency of \$4.977 billion (2011 - \$4.639 billion).

16. FINANCIAL INSTRUMENTS

FAIR VALUE

The organization's financial instruments include cash and short-term investments, receivables, accounts payable and accrued liabilities, and deposit liabilities. The carrying value of these instruments approximates their fair value due to their short-term maturities.

INTEREST RATE AND CURRENCY RISK

It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

CREDIT RISK

The Village 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 Village 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.

17. COMPARATIVE FIGURES

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

VILLAGE OF EMPRESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

18. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these consolidated financial statements.