VILLAGE OF VILNA

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Village of Vilna, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations, change in net financial 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.

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

Joly, McCarthy & Dion

ST. PAUL, ALBERTA
April 21, 2014

CHARTERED ACCOUNTANTS

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	2013	2012
Financial assets		
Cash - general	$ 205,455	$ 345,745
Cash – held in trust (note 3)	20	644
Taxes and grants in place receivable (note 2)	94,287	114,226
Receivable from other governments	34,747	99,577
Trade and other receivables	52,640	44,265
Land inventory held for resale	28,000	28,000
Share in Alberta Capital Finance Authority	30	30
	415,179	632,487
Liabilities		
Accounts payable and accrued liabilities (note 4)	298,523	248,521
Deposit liabilities and tax sale surplus	32,655	37,455
Funds held in trust (note 3)	20	644
Deferred revenue (note 5)	37,450	334,080
Long-term and callable debt (note 6)	440,758	498,133
	809,406	1,118,833
Net financial debt	(394,227)	(486,346)
Non-financial assets		
Tangible capital assets (schedule 2)	2,813,541	2,889,958
Prepaid expenses	--	3,554
	2,813,541	2,893,512
Accumulated surplus (note 9)	$ 2,419,314	$ 2,407,166

Contingent liabilities (note 12)

APPROVED BY:

Mayor

Administrator

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget (unaudited)	2013	2012
Revenue			
Net municipal taxes (schedule 3)	**$ 265,309**	$ 264,109	$ 262,855
User fees and sales of goods	**173,470**	173,116	169,044
Government transfers for operating (schedule 4)	**135,700**	149,801	67,436
Franchise fees	**52,000**	54,626	50,283
Investment income	**500**	988	313
Penalties and costs on taxes	**24,000**	23,398	23,396
Licenses and permits	**1,000**	5,339	22,195
Local improvement charges	**21,653**	20,603	21,083
Rentals	**150**	325	150
Other	**17,800**	23,197	22,960
	691,582	715,502	639,715
Expenses			
Legislative	**17,950**	13,912	11,835
Administration	**214,965**	210,524	249,312
Protective services	**22,900**	22,120	22,110
Roads, streets, walks, lighting	**176,900**	200,755	159,851
Water supply and distribution	**117,950**	547,925	97,087
Wastewater treatment and disposal	**38,100**	30,882	24,136
Waste management	**62,400**	44,552	49,207
Public health and welfare	**10,400**	10,843	10,630
Planning and development	**10,100**	4,483	11,933
Parks and recreation	**53,750**	37,700	32,361
Culture	**16,950**	15,965	25,790
	742,365	1,139,661	694,252
Deficiency of revenues over expenses - before other	**(50,783)**	(424,159)	(54,537)
Other			
Contributions from local organizations	--	--	69,197
Government transfers for capital (schedule 4)	**170,475**	436,307	354,100
Excess of revenues over expenses	**119,692**	12,148	368,760
Accumulated surplus, beginning of year	**2,407,166**	2,407,166	2,038,406
Accumulated surplus, end of year	**$ 2,526,858**	$ 2,419,314	$ 2,407,166

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget (unaudited)	2013	2012
Excess of revenues over expenses	**$ 119,692**	$ 12,148	$ 368,760
Acquisition of tangible capital assets	**(188,475)**	(54,400)	(350,541)
Amortization of tangible capital assets	**129,700**	130,817	125,341
	(58,775)	76,417	(225,200)
Use (acquisition) of prepaid expenses	--	3,554	(1,295)
Decrease in net financial debt	**60,917**	92,119	142,265
Net financial debt, beginning of year	**(486,346)**	(486,346)	(628,611)
Net financial debt, end of year	**$ (425,429)**	$ (394,227)	$ (486,346)

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

	2013	2012
Net inflow of cash related to the following activities:		
Operating		
Excess of revenues over expenses	$ 12,148	$ 368,760
Non-cash items included in shortfall of revenues over expenses:		
Amortization of tangible capital assets	130,817	125,341
	142,965	494,101
Decrease (increase) in:		
Taxes and grants in place receivable	19,939	(462)
Receivable from other governments	64,830	(21,779)
Trade and other receivables	(8,375)	(1,257)
Land held for resale	--	(16,000)
Prepaid expenses	3,554	(1,295)
Increase (decrease) in:		
Temporary loan	--	(46,000)
Accounts payable and accrued liabilities	50,002	98,261
Deposit liabilities and tax sale surplus	(4,800)	21,207
Funds held in trust	(624)	203
Deferred revenue	(296,630)	160,652
	(29,139)	687,631
Capital		
Acquisition of tangible capital assets	(54,400)	(350,541)
Financing		
Debt repaid	(57,375)	(55,931)
Change in cash during the year	(140,914)	281,159
Cash, beginning of year	346,389	65,230
Cash, end of year	$ 205,475	$ 346,389
Cash consists of:		
Cash - general	$ 205,455	$ 345,745
Cash – held in trust	20	644
	$ 205,475	$ 346,389

VILLAGE OF VILNA
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Accumulated Operating Deficit	Equity in Tangible Capital Assets	2013	2012
Balance, beginning of year	$ (198,707)	$ 2,605,873	$ 2,407,166	$ 2,038,406
Excess of revenues over expenses	12,148	--	12,148	368,760
Current year funds used for tangible capital assets	(54,400)	54,400	--	--
Capital debt repaid	(28,896)	28,896	--	--
Annual amortization expense	130,817	(130,817)	--	--
Change in accumulated surplus	59,669	(47,521)	12,148	368,760
Balance, end of year	$ (139,038)	$ 2,558,352	$ 2,419,314	$ 2,407,166

VILLAGE OF VILNA
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Land	Cultural Structures	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2013	2012
Cost:									
Balance, beginning of year	$ 126,273	$ 27,887	$ 54,582	$ 541,243	$ 3,612,096	$ 176,558	$ 28,508	$ 4,567,147	$ 4,216,606
Acquisition of tangible capital assets	--	--	--	--	34,500	19,900	--	54,400	350,541
Disposal of tangible capital assets	--	--	--	--	--	(40,031)	--	(40,031)	--
Balance, end of year	126,273	27,887	54,582	541,243	3,646,596	156,427	28,508	4,581,516	4,567,147
Accumulated amortization:									
Balance, beginning of year	--	--	30,574	263,622	1,243,185	111,300	28,508	1,677,189	1,551,848
Annual amortization			3,232	10,825	109,066	7,694	--	130,817	125,341
Accumulated amortization on disposals	--	--	--	--	--	(40,031)	--	(40,031)	--
Balance, end of year	--	--	33,806	274,447	1,352,251	78,963	28,508	1,767,975	1,677,189
Net book value of tangible capital assets	$ 126,273	$ 27,887	$ 20,776	$ 266,796	$ 2,294,345	$ 77,464	$ --	$ 2,813,541	$ 2,889,958
2012 Net book value of tangible capital assets	$ 126,273	$ 27,887	$ 24,008	$ 277,621	$ 2,368,911	$ 65,258	$ --	$ 2,889,958	

VILLAGE OF VILNA
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Budget (unaudited)	2013 Actual	2012 Actual
Levies			
Residential land and improvements and farm land	**$ 233,419**	$ 233,593	$ 230,504
Non-residential land and improvements and linear	**76,890**	75,421	80,395
	310,309	309,014	310,899
Requisitions			
Alberta School Foundation Fund	**37,500**	37,497	39,494
Smoky Lake Foundation	**7,500**	7,408	8,550
	45,000	44,905	48,044
Net taxes for general municipal purposes	**$ 265,309**	$ 264,109	$ 262,855

SCHEDULE 4 - GOVERNMENT TRANSFERS

	2013 Budget (unaudited)	2013 Actual	2012 Actual
Transfers for operating			
Provincial government	**$ 118,200**	$ 132,144	$ 50,411
Other local governments	**17,500**	17,657	17,025
	135,700	149,801	67,436
Transfers for capital			
Provincial government	**170,475**	436,307	354,100
Total government transfers	**$ 306,175**	$ 586,108	$ 421,536

SCHEDULE 5 - EXPENDITURES BY TYPE

	2013 Budget (unaudited)	2013 Actual	2012 Actual
Expenditures			
Salaries and benefits	**$ 200,250**	$ 181,069	$ 172,404
Contracted and general services	**191,200**	202,465	175,301
Purchases from other governments	**29,500**	21,562	20,955
Materials, goods, supplies and utilities	**139,900**	121,998	124,255
Transfers to other governments	**26,700**	445,530	33,048
Transfers to local boards and agencies	**7,950**	8,594	13,024
Provision for allowances	**1,665**	9,766	10,275
Amortization	**129,700**	130,817	125,341
Bank charges and short-term interest	**500**	566	412
Interest on debt	**15,000**	17,294	19,237
Total expenditures by type	**$ 742,365**	$ 1,139,661	$ 694,252

VILLAGE OF VILNA
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Public Health and Welfare	Total
Revenue								
Net municipal and improvement taxes	$ 284,712	$ --	$ --	$ --	$ --	$ --	$ --	$ 284,712
Government transfers	32,028	17,818	22,500	--	10,000	495,608	8,154	586,108
User fees and sales of goods	170	--	878	--	15,646	155,822	600	173,116
Investment income	988	--	--	--	--	--	--	988
Other revenues	89,458	--	500	--	15,427	1,500	--	106,885
	407,356	17,818	23,878	--	41,073	652,930	8,754	1,151,809
Expenses								
Contract and general services	112,893	6,681	5,641	216	18,885	79,711	--	224,027
Salaries and wages	82,072	--	43,765	--	18,029	34,664	2,539	181,069
Goods and supplies	10,809	9,346	70,830	--	8,395	22,618	--	121,998
Transfers	--	--	--	4,267	1,862	439,691	8,304	454,124
Other expenses	16,533	--	5,190	--	--	5,903	--	27,626
	222,307	16,027	125,426	4,483	47,171	582,587	10,843	1,008,844
Net revenue before amortization	185,049	1,791	(101,548)	(4,483)	(6,098)	70,343	(2,089)	142,965
Amortization expense	(2,129)	(6,093)	(75,329)	--	(6,494)	(40,772)	--	(130,817)
Net revenue	$ 182,920	$ (4,302)	$ (176,877)	$ (4,483)	$ (12,592)	$ 29,571	$ (2,089)	$ 12,148

1. Significant Accounting Policies

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

(a) Reporting Entity

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

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

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

(b) Basis of Accounting

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

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

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

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and 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.

1. Significant Accounting Policies – continued

(d) Cash

Cash is defined as petty cash plus cash in bank accounts adjusted for outstanding items.

(e) 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.

(f) Land Inventory Held for Resale

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

(g) Government Transfers

Government transfers are the transfer of assets from senior levels of government and other local governments 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.

(h) 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.

(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 revenues over expenses, provides the consolidated Change in Net Financial Debt for the year.

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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	Years
Land improvements	10-20
Buildings	50
Engineered structures	
Roadway system	10-30
Water system	40-75
Wastewater system	35-75
Machinery and equipment	10-15
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition. 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 recoded 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.

2. Taxes and Grants In Place Receivable

	2013	2012
Current	$ 42,790	$ 67,373
Arrears	109,485	94,426
	152,275	161,799
Less: allowance for doubtful accounts	(57,988)	(47,573)
	$ 94,287	$ 114,226

3. Funds Held in Trust

The village has collected donations on behalf of the senior's lodge. These funds are held in a separate bank account in trust.

4. Accounts Payable and Accrued Liabilities and Employee Benefit Obligation

	2013	2012
Due to other government	$ 234,954	$ 43,117
Vacation accrual	3,803	242
Other payables	59,766	205,162
	$ 298,523	$ 248,521

The vacation accrual is comprised of the vacation pay that employees have earned and are deferring to next year.

5. Deferred Revenue

	2013	2012
Municipal Sustainability Initiative - capital	$ 37,450	$ 308,204
Transportation grant	--	25,876
	$ 37,450	$ 334,080

Funding in the amount of $208,514 was received in the current and previous years from various grant programs, organizations and individuals. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements or as indicated by the donors.

6. Long-Term and Callable debt

	2013	2012
Tax supported debentures	$ 90,189	$ 105,335
Tax supported callable capital loan	165,000	178,750
Tax supported callable operating loan	185,569	214,048
	$ 440,758	$ 498,133

Principal and interest repayments for each of the next five years and to maturity are as follows:

	Principal	Interest	Total
2014	$ 59,211	$ 15,677	$ 74,888
2015	52,915	13,531	66,446
2016	54,398	11,635	66,033
2017	55,945	9,677	65,622
2018	57,558	7,650	65,208
Thereafter	160,731	16,410	177,141
	$ 440,758	$ 74,580	$ 515,338

6. Long-Term and Callable debt (continued)

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 4.038% to 6.375% per annum, and matures in periods 2014 through 2021. The average annual interest rate is 6.04% for 2013 (5.93% for 2012). Debenture debt is issued on the credit and security of the Village of Vilna at large.

The callable loans are repayable to ATB Financial and bear a floating rate of interest of bank prime to bank prime plus 0.35%. The average annual interest rate is 3.06% for 2013 (3.04% for 2012). Interest is accrued monthly and the loans are callable at the option of the lender. The callable debt is issued on the credit and security of the Village of Vilna at large and by a $275,000 land mortgage.

The village's total cash payments for interest in 2013 was $17,925 (2012 - $19,846).

7. Debt Limits

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

	2013	2012
Total debt limit	$ 1,072,503	$ 959,572
Total debt	440,758	498,133
Amount of debt limit unused	$ 631,745	$ 461,439
Debt servicing limit	$ 178,751	$ 159,929
Debt servicing	74,888	75,300
Amount of debt servicing limit unused	$ 103,863	$ 84,629

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 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 financial statements must be interpreted as a whole.

8. Equity in Tangible Capital Assets

	2013	2012
Tangible capital assets (schedule 2)	$ 4,581,516	$ 4,567,147
Accumulated amortization (schedule 2)	(1,767,975)	(1,677,189)
Capital debentures (note 6)	(90,189)	(105,335)
Capital callable debt (note 6)	(165,000)	(178,750)
	$ 2,558,352	$ 2,605,873

9. Accumulated Surplus

Accumulated surplus consists of an accumulated operating deficit and equity in tangible capital assets as follows:

	2013	2012
Accumulated operating deficit	$ (139,038)	$ (198,707)
Equity in tangible capital assets (note 8)	2,558,352	2,605,873
	$ 2,419,314	$ 2,407,166

10. Commitment

The Village currently leases a photocopier. The future lease payments under this operating lease are as follows:

2014	$ 1,392
2015	1,392
2016	696

11. Segmented Disclosure

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

Refer to the Schedule of Segmented Disclosure (schedule 6).

12. Contingent Liabilities

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

13. Salary and Benefits Disclosure

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

	2013			2012
	Salary	Benefits & Allow.	Total	Total
	(1)	(2)		
Mayor – Romanko	$ 2,565	$ 708	$ 3,273	$ 3,610
Deputy mayor – Barry	4,090	1,304	5,394	4,119
Councillor – Farmer	3,298	670	3,968	4,105
Councillor – Klassen	1,030	246	1,276	--
CAO – Leslie	62,185	4,069	66,254	66,438
Assistant CAO – Wagar	49,925	--	49,925	68,380

(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 Canada Pension Plan, Employment Insurance, health care, dental coverage and group life insurance plus mileage.

14. Financial Instruments

The village's financial instruments consist of cash, receivables, investment, accounts payable and accrued liabilities, deferred revenue and long-term and callable debt. It is management's opinion that the village is not exposed to significant currency risks arising from these financial instruments.

The village is subject to credit risk with respect to taxes and grants in place receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the village provides services may experience financial difficulty and be unable to fulfill their obligations. The village has recorded a total allowance of $61,869 (2012 - $57,490) against taxes and grants in place receivable and other receivables.

The village is subject to interest rate risk with respect to its operating line-of-credit and callable debt. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates.

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

15. Other Credit Facilities

The village has an operating line-of-credit with the Alberta Treasury Branches with a limit of $75,000. Interest is calculated from the date or dates funds are advanced on the daily outstanding principal at the Alberta Treasury Branches prime rate.

The village also has an Alberta Treasury Branches MasterCard with a limit of $10,000. Interest is calculated on principal owing beyond one month at the Alberta Treasury Branch prime rate plus 2%.

The security over callable loans described in note 6 also secures these other credit facilities.

16. Going Concern

The financial statements have been prepared in accordance with generally accepted accounting principles that are applicable to a going concern, meaning that the village will be able to realize its assets and discharge its liabilities in the normal course of operations. However, the use of generally accepted accounting principles that are applicable to a going concern is potentially inappropriate because there is significant doubt about the appropriateness of the going concern assumption, given the accumulated operating deficit. The village's ability to realize its assets and discharge its liabilities depends on continued support from taxpayers or amalgamation with another municipality. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, because management feels support from taxpayers or a possible amalgamation will mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption.

17. Comparative Figures

Certain of the 2012 comparative figures have been reclassified to conform to the current year's financial statement presentation.

18. Approval of Financial Statements

Council and Management have approved these financial statements.

19. Budget Amounts

Budget amounts are included for information purposes only and are not audited.