



# Gitzel Krejci Dand Peterson

CHARTERED ACCOUNTANTS

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## VILLAGE OF DELBURNE

## FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**VILLAGE OF DELBURNE**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

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## INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council

Village of Delburne

We have audited the accompanying financial statements of the Village of Delburne, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, changes 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the Village of Delburne as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Stettler, Alberta  
April 24, 2012



CHARTERED ACCOUNTANTS

**VILLAGE OF DELBURNE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011**

	2011 \$	2010 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	1,175,685	1,041,817
Taxes and grants in place of taxes receivable (Note 3)	73,889	68,433
Trade and other receivables	84,979	72,442
Grants receivable	55,196	191,500
Land held for resale	129,647	129,649
Long-term investments (Note 4)	<u>10</u>	<u>136,125</u>
	<u>1,519,406</u>	<u>1,639,966</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	56,501	80,985
Deferred revenue (Note 5)	780,384	661,963
Tax surplus liability (Note 11)	15,166	15,166
Long term debt (Note 6)	229,494	295,436
Capital lease obligation (Note 7)	<u>128,737</u>	<u>11,704</u>
	<u>1,210,282</u>	<u>1,065,254</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>309,124</u>	<u>574,712</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	6,272,819	5,739,645
Inventory for consumption	3,833	3,833
Prepaid expenses	<u>134,004</u>	<u>51,617</u>
	<u>6,410,656</u>	<u>5,795,095</u>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<u>6,719,780</u>	<u>6,369,807</u>
<b>CONTINGENCIES – NOTE 13</b>		

**VILLAGE OF DELBURNE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget \$ (Unaudited)	2011 \$	2010 \$
<b>REVENUES</b>			
Net taxes (Schedule 3)	734,161	735,139	648,852
Sales and user fees	310,283	353,478	445,829
Government transfers for operating (Schedule 4)	156,725	227,769	130,523
Investment income	5,500	4,146	7,132
Penalties and costs of taxes	15,998	22,263	18,577
Fines and costs	12,539	16,837	14,028
Licenses and permits	5,000	5,408	5,515
Franchise agreement	30,000	40,622	37,384
Other	185,288	156,132	132,430
Gain on sale of tangible capital assets	49,000	39,048	7,500
Total Revenue	<u>1,504,494</u>	<u>1,600,842</u>	<u>1,447,770</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	86,248	64,777	74,071
Administration	344,772	393,527	314,532
Protective services	128,021	102,132	128,069
Transportation services	378,148	369,575	371,083
Water and wastewater	155,915	180,077	185,852
Waste management and recycling	152,784	89,012	82,026
Recreation and parks	76,415	148,642	93,156
Family and community support	78,761	67,069	69,025
Land use planning, zoning and development	104,042	183,357	144,384
Total Expenses	<u>1,505,106</u>	<u>1,598,168</u>	<u>1,462,198</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER</b>	<u>(612)</u>	<u>2,674</u>	<u>(14,428)</u>
<b>OTHER</b>			
Contributed assets	-	2,901	440
Donations for tangible capital assets	-	-	61,463
Government transfers for capital (Schedule 4)	262,500	344,398	57,141
	<u>262,500</u>	<u>347,299</u>	<u>119,044</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	261,888	349,973	104,616
<b>ACCUMULATED SURPLUS – BEGINNING OF YEAR</b>	<u>6,369,807</u>	<u>6,369,807</u>	<u>6,265,191</u>
<b>ACCUMULATED SURPLUS – END OF YEAR</b>	<u>6,631,695</u>	<u>6,719,780</u>	<u>6,369,807</u>

**VILLAGE OF DELBURNE**

**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011 \$	2010 \$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>349,973</u>	<u>104,616</u>
Contributed tangible capital assets	(2,901)	(440)
Acquisition of tangible capital assets	(841,572)	(196,669)
Proceeds on disposal of tangible capital assets	94,799	7,500
Amortization of tangible capital assets	253,757	222,582
(Gain) loss on sale of tangible capital assets	<u>(37,257)</u>	<u>(7,500)</u>
	<u>(533,174)</u>	<u>25,473</u>
Net use (acquisition) of supplies inventories	-	793
Net use (acquisition) of prepaid assets	<u>(82,387)</u>	<u>(6,809)</u>
	<u>(82,387)</u>	<u>(6,016)</u>
<b>INCREASE (DECREASE) IN NET DEBT</b>	(265,588)	124,073
<b>NET FINANCIAL ASSETS (DEBT)</b>		
- BEGINNING OF YEAR	<u>574,712</u>	<u>450,639</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>		
- END OF YEAR	<u><u>309,124</u></u>	<u><u>574,712</u></u>

**VILLAGE OF DELBURNE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011 \$	2010 \$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	349,973	104,616
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	253,757	222,582
(Gain) loss on disposal of tangible capital assets	(37,258)	(7,500)
Contributed assets	(2,901)	(440)
Non-cash changes to operations (net change)		
Taxes and grants in place of taxes receivables	(5,456)	23,102
Trade and other receivables	(12,537)	23,228
Grants receivable	136,304	140,624
Decrease in inventory for consumption	-	793
Prepaid expenses	(82,387)	(6,809)
Land held for resale	2	17,017
Accounts payable and accrued liabilities	(24,484)	(49,184)
Deferred revenue	118,421	398,648
Tax surplus liability	-	(525)
Net cash provided by (used in) operating activities	<u>693,434</u>	<u>866,152</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(686,072)	(196,669)
Proceeds from sale of tangible capital assets	<u>94,799</u>	<u>7,500</u>
Net cash provided by (used in) capital activities	<u>(591,273)</u>	<u>(189,169)</u>
<b>INVESTING ACTIVITIES</b>		
Long term investments disposed	136,115	-
Long term investments purchased	<u>-</u>	<u>(974)</u>
Net cash provided by (used in) financing activities	<u>136,115</u>	<u>(974)</u>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	-	-
Repayment of long term debt and capital leases	<u>(104,408)</u>	<u>(80,196)</u>
Net cash provided by (used in) financing activities	<u>(104,408)</u>	<u>(80,196)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	133,868	595,813
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,041,817</u>	<u>446,004</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (Note 2)</b>	<u>1,175,685</u>	<u>1,041,817</u>
Interest Paid	<u>15,169</u>	<u>15,935</u>

**VILLAGE OF DELBURN**  
**SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2011 \$	2010 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<u>54,711</u>	<u>882,591</u>	<u>5,432,505</u>	<u>6,369,807</u>	<u>6,265,191</u>
Excess (deficiency) of revenues over expenses	349,973	-	-	349,973	104,616
Unrestricted funds designated for future use	(70,401)	70,401	-	-	-
Restricted funds used for operations	43,582	(43,582)	-	-	-
Restricted funds used for tangible capital assets	-	(159,000)	159,000	-	-
Current year funds used for tangible capital assets	(539,742)	-	539,742	-	-
Contributed tangible capital assets	(2,901)	-	2,901	-	-
Disposal of tangible capital assets	70,212	-	(70,212)	-	-
Annual amortization expense	253,757	-	(253,757)	-	-
Long term debt repaid	(104,409)	-	104,409	-	-
<b>Change in accumulated surplus</b>	<u>71</u>	<u>(132,181)</u>	<u>482,083</u>	<u>349,973</u>	<u>104,616</u>
<b>BALANCE, END OF YEAR</b>	<u><u>54,782</u></u>	<u><u>750,410</u></u>	<u><u>5,914,588</u></u>	<u><u>6,719,780</u></u>	<u><u>6,369,807</u></u>





**VILLAGE OF DELBURN**

**SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery and Equipment \$	Vehicles \$	2011 \$	2010 \$
<b>COST:</b>								
BALANCE – BEGINNING OF YEAR	251,528	552,472	1,007,683	6,604,762	618,409	113,406	9,148,260	8,964,134
Acquisition of tangible capital assets	-	208,142	-	292,264	300,014	31,500	831,920	175,397
Construction in progress	-	-	-	12,553	-	-	12,553	21,712
Disposal of tangible capital assets	-	-	-	(8,845)	(188,091)	(5,000)	(201,936)	(12,983)
BALANCE - END OF YEAR	251,528	760,614	1,007,683	6,900,734	730,332	139,906	9,790,797	9,148,260
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE - BEGINNING OF YEAR	-	111,081	310,940	2,645,587	284,240	56,767	3,408,615	3,199,016
Annual amortization	-	41,119	20,154	138,340	47,351	6,793	253,757	222,582
Accumulated amortization on disposals	-	-	-	(8,845)	(130,549)	(5,000)	(144,394)	(12,983)
BALANCE - END OF YEAR	-	152,200	331,094	2,775,082	201,042	58,560	3,517,978	3,408,615

**NET BOOK VALUE OF**

**TANGIBLE CAPITAL ASSETS**

2010	251,528	608,414	676,589	4,125,652	529,290	81,346	6,272,819	5,739,645
NET BOOK VALUE OF								
TANGIBLE CAPITAL ASSETS	251,528	441,391	696,743	3,959,175	334,169	56,639		

**VILLAGE OF DELBURNE**  
**SCHEDULE 3 – PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget \$ (Unaudited)	2011 \$	2010 \$
<b>TAXATION</b>			
Real property taxes	892,143	893,041	792,629
Linear property taxes	30,892	30,893	29,669
Government grants in place of property taxes	1,893	1,893	1,785
Special assessments and local improvement taxes	<u>5,406</u>	<u>5,485</u>	<u>5,485</u>
	<u>930,334</u>	<u>931,312</u>	<u>829,568</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	194,953	194,953	179,764
Autumn Glen Lodge	<u>1,220</u>	<u>1,220</u>	<u>952</u>
	<u>196,173</u>	<u>196,173</u>	<u>180,716</u>
<b>NET MUNICIPAL TAXES</b>	<u>734,161</u>	<u>735,139</u>	<u>648,852</u>

**SCHEDULE 4 – GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget \$ (Unaudited)	2011 \$	2010 \$
<b>TRANSFER FOR OPERATING:</b>			
Federal government	-	3,133	1,848
Provincial government	136,725	177,840	80,075
Other local government	<u>20,000</u>	<u>46,796</u>	<u>48,600</u>
	<u>156,725</u>	<u>227,769</u>	<u>130,523</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal government	-	71,951	42,427
Provincial government	<u>262,500</u>	<u>272,447</u>	<u>14,714</u>
	<u>262,500</u>	<u>344,398</u>	<u>57,141</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>419,225</u>	<u>572,167</u>	<u>187,664</u>

**VILLAGE OF DELBURNE**  
**SCHEDULE 5 – CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget \$ (Unaudited)	2011 \$	2010 \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages, and benefits	460,754	429,002	433,042
Contracted and general services	503,401	387,252	431,560
Materials, goods, supplies and utilities	226,862	201,991	200,418
Transfer to local agencies	42,400	164,933	107,542
Transfer to other governments	21,615	68,779	30,169
Bank charges and short-term interest	539	1,364	333
Interest on long term debt	10,869	10,841	7,692
Interest on capital lease	2,928	2,928	236
Amortization of tangible capital assets	217,295	245,314	219,306
Amortization of capital lease asset	8,443	8,443	3,276
Other expenses	10,000	75,529	28,624
Loss on disposal of capital assets	-	1,792	-
	<u>1,505,106</u>	<u>1,598,168</u>	<u>1,462,198</u>

**VILLAGE OF DELBURN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

**a. Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and changes in financial position of the reporting entity which comprises 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 operating requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

**b. Basis of Accounting**

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period 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.

Realized and unrealized gains and losses are reported in the statement of operations.

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. Government Transfers**

Government transfers are recognized in the financial statements as revenues 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.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Taxes and Grants in Place of Taxes Receivable

Current and arrears taxes and grants in place of taxes receivable consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

e. Investments

Investments are recorded at fair market value. When there has been a gain or loss on market value, the respective investment is adjusted and an unrealized gain or loss is recorded.

f. Land Held 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 levelling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks and street lighting are recorded as property and equipment under their respective function.

g. Interest on Long-Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and is accrued for as long-term debt interest payable at the end of the year.

h. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. The Village's financial instruments consist of cash, receivables, long-term investments, accounts payable and accrued liabilities, deferred revenue, long-term debt and capital lease obligations. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial statements. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values. Cash, short-term investments and long-term investments have been classified as held-to-maturity.

i. Held-to-Maturity Financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. They are measured at amortized cost using the effective interest rate method less any impairment loss. A gain or loss is recognized in net income when the financial asset or financial liability is derecognized or impaired, and through the amortization process.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

j. Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

k. Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual 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. When the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property taxes.

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

l. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term liquid investments.

m. 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 Assets (Debt) for the year.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

n. (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 - 45
Buildings	25 - 50
Engineered structures	
Roadway system	5 - 40
Water system	45 - 60
Wastewater system	45 - 60
Storm system	45 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 25

The annual amortization charge in the year of acquisition and in the year of disposal is pro-rated based on the number of days that the asset was owned during the year. 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) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost. Cost is determined by using the FIFO inventory costing method.

(iv) Lease

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.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**2. CASH AND CASH EQUIVALENTS**

	2011 \$	2010 \$
Cash	732,611	741,817
Guaranteed investment certificates	<u>443,074</u>	<u>300,000</u>
	<u><u>1,175,685</u></u>	<u><u>1,041,817</u></u>

Council has designated funds of \$750,410 (2010 - \$882,591) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$427,114 (2010 - \$349,084) related to various deferred revenues (Note 5).

Guaranteed investment certificates mature at dates between January and December 2012 and earn interest at rates between 0.85% to 1.70% per annum.

Non-cash transactions

The village purchased tangible capital assets at a cost of \$155,500 and entered into a capital lease obligation to finance the acquisition. These amounts have been excluded from the Statement of Cash Flows.

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	2011 \$	2010 \$
Current taxes and grants in place of taxes	58,494	41,482
Arrears taxes	<u>15,395</u>	<u>26,951</u>
	73,889	68,433
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	<u><u>73,889</u></u>	<u><u>68,433</u></u>

**4. LONG TERM INVESTMENTS**

	2011 \$	2010 \$
Guaranteed Investment Certificates	-	136,115
A.M.F.C. shares, at cost	<u>10</u>	<u>10</u>
	<u><u>10</u></u>	<u><u>136,125</u></u>



**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**5. DEFERRED REVENUE**

	2011	2010
	\$	\$
Municipal Sustainability Initiatives	483,685	292,768
Regional Collaboration Program	120,000	-
Land deposits	78,190	78,190
Federal gas tax grant	38,020	50,000
FCSS programs	34,537	24,971
Prepaid property taxes	13,156	13,251
Prepaid local improvements	4,433	4,871
Prepaid licenses	4,365	2,895
Municipal sponsorship program	1,936	11,605
Prepaid utilities	1,862	-
Other grants and programs	200	1,001
Street Improvement grants	-	172,857
New Deal for Cities & Communities program	-	9,554
	<u>780,384</u>	<u>661,963</u>

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**6. LONG TERM DEBT**

	2011 \$	2010 \$
Credit Union paying loan, due \$1,605 monthly including interest at prime, maturing May 2020, secured by a general security agreement	149,004	163,563
Tax supported debenture debt, repayable to Alberta Capital Finance Authority in annual payments of \$43,518 including interest at 5.375%, maturing May 2013. Debenture debt is issued on the credit and security of the Village	<u>80,490</u>	<u>131,873</u>
	<u><u>229,494</u></u>	<u><u>295,436</u></u>

Principal and interest payments are as follows:

	Principal \$	Interest \$	Total \$
2012	54,193	8,592	62,785
2013	56,756	6,029	62,785
2014	15,927	3,339	19,266
2015	16,412	2,854	19,266
2016	16,911	2,355	19,266
Thereafter	<u>69,295</u>	<u>4,123</u>	<u>73,418</u>
	<u><u>229,494</u></u>	<u><u>27,292</u></u>	<u><u>256,786</u></u>

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**7. CAPITAL LEASE OBLIGATIONS**

	2011 \$	2010 \$
Capital lease due \$4,517 monthly including interest at 3.10%, maturing April 2014. Secured by assets with a carrying value of \$149,833	121,867	-
Capital lease, due \$1,248 quarterly including interest at 1.61%, maturing March 2013. Secured by assets with a carrying value of \$8,190	<u>6,870</u>	<u>11,704</u>
	<u>128,737</u>	<u>11,704</u>

Principal and interest payments are as follows:

	Principal \$	Interest \$	Total \$
2012	56,064	3,136	59,200
2013	54,720	1,455	56,175
2014	<u>17,953</u>	<u>116</u>	<u>18,069</u>
	<u>128,737</u>	<u>4,707</u>	<u>133,444</u>

**8. 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 municipality be disclosed as follows:

	2011 \$	2010 \$
Total debt limit	2,405,615	2,264,510
Total debt	<u>358,231</u>	<u>307,140</u>
Amount of debt limit (exceeded) available	<u>2,047,384</u>	<u>1,957,370</u>
Debt servicing limit	400,936	377,418
Debt servicing	<u>121,985</u>	<u>78,922</u>
Amount of debt servicing limit (exceeded) available	<u>278,951</u>	<u>298,496</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities 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.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

Tangible Capital assets (Schedule 2)	9,790,797	9,148,260
Accumulated Amortization (Schedule 2)	(3,517,978)	(3,408,615)
Long term debt (Note 6)	(229,494)	(295,436)
Capital Lease Obligation (Note 7)	<u>(128,737)</u>	<u>(11,704)</u>
	<u>5,914,588</u>	<u>5,432,505</u>

**10. RESTRICTED SURPLUS**

	2010 \$	Increases \$	Decreases \$	2011 \$
Administration	5,785	6,091	-	11,876
Anniversary	7,319	-	-	7,319
Bunker gear	-	5,800	-	5,800
Citizen's Watch	4,917	-	-	4,917
Council golf tournament	4,249	-	-	4,249
Disaster	-	380	-	380
Economic development	7,492	-	-	7,492
Family and community support	14,648	1,688	64	16,272
Fire department	131,493	-	-	131,493
General contingency	158,082	-	31,500	126,582
Healthy communities	1,556	-	-	1,556
Lifeline	4,810	320	-	5,130
Public works	27,494	6,840	4,500	29,834
Recreation	77,052	43,000	108,000	12,052
Subdivision	94,079	-	43,518	50,561
Transportation	32,381	6,282	15,000	23,663
Water	170,451	-	-	170,451
Waste water	<u>140,783</u>	<u>-</u>	<u>-</u>	<u>140,783</u>
Total	<u>882,591</u>	<u>70,401</u>	<u>202,582</u>	<u>750,410</u>

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**11. TRUST FUNDS**

The Village of Delburne administers the following trust:

	2011 \$	2010 \$
Tax Sale Surplus		
Balance - beginning of year	15,166	15,691
Operating expenses	<u>-</u>	<u>(525)</u>
Balance - end of year	<u>15,166</u>	<u>15,166</u>

**12. SALARY & 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:

	2011			2010
	Salary(1) \$	Benefits & Allowances(2) \$	Total \$	Total \$
Mayor Reckseidler	11,715	-	11,715	12,182
Councillor McKenzie	8,715	244	8,959	5,424
Councillor Paradon	7,595	188	7,783	7,461
Councillor Dushanek	7,335	175	7,510	4,271
Councillor Brett	6,435	131	6,566	2,898
Mayor Manning	-	-	-	11,095
Councillor Bourne	-	-	-	6,608
Councillor Faulk	-	-	-	4,786
Administrator Fegan	61,206	6,485	67,691	66,881

(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.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**13. CONTINGENCIES**

The Village of Delburne is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village of Delburne 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 of Delburne is a member municipality of the Central Alberta Waste Management Authority and provides funds for operations on an annual basis. The Authority is accumulating reserves to fund any future site cleanup obligations. The member municipalities may be liable for future costs in excess of the restricted surplus.

The Village of Delburne and the City of Red Deer through a joint agreement provide funds for the operation of the Delburne Family and Community Support Services. The amounts presented in this financial statement represent only the Village of Delburne portion of contributions made to F.C.S.S.

**14. FINANCIAL INSTRUMENTS**

**Credit Risk**

The Village is subject to credit risk with respect to taxes and grants in place of taxes 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 large number and diversity of taxpayers and customers minimizes the credit risk.

**Interest Rate Risk**

The Village manages its exposure to interest rate risk through a combination of fixed and floating rate borrowings. The fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

**15. COMPARATIVE AMOUNTS**

Certain 2010 comparative figures have been reclassified in order to conform with the financial statement presentation for 2011.

**16. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.