



# Gitzel Krejci Dand Peterson

CHARTERED ACCOUNTANTS

\*BARRY D. GITZEL, B. COMM., CA \*PEGGY WEINZIERL, B. COMM., CA \*SCOTT A. ST. ARNAUD, B. COMM., CA \*JOLENE KOBI, B. COMM., CA  
\*JUSTIN TANNER, B. MGT., CA \*ERIC A. PETERSON, BA., CA (Associate) \*ROBERT J. KREJCI, CA (Associate)

4912 - 51 St.  
P.O. Box 460  
STETTLE, AB T0C 2L0  
PHONE: 403-742-4431  
TOLL FREE: 1-877-742-4431  
FAX: 403-742-1266  
E-mail: [gkdpca@gkdpca.com](mailto:gkdpca@gkdpca.com)  
Web Site: [www.gkdpca.com](http://www.gkdpca.com)

## VILLAGE OF DELBURNE

## FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**VILLAGE OF DELBURNE**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2012**

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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, 2012, 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Stettler, Alberta  
June 25, 2013

CHARTERED ACCOUNTANTS

**VILLAGE OF DELBURNE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2012**

	2012	Restated 2011
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	193,948	1,175,685
Taxes and grants in place of taxes receivable (Note 3)	70,367	73,889
Trade and other receivables	70,146	84,979
Grants receivable	233,796	55,196
Land held for resale	139,149	139,147
Long-term investments (Note 4)	<u>452,831</u>	<u>10</u>
	<u>1,160,237</u>	<u>1,528,906</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	78,158	56,501
Deferred revenue (Note 5)	319,510	780,384
Tax surplus liability (Note 11)	15,166	15,166
Long term debt (Note 6)	175,304	229,494
Capital lease obligation (Note 7)	<u>86,035</u>	<u>128,737</u>
	<u>674,173</u>	<u>1,210,282</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>486,064</u>	<u>318,624</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	6,796,567	6,277,332
Inventory for consumption	3,410	3,832
Prepaid expenses	<u>69,349</u>	<u>134,004</u>
	<u>6,869,326</u>	<u>6,415,168</u>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<u>7,355,390</u>	<u>6,733,792</u>
<b>CONTINGENCIES – NOTE 13</b>		

**VILLAGE OF DELBURNE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget \$ (Unaudited)	2012 \$	Restated 2011 \$
<b>REVENUES</b>			
Net taxes (Schedule 3)	671,294	666,648	735,139
Sales and user fees	361,033	367,125	353,478
Government transfers for operating (Schedule 4)	139,635	254,850	227,769
Investment income	5,591	15,225	4,146
Penalties and costs of taxes	21,000	16,682	22,263
Fines and costs	10,165	5,528	16,837
Licenses and permits	3,200	6,400	5,408
Franchise agreement	30,495	35,081	40,622
Other	220,490	159,067	156,132
Gain on sale of tangible capital assets	<u>50,000</u>	<u>60</u>	<u>43,560</u>
Total Revenue	<u>1,512,903</u>	<u>1,526,666</u>	<u>1,605,354</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	79,125	72,910	64,777
Administration	307,918	336,314	393,527
Protective services	113,845	117,581	102,132
Transportation services	386,055	395,867	369,575
Water and wastewater	209,823	195,043	180,077
Waste management and recycling	82,005	96,035	89,012
Recreation and parks	100,944	141,868	148,642
Family and community support	110,851	106,130	67,069
Land use planning, zoning and development	<u>61,940</u>	<u>159,098</u>	<u>183,357</u>
Total Expenses	<u>1,452,506</u>	<u>1,620,846</u>	<u>1,598,168</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER</b>	<u>60,397</u>	<u>(94,180)</u>	<u>7,186</u>
<b>OTHER</b>			
Contributed assets	-	-	2,901
Government transfers for capital (Schedule 4)	<u>788,000</u>	<u>715,778</u>	<u>344,398</u>
	<u>788,000</u>	<u>715,778</u>	<u>347,299</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	848,397	621,598	354,485
<b>ACCUMULATED SURPLUS – BEGINNING OF YEAR</b>	<u>6,733,792</u>	<u>6,733,792</u>	<u>6,379,307</u>
<b>ACCUMULATED SURPLUS – END OF YEAR</b>	<u><u>7,582,189</u></u>	<u><u>7,355,390</u></u>	<u><u>6,733,792</u></u>

**VILLAGE OF DELBURNE**

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

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012 \$	Restated 2011 \$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>621,598</u>	<u>354,485</u>
Contributed tangible capital assets	-	(2,901)
Acquisition of tangible capital assets	(850,978)	(841,572)
Proceeds on disposal of tangible capital assets	36,126	94,799
Amortization of tangible capital assets	275,874	253,757
(Gain) loss on sale of tangible capital assets	<u>19,743</u>	<u>(41,769)</u>
	<u>(519,235)</u>	<u>(537,686)</u>
Net use (acquisition) of supplies inventories	422	-
Net use (acquisition) of prepaid assets	<u>64,655</u>	<u>(82,387)</u>
	<u>65,077</u>	<u>(82,387)</u>
<b>INCREASE (DECREASE) IN NET DEBT</b>	167,440	(265,588)
<b>NET FINANCIAL ASSETS (DEBT)</b>		
- BEGINNING OF YEAR	<u>318,624</u>	<u>584,212</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>		
- END OF YEAR	<u>486,064</u>	<u>318,624</u>

**VILLAGE OF DELBURNE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012 \$	Restated 2011 \$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	621,598	354,485
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	275,874	253,757
(Gain) loss on disposal of tangible capital assets	19,743	(41,770)
Contributed assets	-	(2,901)
Non-cash changes to operations (net change)		
Taxes and grants in place of taxes receivables	3,522	(5,456)
Trade and other receivables	14,831	(12,537)
Grants receivable	(178,600)	136,304
Decrease in inventory for consumption	422	-
Prepaid expenses	64,655	(82,387)
Land held for resale	-	2
Accounts payable and accrued liabilities	21,657	(24,484)
Deferred revenue	(460,874)	118,421
Net cash provided by (used in) operating activities	<u>382,828</u>	<u>693,434</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(832,266)	(686,072)
Proceeds from sale of tangible capital assets	<u>36,126</u>	<u>94,799</u>
Net cash provided by (used in) capital activities	<u>(796,140)</u>	<u>(591,273)</u>
<b>INVESTING ACTIVITIES</b>		
Long term investments disposed	-	136,115
Long term investments purchased	<u>(452,821)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(452,821)</u>	<u>136,115</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt and capital leases	<u>(115,604)</u>	<u>(104,408)</u>
Net cash provided by (used in) financing activities	<u>(115,604)</u>	<u>(104,408)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(981,737)	133,868
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,175,685</u>	<u>1,041,817</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (Note 2)</b>	<u>193,948</u>	<u>1,175,685</u>
Interest Paid	<u>12,332</u>	<u>15,169</u>

VILLAGE OF DELBURN

SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2012 \$	Restated 2011 \$
BALANCE, BEGINNING OF YEAR	<u>64,282</u>	<u>750,410</u>	<u>5,919,100</u>	<u>6,733,792</u>	<u>6,379,307</u>
Excess (deficiency) of revenues over expenses	621,598	-	-	621,598	354,485
Unrestricted funds designated for future use	(75,972)	75,972	-	-	-
Restricted funds used for operations	15,633	(15,633)	-	-	-
Current year funds used for tangible capital assets	(832,266)	-	832,266	-	-
Disposal of tangible capital assets	55,869	-	(55,869)	-	-
Annual amortization expense	275,874	-	(275,874)	-	-
Long term debt repaid	(115,605)	-	115,605	-	-
Change in accumulated surplus	<u>(54,869)</u>	<u>60,339</u>	<u>616,128</u>	<u>621,598</u>	<u>354,485</u>
BALANCE, END OF YEAR	<u>9,413</u>	<u>810,749</u>	<u>6,535,228</u>	<u>7,355,390</u>	<u>6,733,792</u>



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# VILLAGE OF DELBURNE

## SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2012	Restated 2011
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>								
BALANCE – BEGINNING OF YEAR	251,528	760,614	1,007,683	6,900,734	730,332	139,906	9,790,797	9,148,260
Acquisition of tangible capital assets	-	42,199	42,762	714,523	50,212	-	849,696	831,920
Construction in progress	-	-	-	1,282	-	-	1,282	12,553
Disposal of tangible capital assets	-	-	(5,105)	(55,364)	(47,896)	-	(108,365)	(201,936)
BALANCE - END OF YEAR	251,528	802,813	1,045,340	7,561,175	732,648	139,906	10,533,410	9,790,797
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE - BEGINNING OF YEAR	-	152,199	331,094	2,775,082	196,530	58,560	3,513,465	3,408,615
Annual amortization	-	47,628	20,479	148,922	50,477	8,368	275,874	253,757
Accumulated amortization on disposals	-	-	(1,991)	(40,739)	(9,766)	-	(52,496)	(148,907)
BALANCE - END OF YEAR	-	199,827	349,582	2,883,265	237,241	66,928	3,736,843	3,513,465
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>251,528</b>	<b>602,986</b>	<b>695,758</b>	<b>4,677,910</b>	<b>495,407</b>	<b>72,978</b>	<b>6,796,567</b>	<b>6,277,332</b>
<b>2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>251,528</b>	<b>608,415</b>	<b>676,589</b>	<b>4,125,652</b>	<b>533,792</b>	<b>81,346</b>		

NET BOOK VALUE OF

TANGIBLE CAPITAL ASSETS

2012 NET BOOK VALUE OF

TANGIBLE CAPITAL ASSETS

# VILLAGE OF DELBURNE

## SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget \$ (Unaudited)	2012 \$	2011 \$
<b>TAXATION</b>			
Real property taxes	853,666	849,020	893,041
Linear property taxes	28,597	28,597	30,893
Government grants in place of property taxes	1,789	1,789	1,893
Special assessments and local improvement taxes	<u>5,485</u>	<u>5,485</u>	<u>5,485</u>
	<u>889,537</u>	<u>884,891</u>	<u>931,312</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	216,805	216,805	194,953
Autumn Glen Lodge	<u>1,438</u>	<u>1,438</u>	<u>1,220</u>
	<u>218,243</u>	<u>218,243</u>	<u>196,173</u>
<b>NET MUNICIPAL TAXES</b>	<u>671,294</u>	<u>666,648</u>	<u>735,139</u>

## SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget \$ (Unaudited)	2012 \$	2011 \$
<b>TRANSFER FOR OPERATING:</b>			
Federal government	-	11,840	3,133
Provincial government	48,215	145,993	177,840
Other local government	<u>91,420</u>	<u>97,017</u>	<u>46,796</u>
	<u>139,635</u>	<u>254,850</u>	<u>227,769</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal government	123,000	135,880	71,951
Provincial government	<u>665,000</u>	<u>579,898</u>	<u>272,447</u>
	<u>788,000</u>	<u>715,778</u>	<u>344,398</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>927,635</u>	<u>970,628</u>	<u>572,167</u>

**VILLAGE OF DELBURNE**

**SCHEDULE 5 – CONSOLIDATED EXPENSES BY OBJECT**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget \$ (Unaudited)	2012 \$	2011 \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages, and benefits	479,967	455,037	429,002
Contracted and general services	382,695	422,690	387,252
Materials, goods, supplies and utilities	206,455	230,585	201,991
Transfer to local agencies	128,528	150,025	164,933
Transfer to other governments	-	43,577	68,779
Bank charges and short-term interest	548	238	1,364
Interest on long term debt	11,020	7,190	10,841
Interest on capital lease	-	3,679	2,928
Amortization of tangible capital assets	243,293	272,428	245,314
Amortization of capital lease asset	-	3,446	8,443
Other expenses	-	12,148	75,529
Loss on disposal of capital assets	-	19,803	1,792
	<u>1,452,506</u>	<u>1,620,846</u>	<u>1,598,168</u>

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**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 DELBURN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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 DELBURN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**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, 2012**

**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, 2012**

**2. CASH AND CASH EQUIVALENTS**

	2012	2011
	\$	\$
Cash	193,948	732,611
Guaranteed investment certificates	<u>-</u>	<u>443,074</u>
	<u>193,948</u>	<u>1,175,685</u>

Council has designated funds of \$810,749 (2011 - \$750,410) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$NIL (2011 - \$427,114) related to various deferred revenues (Note 5).

Non-cash transactions

The village purchased tangible capital assets at a cost of \$18,712 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**

	2012	2011
	\$	\$
Current taxes and grants in place of taxes	47,707	58,494
Arrears taxes	<u>22,660</u>	<u>15,395</u>
	70,367	73,889
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	<u>70,367</u>	<u>73,889</u>

**4. LONG TERM INVESTMENTS**

	2012	2011
	\$	\$
UFA patronage account	1,651	-
Guaranteed Investment Certificates	451,170	-
A.M.F.C. shares, at cost	<u>10</u>	<u>10</u>
	<u>452,831</u>	<u>10</u>

Guaranteed investment certificates mature at dates between February and May 2014 and earn interest at rates between 1.50% to 2.15% per annum.



# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

### 5. DEFERRED REVENUE

	2012	2011
	\$	\$
Municipal Sustainability Initiatives	99,956	483,685
Land deposits	78,190	78,190
FCSS programs	58,474	34,537
Regional Collaboration Program	56,093	120,000
Prepaid property taxes	20,077	13,156
Prepaid local improvements	3,995	4,433
Prepaid utilities	2,130	1,862
Prepaid licenses	575	4,365
Other grants and programs	20	200
Federal gas tax grant	-	38,020
Municipal sponsorship program	-	1,936
	<u>319,510</u>	<u>780,384</u>

### 6. LONG TERM DEBT

	2012	2011
	\$	\$
Credit Union paving loan, due \$1,605 monthly including interest at prime, maturing May 2020, secured by a general security agreement	134,006	149,004
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>41,298</u>	<u>80,490</u>
	<u>175,304</u>	<u>229,494</u>

Principal and interest payments are as follows:

	Principal	Interest	Total
	\$	\$	\$
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
2017	17,425	1,841	19,266
Thereafter	<u>51,873</u>	<u>2,283</u>	<u>54,156</u>
	<u>175,304</u>	<u>18,701</u>	<u>194,005</u>

**VILLAGE OF DELBURN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**7. CAPITAL LEASE OBLIGATIONS**

	2012 \$	2011 \$
Capital lease due \$4,517 monthly including interest at 3.10%, maturing April 2014. Secured by assets with a carrying value of \$139,950	70,715	121,867
Capital lease due \$1,331 quarterly including interest at 8.90% maturing March 2016. Secured by assets with a carrying value of \$16,841	15,320	-
Capital lease, due \$1,248 quarterly including interest at 1.61%	<u>-</u>	<u>6,870</u>
	<u>86,035</u>	<u>128,737</u>

Principal and interest payments are as follows:

	Principal \$	Interest \$	Total \$
2013	57,105	2,427	59,532
2014	22,617	778	23,395
2015	5,005	319	5,324
2016	<u>1,308</u>	<u>23</u>	<u>1,331</u>
	<u>86,035</u>	<u>3,547</u>	<u>89,582</u>

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**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:

	2012 \$	2011 \$
Total debt limit	2,279,204	2,405,615
Total debt	<u>261,339</u>	<u>358,231</u>
Amount of debt limit (exceeded) available	<u>2,017,865</u>	<u>2,047,384</u>
Debt servicing limit	379,867	400,936
Debt servicing	<u>122,317</u>	<u>121,985</u>
Amount of debt servicing limit (exceeded) available	<u>257,550</u>	<u>278,951</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.

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2012 \$	Restated 2011 \$
Tangible Capital assets (Schedule 2)	10,533,410	9,790,797
Accumulated Amortization (Schedule 2)	(3,736,843)	(3,513,466)
Long term debt (Note 6)	(175,304)	(229,494)
Capital Lease Obligation (Note 7)	<u>(86,035)</u>	<u>(128,737)</u>
	<u>6,535,228</u>	<u>5,919,100</u>

# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

### 10. RESTRICTED SURPLUS

	2011	Increases	Decreases	2012
	\$	\$	\$	\$
Administration	11,876	1,076	-	12,952
Anniversary	7,319	-	(7,319)	-
Bunker gear	5,800	-	-	5,800
Citizen's Watch	4,917	-	-	4,917
Council golf tournament	4,249	379	-	4,628
Disaster	380	-	-	380
Economic development	7,492	-	-	7,492
Family and community support	16,272	-	(5,952)	10,320
Fire department	131,493	-	-	131,493
General contingency	126,582	-	-	126,582
Healthy communities	1,556	-	-	1,556
Lifeline	5,130	-	(2,362)	2,768
Public works	29,834	5,235	-	35,069
Recreation	12,052	38,000	-	50,052
Subdivision	50,561	-	-	50,561
Transportation	23,663	6,282	-	29,945
Water	170,451	25,000	-	195,451
Waste water	140,783	-	-	140,783
Total	<u>750,410</u>	<u>75,972</u>	<u>(15,633)</u>	<u>810,749</u>

### 11. TRUST FUNDS

The Village of Delburne administers the following trust:

	2012	2011
	\$	\$
Tax Sale Surplus		
Balance - beginning of year	15,166	15,166
Operating expenses	<u>-</u>	<u>-</u>
Balance - end of year	<u>15,166</u>	<u>15,166</u>

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**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:

	2012			2011
	Salary(1)	Benefits & Allowances(2)	Total	Total
	\$	\$	\$	\$
Mayor Reckseidler	11,005	-	11,005	11,715
Councillor McKenzie	7,820	-	7,820	8,959
Councillor Paradon	7,440	209	7,649	7,783
Councillor Dushanek	8,195	234	8,429	7,510
Councillor Brett	5,640	156	5,796	6,566
Mayor Manning	-	-	-	-
Councillor Bourne	-	-	-	-
Councillor Faulk	-	-	-	-
Administrator Fegan	63,102	6,638	69,740	67,691

- (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.

**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.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**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 2011 comparative figures have been reclassified in order to conform with the financial statement presentation for 2012.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**16. PRIOR PERIOD ADJUSTMENTS**

During the year the Village identified a parcel of land which they owned but which was not reflected in their inventory. The land in question was originally purchased in 1982 and was written off as a period expense in that year. The Village has restated the 2011 comparative financial statements as follows:

	2011 \$
<b>Adjustments to opening accumulated surplus:</b>	
As previously reported	6,369,807
Adjustment to record land inventory	<u>9,500</u>
<b>As restated</b>	<b><u>6,379,307</u></b>
 <b>Adjustments to land held for resale:</b>	
As previously reported	129,647
Adjustment to record land inventory	<u>9,500</u>
<b>As restated</b>	<b><u>139,147</u></b>

The Village also identified an error in the calculation of the gain realized in 2011 on the disposal of Tangible Capital Assets. An adjustment has been made to correct this error in the prior period and the Village has restated the 2011 comparative financial statements as follows:

	2011 \$
<b>Adjustments to excess of revenue over expenses:</b>	
As previously reported	349,973
Adjustment to gain on sale of tangible capital assets	<u>4,512</u>
<b>As restated</b>	<b><u>354,485</u></b>
 <b>Adjustments to tangible capital assets:</b>	
As previously stated	6,272,820
Adjustment to gain on sale of tangible capital assets	<u>4,512</u>
<b>As restated</b>	<b><u>6,277,332</u></b>

**17. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.