

**VILLAGE OF THORSBY**  
**Financial Statements**  
**For The Year Ended December 31, 2012**

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**INDEPENDENT AUDITORS' REPORT**

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To the Mayor and Council of the Village of Thorsby

*Report on the Financial Statements*

We have audited the accompanying financial statements of the Village of Thorsby, which comprise the statement of financial position as at December 31, 2012, and the statements of operations and accumulated surplus, changes in net 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.

*Auditors' 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 auditors' 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 Thorsby as at December 31, 2012 and the results of its operations, the change in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta  
August 13, 2013

  
HAWKINGS EPP DUMONT LLP  
Chartered Accountants

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To His Worship the Mayor and Members of Council of the Village of Thorsby  
Thorsby, Alberta

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by Village Council to express an opinion on the Village's financial statements.

Thorsby, Alberta  
August 13, 2013



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Mrs. Christine Burke  
Corporate Services Manager

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

	2012	2011
<b>FINANCIAL ASSETS</b>		
Cash	\$ -	\$ 135,137
Receivables (Note 2)	1,447,555	1,619,975
Land held for resale	51,200	-
	<u>1,498,755</u>	<u>1,755,112</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 7)	\$ 522,263	\$ -
Accounts payable and accrued liabilities	240,528	875,351
Deposit liabilities	2,866	2,827
Deferred revenue (Note 3)	106,477	59,803
Long-term debt (Note 4)	1,119,954	1,190,388
	<u>1,992,088</u>	<u>2,128,369</u>
<b>NET DEBT</b>	<u>(493,333)</u>	<u>(373,257)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	15,941,784	15,729,237
Inventory for consumption	175	2,764
Prepaid expenses	43,602	21,221
	<u>15,985,561</u>	<u>15,753,222</u>
<b>ACCUMULATED SURPLUS (Note 6)</b>	<u>\$ 15,492,228</u>	<u>\$ 15,379,965</u>
Contingencies (Note 10)		

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

**VILLAGE OF THORSBY**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012 (Budget) (Note 16)	2012 (Actual)	2011 (Actual)
<b>REVENUE</b>			
Net municipal taxes <i>(Schedule 2)</i>	\$ 1,221,378	\$ 1,220,895	\$ 1,193,123
Government transfers for operating <i>(Schedule 3)</i>	584,516	483,096	435,114
Sales and user charges <i>(Schedule 4)</i>	748,780	704,511	673,745
Rentals	97,625	92,674	73,204
Franchise and concession contracts	73,000	80,584	75,235
Other	5,000	44,465	12,021
Penalties and costs on taxes	36,000	36,057	29,623
Licenses and permits	20,500	19,008	19,466
Fines	2,500	5,068	4,009
Interest	1,500	664	5,878
	<u>2,790,799</u>	<u>2,687,022</u>	<u>2,521,418</u>
<b>EXPENSES</b>			
Water supply and distribution	483,142	809,027	384,456
Parks and recreation	634,541	695,620	701,444
Roads, streets, walks and lighting	586,969	633,354	540,947
General administration	548,212	558,797	560,264
Fire and disaster services	151,630	138,386	159,610
Waste management	81,500	78,528	76,146
Culture: libraries, museums and halls	68,178	75,583	56,919
Council and other legislative	73,500	71,875	71,741
Waste water treatment and disposal	35,500	57,819	33,697
Family and community support	51,000	49,415	33,950
Bylaws enforcement	20,700	18,805	23,072
Land use planning, zoning and development	7,000	3,080	4,723
	<u>2,741,872</u>	<u>3,190,289</u>	<u>2,646,969</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER INCOME</b>	<u>48,927</u>	<u>(503,267)</u>	<u>(125,551)</u>
<b>OTHER INCOME</b>			
Government transfers for capital <i>(Schedule 3)</i>	1,131,167	608,347	2,959,846
Contributed assets <i>(Note 18)</i>	-	-	310,963
Gain on disposal of tangible capital assets	-	7,183	-
	<u>1,131,167</u>	<u>615,530</u>	<u>3,270,809</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>1,180,094</u>	<u>112,263</u>	<u>3,145,258</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>12,234,707</u>	<u>15,379,965</u>	<u>12,234,707</u>
<b>ACCUMULATED SURPLUS, END OF YEAR <i>(Note 6)</i></b>	<u>\$ 13,414,801</u>	<u>\$ 15,492,228</u>	<u>\$ 15,379,965</u>

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

**VILLAGE OF THORSBY**  
**STATEMENT OF CHANGES IN NET DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012 (Budget) (Note 16)	2012 (Actual)	2011 (Actual)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 1,180,094	\$ 112,263	\$ 3,145,258
Acquisition of tangible capital assets	(1,451,753)	(726,305)	(3,507,379)
Amortization of tangible capital assets	-	497,942	324,210
Proceeds on disposal of tangible capital assets	-	23,000	-
(Gain) on sale of tangible capital assets	-	(7,183)	-
	<u>(271,659)</u>	<u>(100,283)</u>	<u>(37,911)</u>
(Acquisition) use of supplies inventory	-	2,588	735
Use of prepaid expenses	-	(22,381)	(2,767)
	<u>(271,659)</u>	<u>(120,076)</u>	<u>(39,943)</u>
<b>INCREASE (DECREASE) IN NET DEBT</b>	<u>(271,659)</u>	<u>(120,076)</u>	<u>(39,943)</u>
<b>NET DEBT, BEGINNING OF YEAR</b>	<u>(373,257)</u>	<u>(373,257)</u>	<u>(333,314)</u>
<b>NET DEBT - END OF YEAR</b>	<u>\$ (644,916)</u>	<u>\$ (493,333)</u>	<u>\$ (373,257)</u>

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

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

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 112,263	\$ 3,145,258
Non-cash items not included in excess of revenue over expenses:		
Amortization of tangible capital assets	497,942	324,210
Gain on disposal of tangible capital assets	(7,183)	-
Tangible capital assets received as contributions	-	(310,963)
	<u>603,022</u>	<u>3,158,505</u>
Changes in non-cash working capital balances related to operations:		
Receivables	172,419	(486,595)
Land held for resale	(51,200)	-
Accounts payable and accrued liabilities	(634,823)	(162,483)
Deferred revenue	46,674	(732,282)
Deposit liabilities	38	(1,000)
Inventory for consumption	2,589	735
Prepaid expenses	(22,380)	(2,767)
	<u>(486,683)</u>	<u>(1,384,392)</u>
Cash flow from operating activities	<u>116,339</u>	<u>1,774,113</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(726,305)	(3,196,416)
Proceeds on sale of tangible capital assets	23,000	-
Cash flow used by capital activities	<u>(703,305)</u>	<u>(3,196,416)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(70,434)	(42,586)
Proceeds from long-term debt	-	1,000,000
Cash flow from (used by) financing activities	<u>(70,434)</u>	<u>957,414</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<b>(657,400)</b>	<b>(464,889)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>135,137</b>	<b>600,026</b>
<b>CASH (BANK INDEBTEDNESS), END OF YEAR</b>	<b>\$ (522,263)</b>	<b>\$ 135,137</b>

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

**VILLAGE OF THORSBY**  
**SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS**      *(Schedule 1)*  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 14,538,849</b>	<b>\$ 12,313,094</b>
Acquisition of tangible capital assets	726,305	3,507,379
Amortization of tangible capital assets	(497,942)	(324,210)
Repayment of capital long-term debt	70,434	42,586
Proceeds from capital long-term debt	-	(1,000,000)
Cost of tangible capital assets disposed of	(15,816)	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 14,821,830</b>	<b>\$ 14,538,849</b>
Equity in tangible capital assets is comprised of the following:		
Tangible Capital Assets (net book value)	\$ 15,941,784	\$ 15,729,237
Long-term debt	(1,119,954)	(1,190,388)
	<u>\$ 14,821,830</u>	<u>\$ 14,538,849</u>

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



**VILLAGE OF THORSBY**  
**SCHEDULE OF PROPERTY TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

*(Schedule 2)*

	2012 (Budget) (Note 16)	2012 (Actual)	2011 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 1,467,326	\$ 1,409,290	\$ 1,383,470
Linear property taxes	2,169	38,752	38,213
Government grants in lieu of property taxes	-	20,970	19,827
	1,469,495	1,469,012	1,441,510
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	246,113	246,113	246,260
Leduc Foundation	2,004	2,004	2,127
	248,117	248,117	248,387
<b>NET MUNICIPAL PROPERTY TAXES</b>	\$ 1,221,378	\$ 1,220,895	\$ 1,193,123

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

**VILLAGE OF THORSBY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

*(Schedule 3)*

	2012 (Budget) (Note 16)	2012 (Actual)	2011 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 135,178	\$ 151,397	\$ 50,537
Local governments	449,338	331,699	384,576
	<u>584,516</u>	<u>483,096</u>	<u>435,113</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	1,114,967	416,991	2,938,813
Local governments	16,200	191,356	21,033
	<u>1,131,167</u>	<u>608,347</u>	<u>2,959,846</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 1,715,683</u>	<u>\$ 1,091,443</u>	<u>\$ 3,394,959</u>

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

**VILLAGE OF THORSBY  
SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Schedule 4)

	General Administration	Parks and Recreation	Protective Services	Roads, Streets, Walks and Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 459,116	\$ 242,573	\$ 38,167	\$ 389,085	-	\$ 91,954	\$ 1,220,895
Sales and user charges	38,843	59,793	21,774	-	582,116	1,986	704,512
Government transfers	39,156	228,886	77,813	112,241	-	25,000	483,096
All other	10,625	25,982	13,826	9,395	-	126,017	185,845
Rentals	-	92,674	-	-	-	-	92,674
	<u>\$ 547,740</u>	<u>649,908</u>	<u>151,580</u>	<u>510,721</u>	<u>582,116</u>	<u>244,957</u>	<u>2,687,022</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	349,960	276,887	49,500	210,127	-	98,261	984,735
Materials, goods, and contracted and general services	161,280	118,708	92,911	114,485	368,592	26,111	882,087
Utilities	10,011	124,120	519	80,069	128,612	-	343,331
Repairs and maintenance	9,350	96,647	7,137	96,017	137,987	-	347,138
Insurance	17,139	33,546	1,513	8,722	17,624	-	78,544
Interest on long-term debt	-	-	-	1,301	55,211	-	56,512
	<u>\$ 547,740</u>	<u>\$ 649,908</u>	<u>\$ 151,580</u>	<u>\$ 510,721</u>	<u>\$ 708,026</u>	<u>\$ 124,372</u>	<u>\$ 2,692,347</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>							
	-	-	-	-	(125,910)	120,585	(5,325)
Amortization	11,057	121,294	5,611	122,632	237,348	-	497,942
<b>NET REVENUE</b>	<u>\$ (11,057)</u>	<u>\$ (121,294)</u>	<u>\$ (5,611)</u>	<u>\$ (122,632)</u>	<u>\$ (363,258)</u>	<u>\$ 120,585</u>	<u>\$ (503,267)</u>

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

**VILLAGE OF THORSBY**  
**SCHEDULE OF SEGMENTED INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Schedule 4)

	General Administration	Parks and Recreation	Protective Services	Roads, Streets, Walks and Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 424,379	\$ 240,477	\$ 69,450	\$ 424,589	\$ -	\$ 34,228	\$ 1,193,123
Government transfers	48,822	278,885	80,692	1,715	-	25,000	435,114
Sales and user charges	65,857	47,321	24,600	435	530,043	5,489	673,745
All other	9,325	-	5,940	9,996	-	120,971	146,232
Rentals	1,000	72,204	-	-	-	-	73,204
	<u>549,383</u>	<u>638,887</u>	<u>180,682</u>	<u>436,735</u>	<u>530,043</u>	<u>185,688</u>	<u>2,521,418</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	\$ 326,407	\$ 316,334	\$ 43,441	\$ 161,163	\$ -	\$ 73,557	\$ 920,902
Materials, goods, and contracted and general services	186,280	105,788	119,854	91,903	233,728	36,857	774,410
Repairs and maintenance	7,595	81,936	17,205	104,662	29,736	-	241,134
Utilities	7,663	95,673	-	67,421	84,113	-	254,870
Insurance	21,438	39,156	182	9,922	9,007	-	79,705
Interest on long-term debt	-	-	-	1,664	50,074	-	51,738
	<u>549,383</u>	<u>638,887</u>	<u>180,682</u>	<u>436,735</u>	<u>406,658</u>	<u>110,414</u>	<u>2,322,759</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>							
Amortization	10,881	119,476	2,000	104,212	87,641	-	324,210
<b>NET REVENUE</b>	<u>\$ (10,881)</u>	<u>\$ (119,476)</u>	<u>\$ (2,000)</u>	<u>\$ (104,212)</u>	<u>\$ 35,744</u>	<u>\$ 75,274</u>	<u>\$ (125,551)</u>

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

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2012**

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**1. ACCOUNTING POLICIES**

The financial statements of the Village of Thorsby (the "Village") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows:

**(a) Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Village and are, therefore, accountable to the Mayor and Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

**(b) Basis of Accounting**

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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, 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, the Village has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

**(c) Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported 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.

**(d) Land held for resale**

Land held for resale is recorded at the lower of cost or net realizable. 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 the respective function.

**(e) Inventory for consumption**

Inventories are valued at the lower of cost and net realizable value with cost determined by the average cost method.

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**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2012**

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**1. ACCOUNTING POLICIES (continued)**

**(f) 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:

Buildings	10 - 50 years
Engineered structures:	
Roadways	20 years
Wastewater Systems	40 - 100 years
Water Systems	40 - 100 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 20 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Works of art for display are not recorded as tangible capital assets but are disclosed.

**(g) 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.

**(h) 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.

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**2. RECEIVABLES**

	2012	2011
Other governments	\$ 1,183,024	\$ 1,202,987
Goods and Services Tax rebate	42,912	230,296
Taxes and grants in place of taxes	174,692	145,630
Utilities	46,927	41,062
	\$ 1,447,555	\$ 1,619,975

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**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2012**

**3. DEFERRED REVENUE**

Deferred revenue consists of funds received which relate to expenditures of future periods.

	2012	2011
Provincial government conditional transfers	\$ 99,477	\$ 51,803
Rec Plex naming rights	7,000	8,000
	\$ 106,477	\$ 59,803

**4. LONG-TERM DEBT**

	2012	2011
Tax-supported debentures	\$ 1,119,954	\$ 1,190,388

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 74,287	\$ 54,339	\$ 128,626
2014	78,389	50,237	128,626
2015	77,178	45,865	123,043
2016	81,323	41,720	123,043
2017	85,731	37,311	123,042
To maturity	723,046	136,217	859,263
	\$ 1,119,954	\$ 365,689	\$ 1,485,643

Debenture debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 3.970% 9.625% per annum before provincial subsidy. Maturity occurs in periods from 2014 through to 2026. For qualifying debentures, the province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.50%, depending on the date borrowed. Debentures debt is issued on the credit and security of the Village of Thorsby.

Total cash payments for interest on long-term debt in 2012 amounted to \$57,181 (2011 - \$41,481).

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2012**

**5. TANGIBLE CAPITAL ASSETS**

	2012 Net Book Value	2011 Net Book Value
Engineered structures		
Water systems	\$ 9,485,365	\$ 9,439,428
Roadways	1,457,582	1,547,648
Wastewater systems	830,190	830,187
	<u>11,773,137</u>	<u>11,817,263</u>
Buildings	2,909,642	3,013,000
Land	581,323	581,323
Machinery, equipment, and furnishings	577,482	211,062
Vehicles	100,200	106,590
	<u>\$ 15,941,784</u>	<u>\$ 15,729,237</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 6,280,898	\$ -	\$ -	\$ -	\$ 6,280,898
Water systems	11,667,229	280,827	-	-	11,948,056
Wastewater systems	1,717,154	-	-	-	1,717,154
	<u>19,665,281</u>	<u>280,827</u>	<u>-</u>	<u>-</u>	<u>19,946,108</u>
Buildings	5,206,387	6,300	-	-	5,212,687
Machinery, equipment, and furnishings	712,878	430,762	59,312	-	1,084,328
Land	581,323	-	-	-	581,323
Vehicles	289,279	8,416	-	-	297,695
	<u>\$ 26,455,148</u>	<u>\$ 726,305</u>	<u>\$ 59,312</u>	<u>\$ -</u>	<u>\$ 27,122,141</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 4,733,250	\$ 90,066	\$ -	\$ -	\$ 4,823,316
Water systems	2,227,801	234,891	-	-	2,462,692
Wastewater systems	886,967	-	-	-	886,967
	<u>7,848,018</u>	<u>324,957</u>	<u>-</u>	<u>-</u>	<u>8,172,975</u>
Buildings	2,193,388	109,657	-	-	2,303,045
Machinery, equipment, and furnishings	501,816	48,525	43,496	-	506,845
Vehicles	182,689	14,803	-	-	197,492
	<u>\$ 10,725,911</u>	<u>\$ 497,942</u>	<u>\$ 43,496</u>	<u>\$ -</u>	<u>\$ 11,180,357</u>



**VILLAGE OF THORSBY**  
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**6. ACCUMULATED SURPLUS**

	2012	2011
Unrestricted surplus	\$ 652,913	\$ 841,116
Capital reserves	17,485	-
Equity in tangible capital assets ( <i>Schedule 1</i> )	14,821,830	14,538,849
	\$ 15,492,228	\$ 15,379,965

**7. BANK INDEBTEDNESS**

The Village has access to a revolving line of credit with a limit of \$1,000,000, bearing interest at prime rate.

**8. ASSET RETIREMENT OBLIGATION**

In 2004, the Village gave a portion of land to Leduc County for construction of the Thorsby and District Fire Hall. The Thorsby public works building also sits on this land. The Village entered into an agreement with Leduc County for the right to use the public works building and immediately adjoining land for a period of 15 years, after which the agreement can be renegotiated. If the Village ceases to use the building during this time, it will be responsible for all demolition and site restoration.

It is the intent of the Mayor and Council of the Village to continue this agreement in perpetuity. Therefore, the amount of any asset retirement obligation is not readily determinable at this time, and no amounts have been accrued in these financial statements. Any additional information which will enable a determination of the retirement obligation will be disclosed as it becomes available.

**9. 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 Thorsby be disclosed as follows:

	2012	2011
Total debt limit	\$ 4,030,533	\$ 3,782,127
Total debt	1,119,954	1,190,388
<b>Total debt limit remaining</b>	<b>\$ 2,910,579</b>	<b>\$ 2,591,739</b>
Service on debt limit	\$ 671,756	\$ 630,355
Service on debt	128,626	128,626
<b>Total service on debt limit remaining</b>	<b>\$ 543,130</b>	<b>\$ 501,729</b>

The debt limit is calculated at 1.5 times revenue of the Village (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Village. Rather, the financial statements must be interpreted as a whole.

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2012**

**10. CONTINGENCIES**

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Village could become liable for its proportionate shares 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.

**11. CONTRACTUAL OBLIGATIONS**

The Village has entered into an agreement with Ever Green Ecological Services Inc. for the collection of waste material commencing September 1, 2012 for a three-year period ending August 31, 2015.

**12. FUNDS HELD IN TRUST**

The Village administers the following trusts on behalf of third parties. As related trust assets are not owned by the Village, the trusts have been excluded from these financial statements. The following table provides a summary of the transactions within these trusts during the year.

	Beginning	Receipts	Disbursement s	Ending
Tax sale surplus	\$ -	\$ 50,002	\$ 12,493	\$ 37,509
FCSS programs	14,369	-	2,363	12,006
	<u>\$ 14,369</u>	<u>\$ 50,002</u>	<u>\$ 14,856</u>	<u>\$ 49,515</u>

**13. SALARIES AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for Village officials, the Village Administrator and designated officers are required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits (2)	2012	2011
Mayor Barry Rasch	\$ 18,700	\$ 526	\$ 19,226	\$ 15,270
Councillors				
Rick Hart	11,750	137	11,887	10,350
Cathryne Pharis	11,000	244	11,244	10,157
Mitch Williams	11,100	249	11,349	9,795
Joanne Osness	11,100	249	11,349	9,434
	<u>\$ 63,650</u>	<u>\$ 1,405</u>	<u>\$ 65,055</u>	<u>\$ 55,006</u>
Chief Administrative Officers	<u>\$ 88,186</u>	<u>\$ 15,960</u>	<u>\$ 104,146</u>	<u>\$ 90,000</u>

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

(2) Benefits and allowances include the employer's share of the employee benefits and contributions made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2012**

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**14. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. The LAPP serves approximately 200,000 people and 418 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Village is required to make current service contributions to the LAPP of 9.91% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.74% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 8.91% of pensionable earnings up to the year's maximum pensionable earnings and 12.74% on pensionable earnings above this amount.

Total current service contributions by the Village of Thorsby to the LAPP in 2012 were \$56,072 (2011 - \$38,220). Total current service contributions by the employees of the Village to the LAPP in 2012 were \$50,641 (2011 - \$34,302).

At December 31, 2011, the Plan disclosed an actuarial deficit of \$4,639.4 million (2010 - \$4,635.3 million).

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**15. FINANCIAL INSTRUMENTS**

The Village's financial instruments consist of cash, receivables, long-term investments, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Village is not exposed to significant interest, credit or currency arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Village is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Village's credit risk.

The Village is not exposed to interest rate risk on its long-term debt as the interest on these debentures are fixed for the term of the debenture.

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**16. SEGMENTED INFORMATION**

The Village provides a range of services to its citizens. For each reported 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. For additional information see the Schedule of Segmented Disclosure (Schedule 4).

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**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2012**

**17. BUDGET FIGURES**

Budget figures are presented for information purposes only and are unaudited. The 2012 budget, prepared by the Village, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	2012 Budget	2012 Actual	2011 Actual
Excess of Revenue over Expenses	\$ 1,180,094	\$ 112,263	\$ 3,145,258
Amortization	-	497,942	324,210
Gain on disposal of tangible capital assets	-	(7,183)	-
Contributed tangible capital assets	-	-	(310,963)
Purchase of tangible capital assets	(1,451,753)	(726,305)	(3,507,379)
Repayment of long-term debt	(85,341)	(70,434)	(42,586)
Long-term debt issued	400,000	-	-
Net transfers (to) from reserves	(43,000)	(17,485)	-
	\$ -	\$ (211,202)	\$ (391,460)

**18. SUBSEQUENT EVENT**

On March 15, 2013 the Village obtained \$50,000 of additional debenture financing from the Alberta Capital Finance Authority to finance the purchase of land that was made during 2012.

**19. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and management.

**20. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation.