

( )

**VILLAGE OF THORSBY**  
**Financial Statements**  
**For The Year Ended December 31, 2013**

( )

( )

---

**INDEPENDENT AUDITORS' REPORT**

---

To the Mayor and Council of the Village of Thorsby

We have audited the accompanying financial statements of the Village of Thorsby, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and accumulated surplus, changes in net financial assets, 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, 2013 and the results of its operations, the change in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta  
July 8, 2014

*Hawkings Epp Dumont LLP*  
Hawkings Epp Dumont LLP  
Chartered Accountants

EDMONTON  
10476 Mayfield Road  
Edmonton, AB T5P 4P4  
1.877.489.9606  
T: 780.489.9606  
F: 780.484.9689

STONY PLAIN  
#101, 5300 – 50 Street  
PO Box 3188, Station Main  
Stony Plain, AB T7Z 1T8  
T: 780.963.2727  
F: 780.963.1294

LLOYDMINSTER  
5102 – 48 Street  
PO Box 10099  
Lloydminster, AB T9V 3A2  
T: 780.875.7433  
F: 780.875.5304

HAWKINGS.COM



**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  
July 8, 2014

---

Mr. Jason Gariepy  
Chief Administrative Officer

---

Mrs. Christine Burke  
Corporate Services Manager

**VILLAGE OF THORSBY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2013**

	2013	2012 (Restated) (Note 21)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 757,830	\$ -
Receivables (Note 2)	1,233,044	2,116,288
Land held for resale	-	51,200
	<u>1,990,874</u>	<u>2,167,488</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 8)	\$ -	\$ 522,263
Accounts payable and accrued liabilities	349,230	240,528
Deposit liabilities	2,266	2,866
Deferred revenue (Note 3)	17,152	17,552
Long-term debt (Note 4)	1,447,771	1,119,954
	<u>1,816,419</u>	<u>1,903,163</u>
<b>NET FINANCIAL ASSETS</b>	<u>174,455</u>	<u>264,325</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	15,882,640	15,941,784
Inventory for consumption	76	175
Prepaid expenses	14,454	43,602
	<u>15,897,170</u>	<u>15,985,561</u>
<b>ACCUMULATED SURPLUS (Note 6)</b>	<u>\$ 16,071,625</u>	<u>\$ 16,249,886</u>
Contingencies (Note 11)		

**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, 2013**

	2013 (Budget) (Note 18)	2013 (Actual)	2012 (Restated) (Note 21)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 1,219,880	\$ 1,218,440	\$ 1,201,857
Sales and user charges (Schedule 4)	706,578	726,747	704,511
Government transfers for operating (Schedule 3)	454,250	399,963	483,096
Rentals	86,600	93,438	92,674
Franchise and concession contracts	73,000	85,544	80,584
Penalties and costs on taxes	36,000	41,063	36,057
Licenses and permits	19,350	25,571	19,008
Other	10,000	2,235	44,465
Fines	2,000	2,224	5,068
Interest	25	1,119	664
	<u>2,607,683</u>	<u>2,596,344</u>	<u>2,667,984</u>
<b>EXPENSES</b>			
Parks and recreation	610,950	740,395	695,620
Water supply and distribution	453,675	659,137	809,027
Roads, streets, walks and lighting	430,058	577,462	633,354
General administration	573,890	571,609	539,753
Fire and disaster services	155,952	158,820	138,386
Waste management	70,206	73,763	78,528
Council and other legislative	68,800	65,731	71,875
Culture: libraries, museums and halls	67,287	55,635	75,589
Subdivision land and development	-	51,200	-
Family and community support	50,921	37,282	49,415
Bylaws enforcement	31,350	32,940	18,805
Waste water treatment and disposal	47,777	18,714	57,819
Land use planning, zoning and development	4,600	6,619	3,080
	<u>2,565,466</u>	<u>3,049,307</u>	<u>3,171,251</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME</b>	<u>42,217</u>	<u>(452,963)</u>	<u>(503,267)</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 3)	299,841	312,930	608,347
Gain (loss) on disposal of tangible capital assets	-	(38,228)	7,183
	<u>299,841</u>	<u>274,702</u>	<u>615,530</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>342,058</u>	<u>(178,261)</u>	<u>112,263</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>16,249,886</u>	<u>16,249,886</u>	<u>16,137,623</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 6)</b>	<u>\$ 16,591,944</u>	<u>\$ 16,071,625</u>	<u>\$ 16,249,886</u>

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

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

	2013 (Budget) (Note 18)	2013 (Actual)	2012 (Restated) (Note 21)
<b>ANNUAL SURPLUS</b>	\$ 342,058	\$ (178,261)	\$ 112,263
Acquisition of tangible capital assets	(544,626)	(482,462)	(726,305)
Amortization of tangible capital assets	-	489,681	497,942
Proceeds on disposal of tangible capital assets	-	13,700	23,000
Loss (gain) on sale of tangible capital assets	-	38,228	(7,183)
	<u>(202,568)</u>	<u>(119,114)</u>	<u>(100,283)</u>
Use of supplies inventory	-	99	2,588
Use (acquisition) of prepaid expenses	-	29,145	(22,381)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<u>(202,568)</u>	<u>(89,870)</u>	<u>(120,076)</u>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>264,325</u>	<u>264,325</u>	<u>384,401</u>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<u>\$ 61,757</u>	<u>\$ 174,455</u>	<u>\$ 264,325</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, 2013**

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ (178,261)	\$ 112,263
Non-cash items not included in excess of revenue over expenses:		
Amortization of tangible capital assets	489,681	497,942
Loss (gain) on disposal of tangible capital assets	38,228	(7,183)
	<u>349,648</u>	<u>603,022</u>
Changes in non-cash working capital balances related to operations:		
Receivables	883,244	261,344
Land held for resale	51,200	(51,200)
Accounts payable and accrued liabilities	108,702	(634,823)
Deferred revenue	(400)	(42,251)
Deposit liabilities	(599)	38
Inventory for consumption	99	2,589
Prepaid expenses	29,145	(22,380)
	<u>1,071,391</u>	<u>(486,683)</u>
	<u>1,421,039</u>	<u>116,339</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(482,462)	(726,305)
Proceeds on sale of tangible capital assets	13,700	23,000
	<u>(468,762)</u>	<u>(703,305)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(79,125)	(70,434)
Proceeds from long-term debt	406,941	-
	<u>327,816</u>	<u>(70,434)</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<b>1,280,093</b>	<b>(657,400)</b>
<b>CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR</b>	<b>(522,263)</b>	<b>135,137</b>
<b>CASH (BANK INDEBTEDNESS), END OF YEAR</b>	<b>\$ 757,830</b>	<b>\$ (522,263)</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, 2013**

	2013	2012
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 14,821,830</b>	<b>\$ 14,538,849</b>
Acquisition of tangible capital assets	482,462	726,305
Amortization of tangible capital assets	(489,681)	(497,942)
Repayment of capital long-term debt	74,289	70,434
Proceeds from capital long-term debt	(356,941)	-
Net book value of tangible capital assets disposed of	(51,928)	(15,816)
<b>BALANCE, END OF YEAR</b>	<b>\$ 14,480,031</b>	<b>\$ 14,821,830</b>
Equity in tangible capital assets is comprised of the following:		
Tangible Capital Assets (net book value)	\$ 15,882,640	\$ 15,941,784
Capital long-term debt	(1,402,609)	(1,119,954)
	<b>\$ 14,480,031</b>	<b>\$ 14,821,830</b>

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



**VILLAGE OF THORSBY  
SCHEDULE OF PROPERTY TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

*(Schedule 2)*

	2013 (Budget) <i>(Note 18)</i>	2013 (Actual)	2012 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 1,468,652	\$ 1,409,214	\$ 1,390,252
Linear property taxes	2,163	40,830	38,752
Government grants in lieu of property taxes	-	19,331	20,970
	<u>1,470,815</u>	<u>1,469,375</u>	<u>1,449,974</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	249,012	249,012	246,113
Leduc Foundation	1,923	1,923	2,004
	<u>250,935</u>	<u>250,935</u>	<u>248,117</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 1,219,880</u>	<u>\$ 1,218,440</u>	<u>\$ 1,201,857</u>

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

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

*(Schedule 3)*

	2013 (Budget) (Note 18)	2013 (Actual)	2012 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Local governments	\$ 345,250	\$ 394,963	\$ 331,699
Provincial government	109,000	5,000	151,397
	<u>454,250</u>	<u>399,963</u>	<u>483,096</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	109,485	174,091	416,991
Local governments	190,356	138,839	191,356
	<u>299,841</u>	<u>312,930</u>	<u>608,347</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 754,091</u>	<u>\$ 712,893</u>	<u>\$ 1,091,443</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, 2013  
 (Schedule 4)

	General Administration	Culture, Parks and Recreation	Protective Services	Roads, Streets, Walks and Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 538,287	\$ 223,467	\$ 82,576	\$ 374,110	\$ -	\$ -	\$ 1,218,440
Sales and user charges	7,292	66,604	13,720	-	628,383	10,748	726,747
Government transfers	3,000	289,420	82,543	-	-	25,000	399,963
All other	10,640	-	6,890	757	-	139,469	157,756
Rentals	1,334	92,104	-	-	-	-	93,438
	<b>560,553</b>	<b>671,595</b>	<b>185,729</b>	<b>374,867</b>	<b>628,383</b>	<b>175,217</b>	<b>2,596,344</b>
<b>EXPENSES</b>							
Salaries, wages and benefits	263,611	327,609	48,298	225,672	98,584	80,108	1,043,882
Contracted and general services	174,127	80,550	126,392	124,088	189,447	80,721	775,325
Utilities	9,599	112,320	-	76,024	99,871	-	297,814
Repairs and maintenance	9,955	106,304	4,374	22,057	57,454	-	200,144
Provision for allowances	99,649	-	-	-	-	-	99,649
Insurance	3,054	44,665	6,408	5,024	30,315	-	89,466
Interest on long-term debt	558	147	257	670	51,714	-	53,346
	<b>560,553</b>	<b>671,595</b>	<b>185,729</b>	<b>453,535</b>	<b>527,385</b>	<b>160,829</b>	<b>2,559,626</b>
<b>NET REVENUE, BEFORE AMORTIZATION</b>							
Amortization	-	-	-	(78,668)	100,998	14,388	36,718
	11,057	124,435	6,032	123,929	224,228	-	489,681
<b>NET REVENUE</b>	<b>\$ (11,057)</b>	<b>\$ (124,435)</b>	<b>\$ (6,032)</b>	<b>\$ (202,597)</b>	<b>\$ (123,230)</b>	<b>\$ 14,388</b>	<b>\$ (452,963)</b>

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	Culture, Parks and Recreation	Protective Services	Roads, Streets, Walks and Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 440,072	\$ 242,579	\$ 38,167	\$ 389,085	\$ -	\$ 91,954	\$ 1,201,857
Sales and user charges	38,843	59,793	21,774	-	582,116	1,985	704,511
Government transfers	39,156	228,886	77,813	112,241	-	25,000	483,096
All other	10,625	25,982	13,826	9,395	-	126,018	185,846
Rentals	-	92,674	-	-	-	-	92,674
	528,696	649,914	151,580	510,721	582,116	244,957	2,667,984
<b>EXPENSES</b>							
Salaries, wages and benefits	\$ 349,960	\$ 276,887	\$ 49,500	\$ 210,127	\$ -	\$ 98,261	\$ 984,735
Contracted and general services	142,236	118,714	92,911	114,485	368,592	26,111	863,049
Repairs and maintenance	9,350	96,647	7,137	96,017	137,987	-	347,138
Utilities	10,011	124,120	519	80,069	128,612	-	343,331
Insurance	17,139	33,546	1,513	8,722	17,624	-	78,544
Interest on long-term debt	-	-	-	1,301	55,211	-	56,512
	528,696	649,914	151,580	510,721	708,026	124,372	2,673,309
<b>NET REVENUE, BEFORE AMORTIZATION</b>							
Amortization	11,057	121,294	5,611	122,632	237,348	-	497,942
<b>NET REVENUE</b>	\$ (11,057)	\$ (121,294)	\$ (5,611)	\$ (122,632)	\$ (363,258)	\$ 120,585	\$ (503,267)

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

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2013**

---

**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.

*(continues)*

---

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2013**

---

**1. ACCOUNTING POLICIES (continued)**

**(e) Tax Revenue**

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality and are recognized as revenue in the year the tax is levied.

**(f) Inventory for consumption**

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

**(g) 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.

**(h) Over-levy and Under-levy**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

**(i) Non-Financial Assets**

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

---

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2013**

**2. RECEIVABLES**

	<u>2013</u>	<u>2012</u>
Other governments	\$ 1,122,650	\$ 1,851,757
Property Tax Receivable	137,761	174,692
Utilities	52,560	46,927
Goods and Services Tax rebate	<u>19,722</u>	<u>42,912</u>
	1,332,693	2,116,288
Less: allowance for doubtful accounts	<u>(99,649)</u>	-
	<u>\$ 1,233,044</u>	<u>\$ 2,116,288</u>

**3. DEFERRED REVENUE**

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

	<u>2013</u>	<u>2012</u>
Provincial government conditional transfers	\$ 10,552	\$ 10,552
Rec Plex naming rights	6,000	7,000
Other	<u>600</u>	<u>-</u>
	<u>\$ 17,152</u>	<u>\$ 17,552</u>

**4. LONG-TERM DEBT**

	<u>2013</u>	<u>2012</u>
Tax-supported debentures	<u>\$ 1,447,771</u>	<u>\$ 1,119,954</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 119,632	\$ 60,481	\$ 180,113
2015	119,436	55,094	174,530
2016	124,624	49,906	174,530
2017	130,102	44,428	174,530
2018	130,689	38,638	169,327
To maturity	<u>823,288</u>	<u>118,345</u>	<u>941,633</u>
	<u>\$ 1,447,771</u>	<u>\$ 366,892</u>	<u>\$ 1,814,663</u>

Debenture debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 1.458% to 9.625% per annum before provincial subsidy. Maturity occurs in periods from 2014 through to 2026. Debenture debt is issued on the credit and security of the Village of Thorsby.

Total cash payments for interest on long-term debt in 2013 amounted to \$54,704 (2012 - \$57,181).

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2013**

**5. TANGIBLE CAPITAL ASSETS**

	2013 Net Book Value	2012 Net Book Value
Engineered structures		
Water systems	\$ 9,264,852	\$ 9,485,365
Roadways	1,367,515	1,457,582
Wastewater systems	830,190	830,190
	<u>11,462,557</u>	<u>11,773,137</u>
Buildings	2,840,212	2,909,642
Land	581,323	581,323
Machinery, equipment, and furnishings	672,748	577,482
Vehicles	325,800	100,200
	<u>\$ 15,882,640</u>	<u>\$ 15,941,784</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 6,280,898	\$ -	\$ -	\$ -	\$ 6,280,898
Water systems	11,948,056	-	-	-	11,948,056
Wastewater systems	1,717,157	-	-	-	1,717,157
	<u>19,946,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,946,111</u>
Buildings	5,212,687	83,442	90,555	-	5,205,574
Machinery, equipment, and furnishings	1,084,328	158,202	5,000	-	1,237,530
Land	581,323	-	-	-	581,323
Vehicles	297,695	240,818	56,048	-	482,465
	<u>\$ 27,122,144</u>	<u>\$ 482,462</u>	<u>\$ 151,603</u>	<u>\$ -</u>	<u>\$ 27,453,003</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 4,823,316	\$ 90,067	-	\$ -	\$ 4,913,383
Water systems	2,462,692	220,512	-	-	2,683,204
Wastewater systems	886,967	-	-	-	886,967
	<u>8,172,975</u>	<u>310,579</u>	<u>-</u>	<u>-</u>	<u>8,483,554</u>
Buildings	2,303,045	105,445	43,128	-	2,365,362
Machinery, equipment, and furnishings	506,845	58,437	500	-	564,782
Vehicles	197,492	15,220	56,047	-	156,665
	<u>\$ 11,180,357</u>	<u>\$ 489,681</u>	<u>\$ 99,675</u>	<u>\$ -</u>	<u>\$ 11,570,363</u>



**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2013**

**6. ACCUMULATED SURPLUS**

	2013	2012
Unrestricted surplus	\$ 1,457,559	\$ 1,410,571
Operating reserves <i>(Note 7)</i>	25,000	-
Capital reserves <i>(Note 7)</i>	109,035	17,485
Equity in tangible capital assets <i>(Schedule 1)</i>	14,480,031	14,821,830
	\$ 16,071,625	\$ 16,249,886

**7. RESERVES**

	2013	2012
<b>Operating Reserves</b>		
Contingency	\$ 25,000	\$ -
<b>Capital Reserves</b>		
Sewer	\$ 44,425	\$ 17,485
Water	40,410	-
Fire	16,200	-
Recreation	8,000	-
	\$ 109,035	\$ 17,485

**8. BANK INDEBTEDNESS**

The Village has access to a revolving line of credit with a limit of \$1,000,000, bearing interest at prime rate. At December 31, 2013, the balance owing was \$Nil (2012 - \$347,175).

**9. 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.

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2013**

**10. 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:

	2013	2012
Total debt limit	\$ 3,894,516	\$ 4,001,976
Total debt	1,447,771	1,119,954
<b>Total debt limit remaining</b>	<b>\$ 2,446,745</b>	<b>\$ 2,882,022</b>
Service on debt limit	\$ 649,086	\$ 666,996
Service on debt	180,113	128,626
<b>Total service on debt limit remaining</b>	<b>\$ 468,973</b>	<b>\$ 538,370</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.

**11. 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.

**12. 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. The annual estimated cost over the term of the agreement is \$40,000.

**13. 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	Outlays	Ending
Tax sale surplus	\$ 37,509	\$ -	\$ -	\$ 37,509
FCSS programs	12,006	-	2,893	9,113
	<b>\$ 49,515</b>	<b>\$ -</b>	<b>\$ 2,893</b>	<b>\$ 46,622</b>

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2013**

**14. 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)	2013	2012
Mayor Barry Rasch	\$ 14,075	\$ 341	\$ 14,416	\$ 19,226
Councillors				
Rick Hart	11,100	48	11,148	11,887
Cathryne Pharis	7,875	165	8,040	11,244
Mitch Williams	7,875	165	8,040	11,349
Joanne Osness	7,300	159	7,459	11,349
Lloyd Jardine	2,700	47	2,747	-
Glenn Taylor	2,700	47	2,747	-
Katherine Ruhr	2,175	30	2,205	-
	<u>\$ 55,800</u>	<u>\$ 1,002</u>	<u>\$ 56,802</u>	<u>\$ 65,055</u>
Chief Administrative Officers	<u>\$ 111,671</u>	<u>\$ 19,466</u>	<u>\$ 131,137</u>	<u>\$ 104,146</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.

**15. 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 214,000 people and 478 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 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 9.43% of pensionable earnings up to the year's maximum pensionable earnings and 13.47% on pensionable earnings above this amount.

Total current service contributions by the Village of Thorsby to the LAPP in 2013 were \$68,056 (2012 - \$56,072). Total current service contributions by the employees of the Village to the LAPP in 2013 were \$61,846 (2012 - \$50,641).

At December 31, 2012, the Plan disclosed an actuarial deficit of \$5.0 billion (2011 - \$4.6 billion).

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2013**

---

**16. FINANCIAL INSTRUMENTS**

The Village's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risk 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 rate on the debentures is fixed for the term of the debenture.

---

**17. 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).

---

**18. BUDGET FIGURES**

Budget figures are presented for information purposes only and are unaudited. The 2013 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.

	2013 Budget	2013 Actual	2012 Actual
Annual surplus (deficit)	\$ 342,058	\$ (178,261)	\$ 112,263
Amortization	-	489,681	497,942
Gain on disposal of tangible capital assets	-	38,228	(7,183)
Purchase of tangible capital assets	(544,626)	(482,462)	(726,305)
Repayment of long-term debt	(90,352)	(79,125)	(70,434)
Long-term debt issued	354,270	406,941	-
Net transfers (to) from reserves	(105,350)	(116,550)	(17,485)
	\$ (44,000)	\$ 78,452	\$ (211,202)

---

**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.

---

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2013**

---

**21. RESTATEMENT**

During 2013 the Village discovered that its Municipal Sustainability Initiative capital component funding reported for the years 2009 - 2012 did not include all eligible project costs. Furthermore, the Village discovered that the Basic Municipal Transportation Grant and Streets Improvement Program grants designated to fund projects completed prior to 2011 had not been recorded in the year the approved project costs were incurred. These matters have been corrected retroactively in 2013 and prior periods have been restated.

The effect on the comparative 2012 figures has been to increase receivables by \$668,733, decrease deferred revenue by \$88,925 and increase net financial assets and opening accumulated surplus by \$757,658.

---