



# Gitzel Krejci Dand Peterson

CHARTERED ACCOUNTANTS

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## VILLAGE OF DELBURNE

## FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**VILLAGE OF DELBURNE**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2010**

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## 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, 2010, and the consolidated statements of operations, changes in net financial assets/debt and cash flows for the year then ended, and notes to the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Village of Delburne as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles.

*Ditzel Krejci Dand Peterson*

Stettler, Alberta  
July 25, 2011

CHARTERED ACCOUNTANTS

**VILLAGE OF DELBURNE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2010**

	2010 \$	2009 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	1,041,817	446,004
Taxes and grants in place of taxes receivable (Note 3)	68,433	91,535
Trade and other receivables	72,442	95,670
Grants receivable	191,500	332,124
Land held for resale	129,649	146,666
Long-term investments (Note 4)	<u>136,125</u>	<u>135,151</u>
	<u>1,639,966</u>	<u>1,247,150</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	80,985	130,169
Deferred revenue (Note 5)	661,963	263,315
Tax surplus liability	15,166	15,691
Long term debt (Note 6)	295,436	370,875
Capital lease obligation (Note 7)	<u>11,704</u>	<u>16,461</u>
	<u>1,065,254</u>	<u>796,511</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>574,712</u>	<u>450,639</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	5,739,645	5,765,118
Inventory for consumption	3,833	4,626
Prepaid expenses	<u>51,617</u>	<u>44,808</u>
	<u>5,795,095</u>	<u>5,814,552</u>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<u>6,369,807</u>	<u>6,265,191</u>
<b>CONTINGENCIES – NOTE 13</b>		

**VILLAGE OF DELBURNE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget \$ (Unaudited)	2010 \$	2009 \$
<b>REVENUES</b>			
Net taxes (Schedule 3)	649,546	648,852	644,626
Sales and user fees	393,239	445,829	350,603
Government transfers for operating (Schedule 4)	102,560	130,523	136,977
Investment income	5,500	7,132	4,639
Penalties and costs of taxes	15,903	18,577	22,049
Fines and costs	6,539	14,028	8,630
Licenses and permits	10,000	5,515	8,347
Franchise agreement	30,000	37,384	35,347
Other	80,663	132,430	95,016
Gain on sale of tangible capital assets	-	7,500	-
Total Revenue	<u>1,293,950</u>	<u>1,447,770</u>	<u>1,306,234</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	90,671	74,071	68,291
Administration	323,456	314,532	286,279
Protective services	129,631	128,069	127,031
Transportation services	254,024	371,083	361,521
Water and wastewater	237,006	185,852	233,692
Waste management and recycling	80,718	82,026	68,532
Recreation and parks	73,477	93,156	128,268
Family and community support	73,187	69,025	70,798
Land use planning, zoning and development	<u>186,979</u>	<u>144,384</u>	<u>94,171</u>
Total Expenses	<u>1,449,149</u>	<u>1,462,198</u>	<u>1,438,583</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER</b>	<u>(155,199)</u>	<u>(14,428)</u>	<u>(132,349)</u>
<b>OTHER</b>			
Contributed assets	-	440	33,038
Donations for tangible capital assets	93,500	61,463	92,218
Government transfers for capital (Schedule 4)	<u>68,647</u>	<u>57,141</u>	<u>361,129</u>
	<u>162,147</u>	<u>119,044</u>	<u>486,385</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	6,948	104,616	354,036
<b>ACCUMULATED SURPLUS – BEGINNING OF YEAR</b>	<u>6,265,191</u>	<u>6,265,191</u>	<u>5,911,155</u>
<b>ACCUMULATED SURPLUS – END OF YEAR</b>	<u>6,272,139</u>	<u>6,369,807</u>	<u>6,265,191</u>

**VILLAGE OF DELBURNE**

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

**FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010 \$	2009 \$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>104,616</u>	<u>354,036</u>
Contributed tangible capital assets	(440)	(33,038)
Acquisition of tangible capital assets	(196,669)	(479,555)
Proceeds on disposal of tangible capital assets	7,500	-
Amortization of tangible capital assets	222,582	204,110
(Gain) loss on sale of tangible capital assets	<u>(7,500)</u>	<u>-</u>
	<u>25,473</u>	<u>(308,483)</u>
Net use (acquisition) of supplies inventories	793	183
Net use (acquisition) of prepaid assets	<u>(6,809)</u>	<u>(15,280)</u>
	<u>(6,016)</u>	<u>(15,097)</u>
<b>INCREASE (DECREASE) IN NET DEBT</b>	124,073	30,456
<b>NET FINANCIAL ASSETS (DEBT)</b>		
- BEGINNING OF YEAR	<u>450,639</u>	<u>420,183</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>		
- END OF YEAR	<u><u>574,712</u></u>	<u><u>450,639</u></u>

**VILLAGE OF DELBURNE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010 \$	2009 \$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	104,616	354,036
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	222,582	204,110
(Gain) loss on disposal of tangible capital assets	(7,500)	-
Contributed assets	(440)	(33,038)
Non-cash changes to operations (net change)		
Taxes and grants in place of taxes receivables	23,102	(16,076)
Trade and other receivables	23,228	41,383
Grants receivable	140,624	(332,124)
Decrease in inventory for consumption	793	183
Prepaid expenses	(6,809)	(15,280)
Land held for resale	17,017	5,459
Accounts payable and accrued liabilities	(49,184)	(73,645)
Deferred revenue	398,648	9,417
Tax surplus liability	(525)	-
Net cash provided by (used in) operating activities	<u>866,152</u>	<u>144,425</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(196,669)	(479,555)
sale of tangible capital assets	<u>7,500</u>	<u>-</u>
Net cash provided by (used in) capital activities	<u>(189,169)</u>	<u>(479,555)</u>
<b>INVESTING ACTIVITIES</b>		
Long term investments disposed	-	139,350
Long term investments purchased	<u>(974)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(974)</u>	<u>139,350</u>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	-	20,059
Repayment of long term debt	<u>(80,196)</u>	<u>(84,183)</u>
Net cash provided by (used in) financing activities	<u>(80,196)</u>	<u>(64,124)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	595,813	(259,904)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>446,004</u>	<u>705,908</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (Note 2)</b>	<u><u>1,041,817</u></u>	<u><u>446,004</u></u>
Interest Paid	<u>15,935</u>	<u>25,796</u>

**VILLAGE OF DELBURN**  
**SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2010 \$	2009 \$
BALANCE, BEGINNING OF YEAR	<u>166,274</u>	<u>721,135</u>	<u>5,377,782</u>	<u>6,265,191</u>	<u>5,911,155</u>
Excess (deficiency) of revenues over expenses	104,616	-	-	104,616	354,036
Unrestricted funds designated for future use	(167,904)	167,904	-	-	-
Restricted funds used for operations	2,223	(2,223)	-	-	-
Restricted funds used for tangible capital assets	-	(4,225)	4,225	-	-
Current year funds used for tangible capital assets	(192,444)	-	192,444	-	-
Contributed tangible capital assets	(440)	-	440	-	-
Annual amortization expense	222,582	-	(222,582)	-	-
Long term debt repaid	<u>(80,196)</u>	<u>-</u>	<u>80,196</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(111,563)</u>	<u>161,456</u>	<u>54,723</u>	<u>104,616</u>	<u>354,036</u>
BALANCE, END OF YEAR	<u><u>54,711</u></u>	<u><u>882,591</u></u>	<u><u>5,432,505</u></u>	<u><u>6,369,807</u></u>	<u><u>6,265,191</u></u>



**VILLAGE OF DELBURNE**

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

**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery and Equipment \$	Vehicles \$	2010 \$	2009 \$
<b>COST:</b>								
BALANCE – BEGINNING OF YEAR	251,528	476,998	995,678	6,563,540	562,984	113,406	8,964,134	8,451,541
Acquisition of tangible capital assets	-	75,473	12,005	20,139	67,780	-	175,397	181,302
Construction in progress	-	-	-	21,712	-	-	21,712	331,291
Disposal of tangible capital assets	-	-	-	(628)	(12,355)	-	(12,983)	-
BALANCE - END OF YEAR	<u>251,528</u>	<u>552,471</u>	<u>1,007,683</u>	<u>6,604,763</u>	<u>618,409</u>	<u>113,406</u>	<u>9,148,260</u>	<u>8,964,134</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE - BEGINNING OF YEAR	-	89,220	291,125	2,509,487	257,635	51,549	3,199,016	2,994,906
Annual amortization	-	21,862	19,815	136,728	38,959	5,218	222,582	204,110
Accumulated amortization on disposals	-	-	-	(628)	(12,355)	-	(12,983)	-
BALANCE - END OF YEAR	-	<u>111,082</u>	<u>310,940</u>	<u>2,645,587</u>	<u>284,239</u>	<u>56,767</u>	<u>3,408,615</u>	<u>3,199,016</u>

<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>251,528</u>	<u>441,389</u>	<u>696,743</u>	<u>3,959,176</u>	<u>334,170</u>	<u>56,639</u>	<u>5,739,645</u>	<u>5,765,118</u>
2009 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>251,528</u>	<u>387,778</u>	<u>704,553</u>	<u>4,054,053</u>	<u>305,349</u>	<u>61,857</u>		

**VILLAGE OF DELBURNE**  
**SCHEDULE 3 – PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget \$ (Unaudited)	2010 \$	2009 \$
<b>TAXATION</b>			
Real property taxes	794,823	792,629	774,892
Linear property taxes	29,669	29,669	30,237
Government grants in place of property taxes	843	1,785	1,680
Special assessments and local improvement taxes	<u>5,046</u>	<u>5,485</u>	<u>5,607</u>
	<u>830,381</u>	<u>829,568</u>	<u>812,416</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	179,764	179,764	166,719
Autumn Glen Lodge	<u>1,071</u>	<u>952</u>	<u>1,071</u>
	<u>180,835</u>	<u>180,716</u>	<u>167,790</u>
<b>NET MUNICIPAL TAXES</b>	<u>649,546</u>	<u>648,852</u>	<u>644,626</u>

**SCHEDULE 4 – GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget \$ (Unaudited)	2010 \$	2009 \$
<b>TRANSFER FOR OPERATING:</b>			
Federal government	-	1,848	2,352
Provincial government	57,760	80,075	99,325
Other local government	<u>44,800</u>	<u>48,600</u>	<u>35,300</u>
	<u>102,560</u>	<u>130,523</u>	<u>136,977</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal government	12,000	42,427	79,449
Provincial government	<u>56,647</u>	<u>14,714</u>	<u>281,680</u>
	<u>68,647</u>	<u>57,141</u>	<u>361,129</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>171,207</u>	<u>187,664</u>	<u>498,106</u>

**VILLAGE OF DELBURNE**

**SCHEDULE 5 – CONSOLIDATED EXPENSES BY OBJECT**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budget \$ (Unaudited)	2010 \$	2009 \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages, and benefits	456,866	433,042	407,285
Contracted and general services	521,240	431,560	483,172
Materials, goods, supplies and utilities	262,018	200,418	219,729
Transfer to local agencies	40,400	107,542	68,999
Transfer to other governments	22,286	30,169	-
Bank charges and short-term interest	539	333	6,517
Interest on long term debt	15,594	7,692	17,442
Interest on capital lease	-	236	146
Amortization of tangible capital assets	119,706	219,306	202,472
Amortization of capital lease asset	-	3,276	1,638
Other expenses	10,500	28,624	31,183
	<u>1,449,149</u>	<u>1,462,198</u>	<u>1,438,583</u>

**VILLAGE OF DELBURN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**a. Reporting Entity**

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

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

**b. Basis of Accounting**

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

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

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

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

**c. Government Transfers**

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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, 2010**

**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, 2010**

**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, 2010**

**2. CASH AND CASH EQUIVALENTS**

	2010	2009
	\$	\$
Cash	741,817	366,004
Guaranteed investment certificates	<u>300,000</u>	<u>80,000</u>
	<u>1,041,817</u>	<u>446,004</u>

Council has designated funds of \$882,591 (2009 - \$721,135) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$349,084 (2009 - \$263,315) related to various deferred revenues (Note 5).

Guaranteed investment certificates mature in June 2011 and earn interest at 1.65% per annum.

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

	2010	2009
	\$	\$
Current taxes and grants in place of taxes	41,482	58,439
Arrears taxes	<u>26,951</u>	<u>33,096</u>
	68,433	91,535
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	<u>68,433</u>	<u>91,535</u>

**4. LONG TERM INVESTMENTS**

	2010	2009
	\$	\$
Guaranteed Investment Certificates	136,115	135,141
A.M.F.C. shares, at cost	<u>10</u>	<u>10</u>
	<u>136,125</u>	<u>135,151</u>

The Guaranteed Investment Certificates held are earning interest between 0.45% - 0.85% and have maturity debts that range from December 2011 to January 2012 with no option of early redemption.



**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**5. DEFERRED REVENUE**

	2010	2009
	\$	\$
Municipal Sustainability Initiatives	292,768	45,299
Street Improvement grants	172,857	34,982
Land deposits	78,190	85,630
Federal gas tax grant	50,000	-
FCSS programs	24,971	7,638
Prepaid property taxes	13,251	18,246
Municipal sponsorship program	11,605	-
New Deal for Cities & Communities program	9,554	26,393
Prepaid local improvements	4,871	5,309
Prepaid licenses	2,895	285
Other grants and programs	1,001	1,938
Spray park donations	-	35,311
Prepaid utilities	-	2,284
	<u>661,963</u>	<u>263,315</u>

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. LONG TERM DEBT**

	2010 \$	2009 \$
Credit Union paving loan, due \$1,605 monthly including interest at prime, maturing May 2020, secured by a general security agreement	163,563	178,513
Credit Union equipment loan, due \$1,170 monthly including interest at prime	-	4,847
Tax supported debenture debt, repayable to Alberta Capital Finance Authority in annual and semi-annual payments totaling \$66,670 including interest at 5.375% and 10.375% per annum, maturing at dates between October 2011 and May 2013. Debenture debt is issued on the credit and security of the Village	<u>131,873</u>	<u>187,515</u>
	<u><u>295,436</u></u>	<u><u>370,875</u></u>

Principal and interest payments are as follows:

	Principal \$	Interest \$	Total \$
2011	61,361	12,560	73,921
2012	49,474	8,793	58,267
2013	51,894	6,374	58,268
2014	10,917	3,832	14,749
2015	11,249	3,500	14,749
Thereafter	<u>110,541</u>	<u>14,837</u>	<u>125,378</u>
	<u><u>295,436</u></u>	<u><u>49,896</u></u>	<u><u>345,332</u></u>

**VILLAGE OF DELBURNÉ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**7. CAPITAL LEASE OBLIGATIONS**

	2010 \$	2009 \$
Capital lease, due \$1,248 quarterly including interest at 1.61%, maturing March 2013. Secured by assets with a carrying value of \$14,742	<u>11,704</u>	<u>16,461</u>
	<u>11,704</u>	<u>16,461</u>

Principal and interest payments are as follows:

	Principal \$	Interest \$	Total \$
2011	4,834	159	4,993
2012	4,912	81	4,993
2013	<u>1,958</u>	<u>8</u>	<u>1,966</u>
	<u>11,704</u>	<u>248</u>	<u>11,952</u>

**8. DEBT LIMITS**

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

	2010 \$	2009 \$
Total debt limit	2,264,510	2,147,235
Total debt	<u>307,140</u>	<u>387,336</u>
Amount of debt limit (exceeded) available	<u>1,957,370</u>	<u>1,759,899</u>
Debt servicing limit	377,418	357,873
Debt servicing	<u>78,922</u>	<u>95,799</u>
Amount of debt servicing limit (exceeded) available	<u>298,496</u>	<u>262,074</u>

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

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

Tangible Capital assets (Schedule 2)	9,148,260	8,964,134
Accumulated Amortization (Schedule 2)	(3,408,615)	(3,199,016)
Long term debt (Note 6)	(295,436)	(370,875)
Capital Lease Obligation (Note 7)	<u>(11,704)</u>	<u>(16,461)</u>
	<u>5,432,505</u>	<u>5,377,782</u>

**10. RESTRICTED SURPLUS**

	2009 \$	Increases \$	Decreases \$	2010 \$
Administration	4,709	1,076	-	5,785
Anniversary	7,319	-	-	7,319
Citizen's Watch	4,917	-	-	4,917
Council golf tournament	1,826	2,423	-	4,249
Economic development	-	7,492	-	7,492
Family and community support	15,078	-	430	14,648
Fire department	120,097	11,396	-	131,493
Garbage	4,225	-	4,225	-
General contingency	158,082	-	-	158,082
Healthy communities	1,718	-	162	1,556
Lifeline	6,441	-	1,631	4,810
Public works	22,259	5,235	-	27,494
Recreation	12,052	65,000	-	77,052
Subdivision	94,079	-	-	94,079
Transportation	26,099	6,282	-	32,381
Water	120,451	50,000	-	170,451
Waste water	<u>121,783</u>	<u>19,000</u>	<u>-</u>	<u>140,783</u>
Total	<u>721,135</u>	<u>167,904</u>	<u>6,448</u>	<u>882,591</u>

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. TRUST FUNDS**

The Village of Delburne administers the following trust:

	2010	2009
	\$	\$
Tax Sale Surplus		
Balance - beginning of year	15,691	-
Proceeds from sale	-	39,000
Expense recovery from prior years	-	(21,359)
Administrative fees	-	(1,950)
Operating expenses	(525)	-
Balance - end of year	15,166	15,691

**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:

	2010			2009
	Salary(1)	Benefits & Allowances(2)	Total	Total
	\$	\$	\$	\$
Mayor Manning	8,882	2,213	11,095	12,535
Mayor Reckseidler	8,842	3,340	12,182	7,420
Councillor Bourne	6,392	216	6,608	6,540
Councillor Brett	2,283	615	2,898	-
Councillor Dushanek	2,628	1,643	4,271	-
Councillor Faulk	4,694	92	4,786	7,195
Councillor McKenzie	2,628	2,796	5,424	-
Councillor Paradon	7,253	208	7,461	7,780
Administrator Fegan	60,634	6,247	66,881	62,370

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. CONTINGENCIES**

The Village of Delburne is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village of Delburne could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

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

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

**14. FINANCIAL INSTRUMENTS**

**Credit Risk**

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

**Interest Rate Risk**

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

**15. COMPARATIVE AMOUNTS**

Certain 2009 comparative figures have been reclassified in order to conform with the financial statement presentation for 2010.

**16. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.