

**DRAFT**

**MUNICIPAL DISTRICT OF ACADIA NO. 34**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

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## AUDITORS' REPORT

### THE REEVE AND COUNCIL OF MUNICIPAL DISTRICT OF ACADIA NO. 34

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Municipal District of Acadia No. 34, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### 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 of 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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these 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 municipality as at December 31, 2013 and the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Johnston Morrison Hunter & Co. Professional Corporation*

**CHARTERED ACCOUNTANTS**

**BROOKS, ALBERTA  
MARCH 11, 2014**

MUNICIPAL DISTRICT OF ACADIA NO. 34

Statement of Financial Position  
December 31, 2013

	2013	2012
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	1,671,827	2,646,977
Taxes and grants in place of taxes (Note 3)	50,632	39,361
Trade and other receivables	133,804	305,901
Land for resale inventory	285,267	298,898
Other financial assets (Note 4)	40,000	289,032
Investments (Note 5)	6,122	806,011
<b>TOTAL FINANCIAL ASSETS</b>	<u>2,187,652</u>	<u>4,386,180</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	38,662	485,300
Employee benefit obligations (Note 6)	50,015	43,714
Deferred revenue (Note 7)	923,885	2,384,656
<b>TOTAL LIABILITIES</b>	<u>1,012,562</u>	<u>2,913,670</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>1,175,090</u>	<u>1,472,510</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	9,000,430	8,923,365
Inventory for consumption	346,472	367,848
Prepaid expenses	46,497	35,685
	<u>9,393,399</u>	<u>9,326,898</u>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<u>10,568,489</u>	<u>10,799,408</u>
<b>CONTINGENCIES (Note 15)</b>		

**MUNICIPAL DISTRICT OF ACADIA NO. 34**

**Statement of Operations  
For The Year Ended December 31, 2013**

	<b>Budget</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>			
Net taxes, Schedule 3	1,051,810	1,053,190	1,058,843
Government transfers for operating, Schedule 4	402,264	402,263	492,579
Investment income	40,000	36,432	43,237
User fees	146,400	147,338	126,819
Penalties and costs on taxes	1,500	2,757	1,231
Rentals	29,100	30,077	28,567
Other	90,052	25,038	249,208
<b>Total Revenue</b>	1,761,126	1,697,095	2,000,484
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	69,000	60,539	66,397
Administration	469,976	447,830	509,030
Fire, ambulance and bylaws enforcement	44,950	33,265	31,981
Roads, streets, walks and lighting	744,015	682,972	814,812
Water and wastewater	3,424,267	2,778,658	4,544,553
Waste management	84,700	83,808	80,241
Agricultural services	308,760	239,737	239,234
Recreation and parks	331,042	320,667	410,714
<b>Total Expenses</b>	5,476,710	4,647,476	6,696,962
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER, SCHEDULE 6</b>	(3,715,584)	(2,950,381)	(4,696,478)
<b>OTHER</b>			
Government transfers for capital, Schedule 4	3,311,423	2,719,462	5,310,969
<b>EXCESS OF REVENUE OVER EXPENSES</b>	(404,161)	(230,919)	614,491
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	10,799,408	10,799,408	10,184,917
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	10,395,247	10,568,489	10,799,408

**MUNICIPAL DISTRICT OF ACADIA NO. 34**

**Statement of Changes in Net Financial Assets  
For The Year Ended December 31, 2013**

	<b>Budget</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	(404,161)	(230,919)	614,491
Acquisition of tangible capital assets	(575,295)	(335,905)	(1,212,892)
Proceeds on disposal of tangible capital assets	-	6,000	-
Amortization of tangible capital assets	266,726	256,840	256,828
(Gain) loss on sale of tangible capital assets	-	(4,000)	-
	(308,569)	(77,065)	(956,064)
Acquisition of prepaid assets	-	(10,812)	-
Use of prepaid assets	-	-	-
Acquisition of supplies inventories	-	-	(311,492)
Use of supplies inventories	-	21,376	-
	-	10,564	(311,492)
<b>INCREASE IN NET ASSETS</b>	(712,730)	(297,420)	(653,065)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	1,472,510	1,472,510	2,125,575
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	759,780	1,175,090	1,472,510

**MUNICIPAL DISTRICT OF ACADIA NO. 34**

**Statement of Cash Flows  
For The Year Ended December 31, 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	(230,919)	614,491
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	256,840	256,828
Gain on disposal of tangible capital assets	(4,000)	-
Non-cash charges to operations (net change):		
(Increase) decrease in taxes and grants in place of taxes	(11,271)	12,825
Decrease (increase) in trade and other receivables	172,097	(185,008)
Decrease (increase) in land held for resale	13,631	(235,182)
Decrease (increase) in other financial assets	249,032	(151,787)
(Decrease) increase in accounts payable and accrued liabilities	(446,638)	379,894
Increase in employee benefit obligations	6,301	4,400
(Decrease) increase in deferred revenue	(1,460,771)	1,684,907
Decrease (increase) in inventory for consumption	21,376	(311,492)
(Increase) decrease in prepaid expenses	(10,812)	-
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<b>(1,445,134)</b>	<b>2,069,876</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(335,905)	(1,212,892)
Sale of tangible capital assets	6,000	-
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<b>(329,905)</b>	<b>(1,212,892)</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in investments	799,889	(50)
<b>CASH APPLIED TO INVESTING TRANSACTIONS</b>	<b>799,889</b>	<b>(50)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(975,150)</b>	<b>856,934</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,646,977</b>	<b>1,790,043</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,671,827</b>	<b>2,646,977</b>
<b>CASH AND CASH EQUIVALENTS ARE MADE UP OF:</b>		
Cash and temporary investments (Note 2)	1,671,827	2,646,977

**MUNICIPAL DISTRICT OF ACADIA NO. 34**  
**Schedule of Changes in Accumulated Surplus**  
**For The Year Ended December 31, 2013**  
**Schedule 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013	2012
	\$	\$	\$	\$	\$
<b>Revenue:</b>					
Balance, beginning of year	983,610	892,433	8,923,365	<b>10,799,408</b>	10,184,917
Excess (deficiency) of revenues over expenses	(230,919)	-	-	<b>(230,919)</b>	614,491
Restricted funds used for operations	(174,335)	174,335	-	-	-
Current year funds used for tangible capital assets	(335,905)	-	335,905	-	-
Disposal of tangible capital assets	2,000	-	(2,000)	-	-
Annual amortization expense	<u>256,840</u>	<u>-</u>	<u>(256,840)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(482,319)</u>	<u>174,335</u>	<u>77,065</u>	<u><b>(230,919)</b></u>	<u>614,491</u>
<b>Balance, end of year</b>	<b><u>501,291</u></b>	<b><u>1,066,768</u></b>	<b><u>9,000,430</u></b>	<b><u>10,568,489</u></b>	<b><u>10,799,408</u></b>

**MUNICIPAL DISTRICT OF ACADIA NO. 34**  
**Schedule of Tangible Capital Assets**  
**For The Year Ended December 31, 2013**  
**Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost:</b>								
Balance, beginning of year	2,840,139	15,479	584,981	10,041,546	752,942	315,437	<b>14,550,524</b>	13,337,632
Acquisition of tangible capital assets	-	-	-	317,443	18,462	-	<b>335,905</b>	1,159,637
Construction-in-progress	-	-	-	-	-	-	-	53,255
Disposal of tangible capital assets	-	-	-	-	-	(19,950)	<b>(19,950)</b>	-
Balance, end of year	<u>2,840,139</u>	<u>15,479</u>	<u>584,981</u>	<u>10,358,989</u>	<u>771,404</u>	<u>295,487</u>	<b><u>14,866,479</u></b>	<u>14,550,524</u>
<b>Accumulated Amortization:</b>								
Balance, beginning of year	-	1,858	142,867	5,044,081	272,379	165,974	<b>5,627,159</b>	5,370,331
Annual amortization	-	619	11,670	176,541	54,779	13,231	<b>256,840</b>	256,828
Accumulated amortization on disposals	-	-	-	-	-	(17,950)	<b>(17,950)</b>	-
Balance, end of year	<u>-</u>	<u>2,477</u>	<u>154,537</u>	<u>5,220,622</u>	<u>327,158</u>	<u>161,255</u>	<b><u>5,866,049</u></b>	<u>5,627,159</u>
<b>Net Book Value of</b>								
<b>Tangible Capital Assets</b>	<u><b>2,840,139</b></u>	<u><b>13,002</b></u>	<u><b>430,444</b></u>	<u><b>5,138,367</b></u>	<u><b>444,246</b></u>	<u><b>134,232</b></u>	<u><b>9,000,430</b></u>	<u><b>8,923,365</b></u>



**MUNICIPAL DISTRICT OF ACADIA NO. 34**

**Schedule of Property And Other Taxes  
For The Year Ended December 31, 2013  
Schedule 3**

	<b>Budget</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>TAXATION</b>			
Real property taxes	880,715	882,097	876,891
Linear property taxes	470,810	470,810	473,708
Government grants in lieu of property taxes	465	463	445
	<u>1,351,990</u>	<u>1,353,370</u>	<u>1,351,044</u>
<b>REQUISITIONS</b>			
Alberta school foundation fund	268,255	268,255	259,202
Acadia seniors program	31,925	31,925	32,999
	<u>300,180</u>	<u>300,180</u>	<u>292,201</u>
<b>NET TAXES</b>	<u>1,051,810</u>	<u>1,053,190</u>	<u>1,058,843</u>

MUNICIPAL DISTRICT OF ACADIA NO. 34

Schedule of Government Transfers  
For The Year Ended December 31, 2013  
Schedule 4

	Budget	2013	2012
	\$	\$	\$
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	402,264	402,263	492,579
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	3,089,731	2,528,761	5,310,969
Other local government	221,692	190,701	-
	3,311,423	2,719,462	5,310,969
<b>TOTAL GOVERNMENT TRANSFERS</b>	3,713,687	3,121,725	5,803,548

**MUNICIPAL DISTRICT OF ACADIA NO. 34**

**Schedule of Expenses by Object  
For The Year Ended December 31, 2013  
Schedule 5**

	<b>Budget</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXPENSES</b>			
Salaries, wages and benefits	590,530	555,414	564,341
Contracted and general services	527,775	452,871	569,768
Materials, goods and utilities	427,700	369,117	312,906
Transfers to local boards, individuals and organizations	3,602,979	2,953,180	4,902,868
Amortization of tangible capital assets	266,726	256,840	256,828
Other expenditures	61,000	60,054	90,251
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<b>5,476,710</b>	<b>4,647,476</b>	<b>6,696,962</b>
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**MUNICIPAL DISTRICT OF ACADIA NO. 34**  
**Schedule of Segmented Disclosure**  
**For The Year Ended December 31, 2013**  
**Schedule 6**

	General Government	Protective Services	Transportation Services	Water and Waste Management	Agricultural Services	Recreation and Culture	2013
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>							
Net municipal taxes	1,053,190	-	-	-	-	-	1,053,190
Government transfers	97,200	-	153,223	-	151,840	-	402,263
User fees and sales of goods	4,181	-	510	132,837	650	9,160	147,338
Investment income	36,432	-	-	-	-	-	36,432
Rentals	30,077	-	-	-	-	-	30,077
Other revenues	<u>16,940</u>	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,255</u>	<u>27,795</u>
	<u>1,238,020</u>	<u>5,600</u>	<u>153,733</u>	<u>132,837</u>	<u>152,490</u>	<u>14,415</u>	<u>1,697,095</u>
<b>Expenses:</b>							
Contract & general services	140,625	25,005	125,997	72,194	60,331	28,719	452,871
Salaries & wages	206,878	500	193,091	5,250	125,863	23,832	555,414
Goods & supplies	18,460	13,666	177,929	80,388	33,948	44,726	369,117
Transfers to local boards	59,138	-	-	2,664,199	10,811	219,032	2,953,180
Other expenses	<u>60,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,054</u>
	<u>485,155</u>	<u>39,171</u>	<u>497,017</u>	<u>2,822,031</u>	<u>230,953</u>	<u>316,309</u>	<u>4,390,636</u>
Net revenue, before amortization	<u>752,865</u>	<u>(33,571)</u>	<u>(343,284)</u>	<u>(2,689,194)</u>	<u>(78,463)</u>	<u>(301,894)</u>	<u>(2,693,541)</u>
Amortization expense	<u>(9,906)</u>	<u>(7,400)</u>	<u>(185,955)</u>	<u>(40,436)</u>	<u>(8,782)</u>	<u>(4,361)</u>	<u>(256,840)</u>
<b>Net Revenue</b>	<u><b>742,959</b></u>	<u><b>(40,971)</b></u>	<u><b>(529,239)</b></u>	<u><b>(2,729,630)</b></u>	<u><b>(87,245)</b></u>	<u><b>(306,255)</b></u>	<u><b>(2,950,381)</b></u>

# MUNICIPAL DISTRICT OF ACADIA NO. 34

## Notes to the Financial Statements For The Year Ended December 31, 2013

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### 1. Significant Accounting Policies

The financial statements of the Municipal District of Acadia No. 34 are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Municipal District of Acadia No. 34 are as follows:

#### **Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, and change in financial position of the Municipal District of Acadia No. 34.

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

#### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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, 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.

#### **Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues 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.

#### **Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

## MUNICIPAL DISTRICT OF ACADIA NO. 34

### Notes to the Financial Statements For The Year Ended December 31, 2013

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#### 1. Significant Accounting Policies (Continued)

##### Requisition Over-levy and Under-levy

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. 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.

##### Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. 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 capital assets under their respective function.

##### Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

##### 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 revenue over expenses, provides the Change in Net Financial Assets (Debt) for the year.

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements  
For The Year Ended December 31, 2013

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1. Significant Accounting Policies (Continued)

**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:

	<b>Years</b>
Buildings	50
Engineered structures	
Roadway systems	25 - 60
Sidewalks, curbs and gutters	25
Water system	45 - 100
Wastewater system	75
Machinery and equipment	5 - 20
Vehicles	15 - 40

Assets under construction are not amortized until the asset is available for productive use.

**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.

**Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

2. Cash and Temporary Investments

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash	<b>704,450</b>	442,372
Temporary investments	<u><b>967,377</b></u>	<u>2,204,605</u>
	<u><b>1,671,827</b></u>	<u>2,646,977</u>

Temporary investments are short-term savings accounts bearing interest at 0.6% and cashable on demand.

Included in the above are restricted amounts of \$923,885 (2012 - \$2,384,656) received from external sources and held exclusively for future projects .

**MUNICIPAL DISTRICT OF ACADIA NO. 34**

**Notes to the Financial Statements  
For The Year Ended December 31, 2013**

**3. Taxes and Grants in Place of Taxes**

	2013	2012
	\$	\$
Current taxes and grants in place of taxes	49,109	39,361
Non-current taxes and grants in place of taxes	<u>1,523</u>	<u>-</u>
	<u><u>50,632</u></u>	<u><u>39,361</u></u>

**4. Other Financial Assets**

	2013	2012
	\$	\$
Acadia Valley Recreation Club advance	<u>40,000</u>	<u>289,032</u>

The Acadia Valley Recreation Club advance bears no interest and is due during 2014.

**5. Investments**

	2013	2012
	\$	\$
Medicine Hat Co-op Ltd. equity account	1,400	1,350
United Farmers of Alberta Co-operative Limited equity account	4,722	4,661
Guaranteed investment certificates	<u>-</u>	<u>800,000</u>
	<u><u>6,122</u></u>	<u><u>806,011</u></u>

The guaranteed investment certificates matured in January, 2014 and have been included in cash and temporary investments (see Note 2).

**6. Employee Benefit Obligations**

	2013	2012
	\$	\$
Post-employment benefits	<u>50,015</u>	<u>43,714</u>

**Post-Employment Benefits**

The municipality sponsors a sick time allowance to qualifying employees at the time of retirement. This allowance is dependent on the number of years of service the employee has provided to the municipality and the amount of unused sick time accumulated. The cost of these benefits is recognized as a program expenditure as the employees provide service and the plan is unfunded.



## MUNICIPAL DISTRICT OF ACADIA NO. 34

### Notes to the Financial Statements For The Year Ended December 31, 2013

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#### 7. Deferred Revenue

	2013	2012
	\$	\$
Alberta conditional grants	<u>923,885</u>	<u>2,384,656</u>

Alberta conditional grants were received from external sources and have not been expended in the current year.

The use of these funds is restricted to eligible projects, as approved under the funding agreements, scheduled for completion in 2014. The estimated 2014 project expenses are substantially lower than the fund remaining, thus the municipality will likely have to return \$780,000 of the unexpended grant funds. Unexpended funds related to the advance are supported by cash and temporary investments of \$923,855.

#### 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 Municipal District of Acadia No. 34 be disclosed as follows:

	2013	2012
	\$	\$
Total debt limit	2,545,642	3,000,726
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>2,545,642</u>	<u>3,000,726</u>
Debt servicing limit	424,274	500,121
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>424,274</u>	<u>500,121</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.

**MUNICIPAL DISTRICT OF ACADIA NO. 34**

**Notes to the Financial Statements  
For The Year Ended December 31, 2013**

**9. Tangible Capital Assets**

	2013	2012
Net Book Value	\$	\$
Land	2,840,139	2,840,139
Land improvements	13,002	13,621
Buildings	430,444	442,114
Engineered structures		
Roadway system	2,822,695	2,952,759
Sidewalk, curb and gutter	74,477	80,519
Water system	1,156,865	863,791
Wastewater system	1,084,330	1,100,396
Machinery and equipment	444,246	480,563
Vehicles	<u>134,232</u>	<u>149,463</u>
	<u><b>9,000,430</b></u>	<u><b>8,923,365</b></u>

**10. Equity in Tangible Capital Assets**

	2013	2012
	\$	\$
Tangible capital assets, Schedule 2	14,866,479	14,550,524
Accumulated amortization, Schedule 2	<u>(5,866,049)</u>	<u>(5,627,159)</u>
	<u><b>9,000,430</b></u>	<u><b>8,923,365</b></u>

**11. Accumulated Surplus**

Accumulated surplus consists of unrestricted and restricted amounts and equity in tangible capital assets as follows:

	2013	2012
	\$	\$
Unrestricted surplus	501,291	983,610
Restricted surplus		
Contingencies, gravel and general operations	826,076	696,741
Transportation and general capital	240,692	195,692
Equity in tangible capital assets	<u>9,000,430</u>	<u>8,923,365</u>
	<u><b>10,568,489</b></u>	<u><b>10,799,408</b></u>

## MUNICIPAL DISTRICT OF ACADIA NO. 34

### Notes to the Financial Statements For The Year Ended December 31, 2013

#### 12. Segmented Disclosure

The Municipal District of Acadia No. 34 provides a range of services to its ratepayers. 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. Refer to the Schedule of Segmented Disclosure (Schedule 6).

#### 13. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2013			2012
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Reeve				
Peter Rafa	2,310	451	<b>2,761</b>	-
Dwight Meers	5,875	2,268	<b>8,143</b>	10,434
Councillors				
Peter Rafa	4,240	1,353	<b>5,593</b>	7,980
William Vandeligt	5,895	857	<b>6,752</b>	8,655
Tim Peers	7,500	1,966	<b>9,466</b>	6,240
Susan Grudecki	2,240	28	<b>2,268</b>	-
Brad Neilson	1,800	920	<b>2,720</b>	-
Vincent Grudecki	4,060	270	<b>4,330</b>	10,569
Municipal administrator	87,255	7,436	<b>94,691</b>	92,404
	121,175	15,549	<b>136,724</b>	136,282

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, per diems 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, healthcare, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

## MUNICIPAL DISTRICT OF ACADIA NO. 34

### Notes to the Financial Statements For The Year Ended December 31, 2013

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#### 14. Local Authorities Pension Plan

Employees of the Municipal District of Acadia No. 34 participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The plan serves about 133,000 people and about 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Municipal District of Acadia No. 34 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 Municipal District are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions of the Municipal District of Acadia No. 34 to the LAPP in 2013 were \$25,150 (2012 - \$26,875).

Total current service contributions by the employees of the Municipal District of Acadia No. 34 to the LAPP in 2013 were \$25,092 (2012 - \$24,940).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

#### 15. Contingencies

The Municipal District is a member of both the Genesis Reciprocal Insurance Exchange and Jubilee Reciprocal Insurance Exchange. Under the terms of each membership, the municipality could become liable for its proportionate share of any claim losses in excess of the funds held by the exchanges. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

#### 16. Financial Instruments

The Municipal District's financial instruments consist of cash and temporary investments, receivables, other financial assets, investments, accounts payable and accrued liabilities and deferred revenue. It is management's opinion that the Municipal District is not exposed to significant interest or currency risk arising from these financial statements.

The Municipal District is subject to credit risk with respect to taxes and grants in place of taxes and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality 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.

Unless otherwise noted, the fair value of the financial instruments approximates their carrying values.

## MUNICIPAL DISTRICT OF ACADIA NO. 34

### Notes to the Financial Statements For The Year Ended December 31, 2013

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#### 17. Subsequent Events

During 2013, Council passed a bylaw authorizing the issuance of a debenture, in the amount of \$940,824, for the purpose of financing the Henry Kroeger pipeline capital project. At the release date of these financials, the debenture has not yet been issued but it is expected to be repayable in semi-annual payments over a 25 year period with an interest rate of 4%.

During 2013, Council issued an offer to purchase land and building, for the sum of \$200,000, with the intent to utilize the property for the Acadia Valley Fire Department. The seller of the property has also offered to donate \$50,000 of the sale price back to the municipality. At the release date of these financials, the purchase has not yet closed.

#### 18. Approval of Financial Statements

These financial statements were approved by Council and Administration on March 11, 2014.

#### 19. Budgeted Figures

The budgeted figures, approved by Council on May 10, 2013, have not been audited and are presented for information purposes only.