

VILLAGE OF ROSEMARY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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AUDITORS' REPORT

**THE MAYOR AND COUNCIL OF
VILLAGE OF ROSEMARY**

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Rosemary, which comprise the statement of financial position as at December 31, 2012, 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, 2012 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 18, 2013

VILLAGE OF ROSEMARY

**Statement of Financial Position
December 31, 2012**

	2012	2011
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	306,131	237,675
Taxes and grants in place of taxes (Note 3)	7,714	12,658
Trade and other receivables	35,529	92,927
Land held for resale inventory	107,098	107,098
Investments (Note 4)	10	10
Other financial assets	11,990	11,990
TOTAL FINANCIAL ASSETS	<u>468,472</u>	<u>462,358</u>
LIABILITIES		
Accounts payable and accrued liabilities	27,386	183,431
Deferred revenue (Note 5)	143,193	100,057
Long-term debt (Note 6)	97,166	108,178
	<u>267,745</u>	<u>391,666</u>
NET FINANCIAL ASSETS (DEBT)	<u>200,727</u>	<u>70,692</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	4,164,891	4,145,833
Prepaid expenses	7,845	7,451
	<u>4,172,736</u>	<u>4,153,284</u>
ACCUMULATED SURPLUS (Note 10)	<u>4,373,463</u>	<u>4,223,976</u>

VILLAGE OF ROSEMARY

**Statement of Operations
For the Year Ended December 31, 2012**

	Budget	2012	2011
	\$	\$	\$
REVENUE			
Net municipal taxes, Schedule 3	262,725	262,775	251,790
Government transfers for operating, Schedule 4	212,350	133,085	128,423
Investment income	505	439	1,876
User fees and sale of goods	170,670	172,456	197,274
Penalties and costs of taxes	6,000	7,776	8,045
Franchise and concession contracts	17,000	17,184	17,093
Other	4,300	3,160	8,467
	<u>673,550</u>	<u>596,875</u>	<u>612,968</u>
EXPENSES			
Legislative	26,700	25,095	24,253
Administration	139,890	135,844	139,586
Fire, ambulance and bylaws enforcement	96,890	101,280	75,791
Roads, streets, walks and lighting	161,901	135,167	143,087
Water and wastewater	235,358	204,575	176,502
Waste management	29,767	31,155	28,202
Parks and recreation	27,615	29,304	31,803
Other	69,293	25,275	53,555
	<u>787,414</u>	<u>687,695</u>	<u>672,779</u>
SHORTFALL OF REVENUE OVER EXPENSES BEFORE OTHER, Schedule 6	(113,864)	(90,820)	(59,811)
OTHER			
Government transfers for capital, Schedule 4	227,957	240,307	617,801
EXCESS OF REVENUE OVER EXPENSES	<u>114,093</u>	<u>149,487</u>	<u>557,990</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>4,223,976</u>	<u>4,223,976</u>	<u>3,665,986</u>
ACCUMULATED SURPLUS, END OF YEAR, Schedule 1	<u>4,338,069</u>	<u>4,373,463</u>	<u>4,223,976</u>

VILLAGE OF ROSEMARY

**Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2012**

	Budget	2012	2011
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	114,093	149,487	557,990
Acquisition of tangible capital assets	(236,957)	(193,576)	(805,872)
Proceeds on the disposal of tangible capital assets	12,000	13,700	-
Amortization of tangible capital assets	173,000	172,778	174,294
Gain on sale of tangible capital assets	-	(11,960)	-
	<u>(51,957)</u>	<u>(19,058)</u>	<u>(631,578)</u>
Acquisition of prepaid assets	--	(7,845)	(7,451)
Use of prepaid assets	--	7,451	8,049
	<u>--</u>	<u>(394)</u>	<u>598</u>
(DECREASE) INCREASE IN NET ASSETS	62,136	130,035	(72,990)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>70,692</u>	<u>70,692</u>	<u>143,682</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>132,828</u>	<u>200,727</u>	<u>70,692</u>

VILLAGE OF ROSEMARY

**Statement of Cash Flows
For the Year Ended December 31, 2012**

	2012	2011
	\$	\$
OPERATING		
Excess of revenue over expenses	149,487	557,990
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	172,778	174,294
Gain on disposal of tangible capital assets	(11,960)	
Non-cash charges to operations (net change):		
(Decrease) increase in taxes and grants in place	4,944	(4,538)
Decrease in trade and other receivables	57,398	5,449
Decrease in land held for resale inventory	-	32,129
(Increase) decrease in prepaid expenses	(394)	598
Decrease in other financial assets	-	2,180
(Decrease) increase in accounts payable and accrued liabilities	(156,045)	144,167
Increase (decrease) in deferred revenue	43,136	(252,302)
CASH PROVIDED BY OPERATING TRANSACTIONS	<u>259,344</u>	<u>659,967</u>
Acquisition of tangible capital assets	(193,576)	(805,872)
Proceeds on disposal on tangible capital assets	13,700	-
CASH APPLIED TO CAPITAL TRANSACTIONS	<u>(179,876)</u>	<u>(805,872)</u>
FINANCING		
Long-term debt repaid	(11,012)	(10,544)
CASH APPLIED TO FINANCING TRANSACTIONS	<u>(11,012)</u>	<u>(10,544)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	68,456	(156,449)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>237,675</u>	<u>394,124</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>306,131</u>	<u>237,675</u>
CASH AND CASH EQUIVALENTS ARE MADE UP OF:		
Cash and temporary investments (Note 2)	<u>306,131</u>	<u>237,675</u>

VILLAGE OF ROSEMARY
Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2012
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2012	2011
	\$	\$	\$	\$	\$
Revenue:					
Balance, beginning of year	136,321	50,000	4,037,655	4,223,976	3,665,986
Excess (deficiency) of revenues over expenses	149,487	-	-	149,487	557,990
Unrestricted funds designated for future use	(62,136)	62,136	-	-	-
Current year funds used for tangible capital assets	(193,576)	-	193,576	-	-
Disposal of tangible capital assets	1,740	-	(1,740)	-	-
Annual amortization expense	172,778	-	(172,778)	-	-
Long term debt repaid	(11,012)	-	11,012	-	-
Change in accumulated surplus	<u>57,281</u>	<u>62,136</u>	<u>30,070</u>	<u>149,487</u>	<u>557,990</u>
Balance, end of year	<u>193,602</u>	<u>112,136</u>	<u>4,067,725</u>	<u>4,373,463</u>	<u>4,223,976</u>

VILLAGE OF ROSEMARY
Schedule of Tangible Capital Assets
For The Year Ended December 31, 2012
Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Cost:								
Balance, beginning of year	167,938	256,896	184,574	5,022,857	207,725	327,406	6,167,396	5,366,344
Acquisition of tangible capital assets	-	3,269	-	163,318	7,467	-	174,054	805,872
Construction-in-progress	-	-	-	19,522	-	-	19,522	-
Disposal of tangible capital assets	-	-	-	-	(32,132)	-	(32,132)	(4,820)
Balance, end of year	<u>167,938</u>	<u>260,165</u>	<u>184,574</u>	<u>5,205,697</u>	<u>183,060</u>	<u>327,406</u>	<u>6,328,840</u>	<u>6,167,396</u>
Accumulated Amortization:								
Balance, beginning of year	-	18,134	40,199	1,701,241	103,048	158,941	2,021,563	1,852,089
Annual amortization	-	10,179	3,692	128,621	17,795	12,491	172,778	174,294
Accumulated amortization on disposals	-	-	-	-	(30,392)	-	(30,392)	(4,820)
Balance, end of year	<u>-</u>	<u>28,313</u>	<u>43,891</u>	<u>1,829,862</u>	<u>90,451</u>	<u>171,432</u>	<u>2,163,949</u>	<u>2,021,563</u>
Net Book Value of Tangible Capital Assets	<u><u>167,938</u></u>	<u><u>231,852</u></u>	<u><u>140,683</u></u>	<u><u>3,375,835</u></u>	<u><u>92,609</u></u>	<u><u>155,974</u></u>	<u><u>4,164,891</u></u>	<u><u>4,145,833</u></u>

VILLAGE OF ROSEMARY

**Schedule of Property And Other Taxes
 For the Year Ended December 31, 2012
 Schedule 3**

	Budget	2012	2011
	\$	\$	\$
TAXATION			
Real property taxes	325,628	326,001	309,010
Government grants in place of property taxes	2,440	2,440	2,454
	<u>328,068</u>	<u>328,441</u>	<u>311,464</u>
REQUISITIONS			
Alberta School foundation fund	61,289	61,612	56,088
Newell seniors foundation	4,054	4,054	3,586
	<u>65,343</u>	<u>65,666</u>	<u>59,674</u>
NET MUNICIPAL TAXES	<u><u>262,725</u></u>	<u><u>262,775</u></u>	<u><u>251,790</u></u>

VILLAGE OF ROSEMARY

**Schedule of Government Transfers
For the Year Ended December 31, 2012
Schedule 4**

	Budget	2012	2011
	\$	\$	\$
TRANSFERS FOR OPERATING			
Provincial government	151,800	70,841	67,915
Other local governments	60,550	62,244	60,508
	<u>212,350</u>	<u>133,085</u>	<u>128,423</u>
TRANSFERS FOR CAPITAL			
Provincial government	227,957	220,785	577,153
Federal government	-	-	39,711
Other local governments	-	19,522	937
	<u>227,957</u>	<u>240,307</u>	<u>617,801</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>440,307</u></u>	<u><u>373,392</u></u>	<u><u>746,224</u></u>

VILLAGE OF ROSEMARY

**Schedule of Expenses by Object
 For the Year Ended December 31, 2012
 Schedule 5**

	Budget	2012	2011
	\$	\$	\$
EXPENDITURES			
Salaries, wages and benefits	158,770	154,955	154,963
Contracted and general services	208,843	132,337	146,853
Materials, goods and utilities	196,105	177,628	144,483
Interest on long-term debt	5,776	5,776	6,244
Amortization of tangible capital assets	173,000	172,778	174,294
Other expenditures	44,920	44,221	45,942
	<hr/>	<hr/>	<hr/>
	787,414	687,695	672,779
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VILLAGE OF ROSEMARY
Schedule of Segmented Disclosure
For The Year Ended December 31, 2012
Schedule 6

	General Government	Protective Services	Transportation Services	Water & Waste Management	Recreation & Culture	2012
	\$	\$	\$	\$	\$	\$
Revenue:						
Net municipal taxes	262,775	-	-	-	-	262,775
Government transfers	16,745	59,000	147,622	118,158	31,867	373,392
Investment income	100	337	-	-	2	439
User fees and sale of goods	6,901	653	14,361	148,105	2,436	172,456
Penalties and cost of taxes	7,776	-	-	-	-	7,776
Franchise and concession contracts	17,184	-	-	-	-	17,184
Other revenues	<u>3,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,160</u>
	<u>314,641</u>	<u>59,990</u>	<u>161,983</u>	<u>266,263</u>	<u>34,305</u>	<u>837,182</u>
Expenses:						
Salaries & wages	64,793	-	36,321	53,841	-	154,955
Contracted & general services	44,688	21,080	11,504	30,565	24,500	132,337
Goods & supplies	43,312	43,476	31,930	54,147	4,763	177,628
Long-term debt interest	-	4,743	-	1,033	-	5,776
Other expenses	<u>3,290</u>	<u>10,522</u>	<u>1,076</u>	<u>14,197</u>	<u>15,136</u>	<u>44,221</u>
	<u>156,083</u>	<u>79,821</u>	<u>80,831</u>	<u>153,783</u>	<u>44,399</u>	<u>514,917</u>
Net revenue, before amortization	<u>158,558</u>	<u>(19,831)</u>	<u>81,152</u>	<u>112,480</u>	<u>(10,094)</u>	<u>322,265</u>
Amortization expense	<u>(4,856)</u>	<u>(21,460)</u>	<u>(54,336)</u>	<u>(81,947)</u>	<u>(10,179)</u>	<u>(172,778)</u>
Net Revenue	<u><u>153,702</u></u>	<u><u>(41,291)</u></u>	<u><u>26,816</u></u>	<u><u>30,533</u></u>	<u><u>(20,273)</u></u>	<u><u>149,487</u></u>

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

1. Significant Accounting Policies

The financial statements of the Village of Rosemary 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 Village of Rosemary 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 Village of Rosemary.

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.

VILLAGE OF ROSEMARY

**Notes to the Financial Statements
For The Year Ended December 31, 2012**

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, road, 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 revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

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	15-20
Buildings	25-50
Engineered structures	
Water system	35-65
Wastewater system	35-65
Other engineered structures	15-40
Machinery and equipment	5-20
Vehicles	3-20

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

VILLAGE OF ROSEMARY

**Notes to the Financial Statements
For The Year Ended December 31, 2012**

2. Cash and Temporary Investments

	2012	2011
	\$	\$
Cash	271,131	202,675
Temporary investments	<u>35,000</u>	<u>35,000</u>
	<u><u>306,131</u></u>	<u><u>237,675</u></u>

Temporary investments are short-term savings accounts bearing interest at 1.25% and are cashable on demand.

3. Taxes and Grants in Place of Taxes

	2012	2011
	\$	\$
Current taxes and grants in place of taxes	5,452	7,652
Non-current taxes and grants in place of taxes	<u>2,262</u>	<u>5,006</u>
	<u><u>7,714</u></u>	<u><u>12,658</u></u>

4. Investments

	2012	2011
	\$	\$
Newell Regional Services Corporation, common shares	<u>10</u>	<u>10</u>

5. Deferred Revenue

	2012	2011
	\$	\$
Alberta conditional grants	<u>143,193</u>	<u>100,057</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 capital projects, as approved under the funding agreements, scheduled for completion in 2013. Unexpended funds related to the advance are supported by cash and temporary investments of \$143,193.

VILLAGE OF ROSEMARY

**Notes to the Financial Statements
For The Year Ended December 31, 2012**

6. Long-Term Debt

	2012	2011
	\$	\$
Tax supported debentures	<u>97,166</u>	<u>108,178</u>

The current portion of long-term debt is \$11,501 (2011 - \$11,012).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2013	11,501	5,287	16,788
2014	12,014	4,775	16,789
2015	8,067	4,239	12,306
2016	3,888	3,935	7,823
2017	4,121	3,702	7,823
2018 and on	<u>57,575</u>	<u>20,651</u>	<u>78,226</u>
	<u>97,166</u>	<u>42,589</u>	<u>139,755</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 3.8% to 6% per annum and matures in periods 2015 through 2027. The average annual interest rate is 5.63% for 2012 (5.33% for 2011). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8% to 12.5% depending on the date borrowed. Debenture debt is issued on the credit and security of the Village of Rosemary at large.

Interest on long-term debt amounted to \$5,776 (2011 - \$6,244).

The Village's total cash payments for interest in 2012 was \$5,776 (2011 - \$6,244).

VILLAGE OF ROSEMARY

**Notes to the Financial Statements
For The Year Ended December 31, 2012**

7. 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 Rosemary be disclosed as follows:

	2012	2011
	\$	\$
Total debt limit	895,312	919,452
Total debt	<u>97,166</u>	<u>108,178</u>
Amount of debt limit unused	<u>798,146</u>	<u>811,274</u>
Debt servicing limit	149,219	153,242
Debt servicing	<u>16,788</u>	<u>16,788</u>
Amount of debt servicing limit unused	<u>132,431</u>	<u>136,454</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.

8. Tangible Capital Assets

	2012	2011
Net Book Value	\$	\$
Land	167,938	167,938
Land Improvements	231,852	238,762
Buildings	140,683	144,375
Engineered Structures		
Roadway system	554,894	510,499
Sidewalk, curb and gutter	241,796	262,865
Water distribution system	1,880,781	1,946,415
Wastewater treatment system	678,842	601,837
Machinery and equipment	92,609	104,677
Vehicles	<u>155,974</u>	<u>168,465</u>
	<u>4,164,891</u>	<u>4,145,833</u>

VILLAGE OF ROSEMARY

Notes to the Financial Statements
 For The Year Ended December 31, 2012

9. Equity in Capital Assets

	2012	2011
	\$	\$
Tangible capital assets, Schedule 2	6,328,840	6,167,396
Accumulated amortization, Schedule 2	(2,163,949)	(2,021,563)
Long-term debt (Note 6)	<u>(97,166)</u>	<u>(108,178)</u>
	<u><u>4,067,725</u></u>	<u><u>4,037,655</u></u>

10. Accumulated Surplus

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

	2012	2011
	\$	\$
Unrestricted surplus (deficit)	193,602	136,321
Restricted surplus		
General operations	112,136	50,000
Equity in tangible capital assets	<u>4,067,725</u>	<u>4,037,655</u>
	<u><u>4,373,463</u></u>	<u><u>4,223,976</u></u>

11. Segmented Disclosure

The 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).

VILLAGE OF ROSEMARY

**Notes to the Financial Statements
For The Year Ended December 31, 2012**

12. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 379/94 is as follows:

	2012			2011
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor	6,525	-	6,525	6,263
Councillor 1	5,100	-	5,100	4,388
Councillor 2	5,100	-	5,100	4,087
Municipal administrator	34,837	7,762	42,599	47,993

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, per diems and any other direct cash remuneration.
- 2) Benefits and allowances includes 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, professional memberships and tuition.

13. Financial Instruments

The Village's financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities, deferred revenue, 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 statements.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables 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.

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

14. Approval of Financial Statements

These financial statements were approved by Council and Administration on March 18, 2013.

15. Budgeted Figures

The budgeted figures, approved by Council on April 4, 2012, have not been audited and are presented for information purposes only.