

**VILLAGE OF ROSEMARY  
FINANCIAL STATEMENTS**

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

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## AUDITORS' REPORT

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### 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, 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 18, 2014

**VILLAGE OF ROSEMARY**

**Statement of Financial Position  
December 31, 2013**

	2013	2012
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	209,299	306,131
Taxes and grants in place of taxes (Note 3)	2,261	15,693
Trade and other receivables	96,745	35,529
Land held for resale inventory	123,578	107,098
Investments (Note 4)	10	10
Other financial assets	11,990	11,990
<b>TOTAL FINANCIAL ASSETS</b>	<u>443,883</u>	<u>476,451</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	39,030	27,386
Deferred revenue (Note 5)	54,971	151,172
Long-term debt (Note 6)	85,665	97,166
	<u>179,666</u>	<u>275,724</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>264,217</u>	<u>200,727</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	4,131,137	4,164,891
Prepaid expenses	10,244	7,845
	<u>4,141,381</u>	<u>4,172,736</u>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<u>4,405,598</u>	<u>4,373,463</u>



**VILLAGE OF ROSEMARY**

**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 municipal taxes, Schedule 3	259,779	257,623	262,775
Government transfers for operating, Schedule 4	269,652	206,291	133,085
Investment income	470	603	439
User fees and sale of goods	193,450	177,788	172,456
Penalties and costs of taxes	6,000	5,148	7,776
Franchise and concession contracts	17,100	19,759	17,184
Other	5,300	8,276	3,160
	<u>751,751</u>	<u>675,488</u>	<u>596,875</u>
<b>EXPENSES</b>			
Legislative	25,500	30,347	25,095
Administration	139,840	142,112	135,844
Fire, ambulance and bylaws enforcement	104,172	86,748	101,280
Roads, streets, walks and lighting	186,086	183,759	135,167
Water and wastewater	228,618	208,222	204,575
Waste management	53,977	49,586	31,155
Parks and recreation	53,120	54,132	29,304
Other	54,338	9,228	25,275
	<u>845,651</u>	<u>764,134</u>	<u>687,695</u>
<b>SHORTFALL OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>(93,900)</b>	<b>(88,646)</b>	<b>(90,820)</b>
<b>OTHER</b>			
Government transfers for capital, Schedule 4	<u>277,304</u>	<u>120,781</u>	<u>240,307</u>
<b>EXCESS OF REVENUE OVER EXPENSES, Schedule 6</b>	<u>183,404</u>	<u>32,135</u>	<u>149,487</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>4,373,463</u>	<u>4,373,463</u>	<u>4,223,976</u>
<b>ACCUMULATED SURPLUS, END OF YEAR, Schedule 1</b>	<u><u>4,556,867</u></u>	<u><u>4,405,598</u></u>	<u><u>4,373,463</u></u>

**VILLAGE OF ROSEMARY**

**Statement of Change in Net Financial Assets (Debt)  
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>	<u>183,404</u>	<u>32,135</u>	<u>149,487</u>
Acquisition of tangible capital assets	(351,304)	(134,034)	(193,576)
Proceeds on the disposal of tangible capital assets	--	1,350	13,700
Amortization of tangible capital assets	167,900	167,788	172,778
Gain on sale of tangible capital assets	<u>--</u>	<u>(1,350)</u>	<u>(11,960)</u>
	<u>(183,404)</u>	<u>33,754</u>	<u>(19,058)</u>
Acquisition of prepaid assets	--	(10,244)	(7,845)
Use of prepaid assets	<u>--</u>	<u>7,845</u>	<u>7,451</u>
	<u>--</u>	<u>(2,399)</u>	<u>(394)</u>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	--	63,490	130,035
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<u>200,727</u>	<u>200,727</u>	<u>70,692</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u>200,727</u>	<u>264,217</u>	<u>200,727</u>

**VILLAGE OF ROSEMARY**

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING</b>		
Excess of revenue over expenses	32,135	149,487
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	167,788	172,778
Gain on disposal of tangible capital assets	(1,350)	(11,960)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place	13,432	(3,035)
(Increase) decrease in trade and other receivables	(61,216)	57,398
(Increase) in land held for resale inventory	(16,480)	--
(Increase) in prepaid expenses	(2,399)	(394)
Increase (decrease) in accounts payable and accrued liabilities	11,644	(156,045)
(Decrease) in deferred revenue	(96,201)	51,115
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<u>47,353</u>	<u>259,344</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(134,034)	(193,576)
Proceeds on disposal on tangible capital assets	1,350	13,700
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<u>(132,684)</u>	<u>(179,876)</u>
<b>FINANCING</b>		
Long-term debt repaid	(11,501)	(11,012)
<b>CASH APPLIED TO FINANCING TRANSACTIONS</b>	<u>(11,501)</u>	<u>(11,012)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(96,832)	68,456
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>306,131</u>	<u>237,675</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>209,299</u></u>	<u><u>306,131</u></u>
<b>CASH AND CASH EQUIVALENTS ARE MADE UP OF:</b>		
Cash and temporary investments (Note 2)	<u><u>209,299</u></u>	<u><u>306,131</u></u>

# VILLAGE OF ROSEMARY

## 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
	\$	\$	\$	\$	\$
Balance, beginning of year	193,602	112,136	4,067,725	4,373,463	4,223,976
Excess (deficiency) of revenues over expenses	32,135	-	-	32,135	149,487
Current year funds used for tangible capital assets	(134,034)	-	134,034	-	-
Annual amortization expense	167,788	-	(167,788)	-	-
Long term debt repaid	(11,501)	-	11,501	-	-
Change in accumulated surplus	54,388	-	(22,253)	32,135	149,487
Balance, end of year	<u>247,990</u>	<u>112,136</u>	<u>4,045,472</u>	<u>4,405,598</u>	<u>4,373,463</u>



# VILLAGE OF ROSEMARY

## 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	167,938	260,165	184,574	5,205,696	183,061	327,406	6,328,840	6,167,396
Acquisition of tangible capital assets	-	-	-	105,543	25,691	-	131,234	174,054
Construction-in-progress	-	-	-	2,800	-	-	2,800	19,522
Disposal of tangible capital assets	-	-	-	-	(2,385)	(15,450)	(17,835)	(32,132)
Balance, end of year	<u>167,938</u>	<u>260,165</u>	<u>184,574</u>	<u>5,314,039</u>	<u>206,367</u>	<u>311,956</u>	<u>6,445,039</u>	<u>6,328,840</u>
<b>Accumulated Amortization:</b>								
Balance, beginning of year	-	28,313	43,891	1,829,862	90,451	171,432	2,163,949	2,021,563
Annual amortization	-	10,179	3,692	120,054	22,616	11,247	167,788	172,778
Accumulated amortization on disposals	-	-	-	-	(2,385)	(15,450)	(17,835)	(30,392)
Balance, end of year	<u>-</u>	<u>38,492</u>	<u>47,583</u>	<u>1,949,916</u>	<u>110,682</u>	<u>167,229</u>	<u>2,313,902</u>	<u>2,163,949</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u><u>167,938</u></u>	<u><u>221,673</u></u>	<u><u>136,991</u></u>	<u><u>3,364,123</u></u>	<u><u>95,685</u></u>	<u><u>144,727</u></u>	<u><u>4,131,137</u></u>	<u><u>4,164,891</u></u>



**VILLAGE OF ROSEMARY**

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

	Budget	2013	2012
	\$	\$	\$
<b>TAXATION</b>			
Real property taxes	330,155	328,485	326,001
Government grants in place of property taxes	2,501	2,501	2,440
	<u>332,656</u>	<u>330,986</u>	<u>328,441</u>
<b>REQUISITIONS</b>			
Alberta School foundation fund	68,002	68,488	61,612
Newell seniors foundation	4,875	4,875	4,054
	<u>72,877</u>	<u>73,363</u>	<u>65,666</u>
<b>NET MUNICIPAL TAXES</b>	<u>259,779</u>	<u>257,623</u>	<u>262,775</u>

**VILLAGE OF ROSEMARY**

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

	Budget	2013	2012
	\$	\$	\$
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	182,411	117,365	70,841
Other local governments	87,241	88,926	62,244
	<u>269,652</u>	<u>206,291</u>	<u>133,085</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	277,304	98,221	220,785
Other local governments	-	22,560	19,522
	<u>277,304</u>	<u>120,781</u>	<u>240,307</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>546,956</u>	<u>327,072</u>	<u>373,392</u>

**VILLAGE OF ROSEMARY**

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

	Budget	2013	2012
	\$	\$	\$
<b>EXPENDITURES</b>			
Salaries, wages and benefits	172,639	162,452	154,955
Contracted and general services	239,692	210,244	132,337
Materials, goods and utilities	193,642	151,257	177,628
Interest on long-term debt	5,287	5,287	5,776
Amortization of tangible capital assets	167,900	167,788	172,778
Other expenditures	66,491	67,106	44,221
	<u>845,651</u>	<u>764,134</u>	<u>687,695</u>

# VILLAGE OF ROSEMARY

## Schedule of Segmented Disclosure For The Year Ended December 31, 2013 Schedule 6

	General Government	Protective Services	Transportation Services	Water & Waste Management	Recreation & Culture	2013
	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>						
Net municipal taxes	257,623	-	-	-	-	257,623
Government transfers	-	90,380	49,998	150,474	36,220	327,072
Investment income	141	461	-	-	1	603
User fees and sale of goods	9,871	208	5,471	159,293	2,945	177,788
Penalties and cost of taxes	5,148	-	-	-	-	5,148
Franchise and concession contracts	19,759	-	-	-	-	19,759
Other revenues	<u>8,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,276</u>
	<u>300,818</u>	<u>91,049</u>	<u>55,469</u>	<u>309,767</u>	<u>39,166</u>	<u>796,269</u>
<b>Expenses:</b>						
Salaries & wages	64,057	9,325	42,833	46,237	-	162,452
Contracted & general services	49,832	21,413	60,931	68,840	9,228	210,244
Goods & supplies	50,424	18,587	35,149	41,880	5,217	151,257
Long-term debt interest	-	4,559	-	728	-	5,287
Other expenses	<u>3,289</u>	<u>8,142</u>	<u>1,076</u>	<u>15,863</u>	<u>38,736</u>	<u>67,106</u>
	<u>167,602</u>	<u>62,026</u>	<u>139,989</u>	<u>173,548</u>	<u>53,181</u>	<u>596,346</u>
Net revenue, before amortization	<u>133,216</u>	<u>29,023</u>	<u>(84,520)</u>	<u>136,219</u>	<u>(14,015)</u>	<u>199,923</u>
Amortization expense	<u>(4,857)</u>	<u>(24,722)</u>	<u>(43,770)</u>	<u>(84,260)</u>	<u>(10,179)</u>	<u>(167,788)</u>
<b>Net Revenue</b>	<u><u>128,359</u></u>	<u><u>4,301</u></u>	<u><u>(128,290)</u></u>	<u><u>51,959</u></u>	<u><u>(24,194)</u></u>	<u><u>32,135</u></u>



## VILLAGE OF ROSEMARY

### 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 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, 2013

#### 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, 2013**

**2. Cash and Temporary Investments**

	2013	2012
	\$	\$
Cash	174,299	271,131
Temporary investments	<u>35,000</u>	<u>35,000</u>
	<u>209,299</u>	<u>306,131</u>

Temporary investments are short-term savings accounts bearing interest at 1.05% and are cashable on demand.

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

	2013	2012
	\$	\$
Current taxes and grants in place of taxes	2,094	13,431
Non-current taxes and grants in place of taxes	<u>167</u>	<u>2,262</u>
	<u>2,261</u>	<u>15,693</u>

**4. Investments**

	2013	2012
	\$	\$
Newell Regional Services Corporation, common shares	<u>10</u>	<u>10</u>

**5. Deferred Revenue**

	2013	2012
	\$	\$
Alberta conditional grants	45,291	143,193
Taxes paid in advance	<u>9,680</u>	<u>7,979</u>
	<u>54,971</u>	<u>151,172</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 2014. Unexpended funds related to the advance are supported by cash and temporary investments of \$45,291.

**VILLAGE OF ROSEMARY**

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

**6. Long-Term Debt**

	2013	2012
	\$	\$
Tax supported debentures	<u>85,665</u>	<u>97,166</u>

The current portion of long-term debt is \$12,014 (2012 - \$11,501).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
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	4,368	3,455	7,823
2019 and on	<u>53,207</u>	<u>17,196</u>	<u>70,403</u>
	<u>85,665</u>	<u>37,302</u>	<u>122,967</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 5.78% for 2013 (5.63% for 2012). 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 \$5,287 (2012 - \$5,776).

The Village's total cash payments for interest in 2013 was \$5,287 (2012 - \$5,776).



**VILLAGE OF ROSEMARY**

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

**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:

	2013	2012
	\$	\$
Total debt limit	1,013,232	895,312
Total debt	<u>85,665</u>	<u>97,166</u>
Amount of debt limit unused	<u>927,567</u>	<u>798,146</u>
Debt servicing limit	168,872	149,219
Debt servicing	<u>16,789</u>	<u>16,788</u>
Amount of debt servicing limit unused	<u>152,083</u>	<u>132,431</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**

	2013	2012
Net Book Value	\$	\$
Land	167,938	167,938
Land improvements	221,673	231,852
Buildings	136,991	140,683
Engineered Structures		
Roadway system	548,323	574,416
Sidewalk, curb and gutter	232,094	241,796
Water distribution system	1,817,946	1,880,781
Wastewater treatment system	765,760	678,842
Machinery and equipment	95,685	92,609
Vehicles	<u>144,727</u>	<u>155,974</u>
	<u>4,131,137</u>	<u>4,164,891</u>

**VILLAGE OF ROSEMARY**

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

**9. Equity in Capital Assets**

	2013	2012
	\$	\$
Tangible capital assets, Schedule 2	6,445,039	6,328,840
Accumulated amortization, Schedule 2	(2,313,902)	(2,163,949)
Long-term debt (Note 6)	<u>(85,665)</u>	<u>(97,166)</u>
	<u><b>4,045,472</b></u>	<u><b>4,067,725</b></u>

**10. Accumulated Surplus**

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

	2013	2012
	\$	\$
Unrestricted surplus (deficit)	247,990	193,602
Restricted surplus		
General operations	112,136	112,136
Equity in tangible capital assets	<u>4,045,472</u>	<u>4,067,725</u>
	<u><b>4,405,598</b></u>	<u><b>4,373,463</b></u>

**11. Segmented Disclosure**

The Village of Rosemary 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, 2013**

**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:

	2013			2012
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor	6,750	-	<b>6,750</b>	6,525
Councillor 1	5,475	-	<b>5,475</b>	5,100
Councillor 2	5,550	101	<b>5,651</b>	5,100
Municipal administrator	32,446	8,454	<b>40,900</b>	42,599

- 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, 2014.

**15. Budgeted Figures**

The budgeted figures, approved by Council on April 23, 2013, have not been audited and are presented for information purposes only.

**16. Comparative Figures**

The comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.