
VILLAGE OF SPRING LAKE

FINANCIAL STATEMENTS

DECEMBER 31, 2012

VILLAGE OF SPRING LAKE

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J. A. PAWLUIK

PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANT

Telephone: (780) 482-6317
Fax: (780) 482-6329
E-Mail: japawluikpc@telus.net

AUDITOR'S REPORT

To the Members of Council

Report on the Financial Statements

I have audited the accompanying statements of the Village of Spring Lake that comprise the statement of financial position as at December 31, 2012, and the statements of operation, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

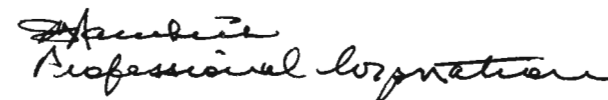
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Village of Spring Lake as at December 31, 2012, the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

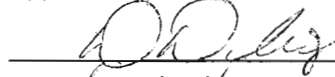
Edmonton, Alberta
April 9, 2013


Professional Corporation
CHARTERED ACCOUNTANT

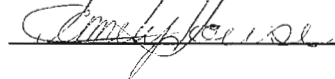
VILLAGE OF SPRING LAKE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
Financial Assets		
Cash and temporary investments	\$ 1,218,178	\$ 1,021,240
Taxes receivable	22,303	20,856
Government transfers receivable	105,266	117,799
Trade and other receivables	15,334	12,419
	<u>1,361,081</u>	<u>1,172,314</u>
Liabilities		
Payables and accrued liabilities	10,946	15,617
Deferred revenue – Note 2	953,276	770,389
Long term debt – Note 3	27,108	40,967
	<u>991,330</u>	<u>826,973</u>
Net Financial Assets	<u>369,751</u>	<u>345,341</u>
Non-Financial Assets		
Tangible capital assets	3,172,844	2,852,441
Prepaid expenses	6,271	6,222
	<u>3,179,115</u>	<u>2,858,663</u>
Accumulated Surplus	<u>\$ 3,548,866</u>	<u>\$ 3,204,004</u>

Approved by Council



Mayor



Chief Administrative Officer

VILLAGE OF SPRING LAKE

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2012

	Budget Unaudited	2012	2011
Revenues			
Net municipal property taxes	\$ 420,000	\$ 420,007	\$ 387,287
User fees and sale of goods	1,500	3,864	1,870
Government transfers for operating	30,926	30,926	30,882
Licenses and permits	4,600	3,797	4,639
Fines	2,000	1,828	2,771
Penalties on taxes	6,000	8,340	11,458
Investment income	2,500	6,746	2,366
Other	2,300	4,390	6,808
	<u>469,826</u>	<u>479,898</u>	<u>448,081</u>
Expenses			
Council	18,350	15,949	17,760
Administration	179,575	170,118	167,207
Fire	21,810	21,807	18,963
Bylaw enforcement	30,000	29,500	29,625
Public works	121,000	119,096	107,879
Roads, streets, walks, lighting	35,300	34,635	45,675
Waste management	42,650	43,404	42,113
Planning and development	5,500	5,324	4,692
Parks, recreation and culture	11,650	13,208	12,198
	<u>465,835</u>	<u>453,041</u>	<u>446,112</u>
Excess Revenues Over Expenses Before Other	<u>3,991</u>	<u>26,857</u>	<u>1,969</u>
Other Revenue (Expenses)			
Government transfers for capital	1,002,265	116,834	-
Amortization of tangible capital assets	(120,000)	(133,629)	(115,881)
Contributed assets	-	334,800	842,860
Gain on sale of tangible capital assets	-	-	50
	<u>882,265</u>	<u>318,005</u>	<u>727,029</u>
Excess of Revenues Over Expenses	886,256	344,862	728,998
Accumulated Surplus, Beginning of Year	<u>3,204,004</u>	<u>3,204,004</u>	<u>2,475,006</u>
Accumulated Surplus, End of Year	<u>\$ 4,090,260</u>	<u>\$ 3,548,866</u>	<u>\$ 3,204,004</u>

VILLAGE OF SPRING LAKE

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2012

	Budget Unaudited	2012	2011
Excess of Revenues Over Expenses	\$ 886,256	\$ 344,862	\$ 728,998
Changes in Non-Financial Assets			
Acquisition of tangible capital assets	(1,002,265)	(119,232)	(32,526)
Contributed tangible capital assets	-	(334,800)	(842,860)
Proceeds on disposal of tangible capital assets	-	-	50
Amortization of tangible capital assets	120,000	133,629	115,881
Gain on sale of tangible capital assets	-	-	(50)
Prepaid expenses	-	(49)	(58)
	<u>(882,265)</u>	<u>(320,452)</u>	<u>(759,563)</u>
Increase (Decrease) in Net Financial Assets	3,991	24,410	(30,565)
Net Financial Assets, Beginning of Year	<u>345,341</u>	<u>345,341</u>	<u>375,906</u>
Net Financial Assets, End of Year	<u>\$ 349,332</u>	<u>\$ 369,751</u>	<u>\$ 345,341</u>

VILLAGE OF SPRING LAKE

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
Cash Provided By (Used For)		
Operating Activities		
Excess of revenues over expenses	\$ 344,862	\$ 728,998
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	133,629	115,881
Gain on sale of tangible capital assets	-	(50)
Contributed tangible capital assets	<u>(334,800)</u>	<u>(842,860)</u>
	143,691	1,969
Net change in non-cash working capital		
Taxes receivable	(1,447)	3,773
Government transfers receivable	12,533	1,864
Trade and other receivables	(2,915)	33,734
Prepaid expenses	(49)	(58)
Payables and accrued liabilities	(4,671)	6,082
Deferred revenue	<u>182,887</u>	<u>297,149</u>
	<u>330,029</u>	<u>344,513</u>
Capital Activities		
Proceeds on sale of tangible capital assets	-	50
Acquisition of tangible capital assets	<u>(119,232)</u>	<u>(32,526)</u>
	<u>(119,232)</u>	<u>(32,476)</u>
Financing Activities		
Long term debt	-	29,026
Principal payments on long term debt	<u>(13,859)</u>	<u>(8,371)</u>
	<u>(13,859)</u>	<u>20,655</u>
Increase in Cash	196,938	332,692
Cash, Beginning of Year	<u>1,021,240</u>	<u>688,548</u>
Cash, End of Year	<u>\$ 1,218,178</u>	<u>\$ 1,021,240</u>

VILLAGE OF SPRING LAKE
CHANGE IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2012

Schedule 1

	<u>2012</u>			<u>2011</u>
	<u>Unrestricted Surplus</u>	<u>Restricted Surplus Note 4</u>	<u>Equity in Tangible Capital Assets</u>	<u>Total</u>
Balance, Beginning of Year	<u>\$ 52,226</u>	<u>\$ 340,304</u>	<u>\$ 2,811,474</u>	<u>\$ 3,204,004</u>
Excess of revenues over expenses	344,862	-	-	344,862
Unrestricted funds designated for future use	(18,439)	18,439	-	-
Restricted funds used for operations	10,000	(10,000)	-	-
Current funds used for tangible capital assets	(119,232)	-	119,232	-
Contributed tangible capital assets	(334,800)	-	334,800	-
Annual amortization expense	133,629	-	(133,629)	-
Principal payments on long term debt	(13,859)	-	13,859	-
	<u>2,161</u>	<u>8,439</u>	<u>334,262</u>	<u>344,862</u>
Balance, End of Year	<u>\$ 54,387</u>	<u>\$ 348,743</u>	<u>\$ 3,145,736</u>	<u>\$ 3,548,866</u>

VILLAGE OF SPRING LAKE

TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2012

Schedule 2

				2012	2011
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, End of Year
Cost					
Land	\$ 1,329,022	\$ -	\$ -	\$ 1,329,022	\$ 1,329,022
Land improvements	170,578	12,706	-	183,284	170,578
Engineered structures	1,746,029	355,753	-	2,101,782	1,746,029
Buildings	115,952	83,175	-	199,127	115,952
Machinery and equipment	138,640	2,398	-	141,038	138,640
Vehicles	109,425	-	-	109,425	109,425
	<u>3,609,646</u>	<u>454,032</u>	<u>-</u>	<u>4,063,678</u>	<u>3,609,646</u>
Accumulated Amortization					
Land	-	-	-	-	-
Land improvements	75,935	9,468	-	85,403	75,935
Engineered structures	522,213	96,068	-	618,281	522,213
Buildings	56,212	3,836	-	60,048	56,212
Machinery and equipment	75,736	13,314	-	89,050	75,736
Vehicles	27,109	10,943	-	38,052	27,109
	<u>757,205</u>	<u>133,629</u>	<u>-</u>	<u>890,834</u>	<u>757,205</u>
Net Book Value					
Land				\$ 1,329,022	\$ 1,329,022
Land improvements				97,881	94,643
Engineered structures				1,483,501	1,223,816
Buildings				139,079	59,740
Machinery and equipment				51,988	62,904
Vehicles				71,373	82,316
				<u>\$ 3,172,844</u>	<u>\$ 2,852,441</u>

VILLAGE OF SPRING LAKE

PROPERTY TAXES LEVIED YEAR ENDED DECEMBER 31, 2012

Schedule 3

	Budget Unaudited	2012	2011
Taxation			
Real property taxes	\$ 661,054	\$ 661,061	\$ 603,005
Linear property taxes	2,120	2,120	1,809
	<u>663,174</u>	<u>663,181</u>	<u>604,814</u>
Requisitions			
Alberta School Foundation Fund	202,477	202,477	182,050
Separate School	40,697	40,697	35,477
	<u>243,174</u>	<u>243,174</u>	<u>217,527</u>
Net Municipal Property Taxes	<u>\$ 420,000</u>	<u>\$ 420,007</u>	<u>\$ 387,287</u>

EXPENDITURES BY OBJECT YEAR ENDED DECEMBER 31, 2012

	Budget Unaudited	2012	2011
Salaries, wages and benefits	\$ 230,450	\$ 233,047	\$ 201,218
Contracted and general services	137,300	129,392	153,921
Purchases from other governments	51,960	51,411	48,683
Materials, goods and utilities	41,125	34,372	37,203
Transfers to local boards and agencies	2,600	2,546	2,546
Interest on long term debt	2,400	2,273	2,541
Amortization of tangible capital assets	<u>120,000</u>	<u>133,629</u>	<u>115,881</u>
	<u>\$ 585,835</u>	<u>\$ 586,670</u>	<u>\$ 561,993</u>

VILLAGE OF SPRING LAKE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. Significant Accounting Policies

The financial statements are the representations of the management of the Village prepared in accordance with 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 are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in cash flows of the Village.

The schedule of taxes levied includes requisitions for education that are not part of the municipal reporting entity.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenue is recorded as it is earned and measurable and is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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 revenue and expenditure 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.

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.

Deferred Revenue

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

VILLAGE OF SPRING LAKE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Significant Accounting Policies (continued)

Requisition Over-levies and Under-levies

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

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

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

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:

Land Improvements	15 – 45
Engineered Structures	10 – 20
Buildings	10 – 25
Machinery and Equipment	10 – 15
Vehicles	10

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

2. Deferred Revenue

	<u>2012</u>	<u>2011</u>
Government transfers	<u>\$ 953,276</u>	<u>\$ 770,389</u>

VILLAGE OF SPRING LAKE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

3. Long Term Debt

	<u>2012</u>	<u>2011</u>
Alberta Municipal Financing Corporation		
- debenture payable at \$8,312 per year, including interest at 11%, matures April 2013. The debt is issued on the credit and security of the municipality at large.	\$ 7,488	\$ 14,234
Servus Credit Union		
- loan payable at \$650 per month, including interest at 3%, matures August 2015. The loan is secured by specific automotive equipment.	<u>19,620</u>	<u>26,733</u>
	<u>\$ 27,108</u>	<u>\$ 40,967</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 14,818	\$ 1,294	\$ 16,112
2014	7,550	250	7,800
2015	<u>4,740</u>	<u>65</u>	<u>4,805</u>
	<u>\$ 27,108</u>	<u>\$ 1,609</u>	<u>\$ 28,717</u>

4. Restricted Surplus

	<u>2012</u>	<u>2011</u>
Tax rate stabilization	\$ 97,080	\$ 88,641
Equipment	59,566	59,566
Roads	72,165	72,165
Public land sales proceeds	<u>119,932</u>	<u>119,932</u>
	<u>\$ 348,743</u>	<u>\$ 340,304</u>

VILLAGE OF SPRING LAKE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

5. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 be disclosed. 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. The debt and debt service limits for the Village of Spring Lake are as follows:

	<u>2012</u>	<u>2011</u>
Total debt limit	\$ 719,847	\$ 672,122
Total debt	(27,108)	(40,967)
Debt limit available	\$ 692,739	\$ 631,155
Total debt service limit	\$ 119,975	\$ 112,020
Total debt service	(8,311)	(16,112)
Debt service limit available	\$ 111,664	\$ 95,908

6. 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:

	<u>2012</u>			<u>2011</u>
	Salary	Benefits & Allowances	Total	Total
Councillors				
C. MacDonald	\$ 2,668	\$ -	\$ 2,668	\$ 3,150
D. Dobing	3,732	-	3,732	3,488
A. Hagen	2,768	-	2,768	3,825
B. Flesher	3,136	-	3,136	3,712
J. Roznicki	<u>3,278</u>	<u>-</u>	<u>3,278</u>	<u>3,262</u>
	\$ 15,582	\$ -	\$ 15,582	\$ 17,437
Chief Administrative Officer	\$ 69,150	\$ 112	\$ 69,262	\$ 52,927

Salary includes honoraria paid to the Councillors.

VILLAGE OF SPRING LAKE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

7. Financial Instruments

The Village's financial instruments consist of cash, receivables, payables, accrued liabilities and long term debt. It is management's opinion that the Village is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Village is subject to credit risk with respect to taxes, 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 minimizes the credit risk.

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

8. Budget Figures

Budget figures for 2012, as approved by Council, are included in the financial statements for information purposes and are unaudited.
