

**TOWN OF TROCHU  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**TOWN OF TROCHU  
FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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# ENDEAVOR

## CHARTERED ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT

#### To the Members of Council:

##### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of the Town of Trochu, which comprise the statement of financial position as at December 31, 2013 and the statement of operations, 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

##### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Town of Trochu as at December 31, 2013, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

HANNA, ALBERTA  
FEBRUARY 20, 2014

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CHARTERED ACCOUNTANTS

**TOWN OF TROCHU**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013**

	2013	2012
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 1,088,483	\$ 821,658
Receivables		
Taxes and grants in place of taxes (Note 3)	149,753	172,924
Trade and other receivables	276,445	206,756
Receivables from other governments	111,057	230,930
Land inventory held for resale	823,384	839,643
Investments (Note 4)	<u>10</u>	<u>10</u>
	<u>2,449,132</u>	<u>2,271,921</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	253,117	211,607
Deposit liabilities (Note 5)	8,024	7,624
Deferred revenue (Note 6)	793,023	679,200
Employee benefit obligations (Note 7)	34,335	49,363
Long-term debt (Note 8)	<u>803,960</u>	<u>794,007</u>
	<u>1,892,459</u>	<u>1,741,801</u>
<b>NET FINANCIAL ASSETS</b>	<u>556,673</u>	<u>530,120</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	7,602,954	7,589,859
Prepaid expenses	<u>993</u>	<u>2,067</u>
	<u>7,603,947</u>	<u>7,591,926</u>
<b>ACCUMULATED SURPLUS</b>	\$ <u>8,160,620</u>	\$ <u>8,122,046</u>
	<b>CONTINGENCIES (SEE NOTE 14)</b>	

**TOWN OF TROCHU**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (Unaudited)	2013	2012
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 955,953	\$ 942,956	\$ 909,033
User fees and sale of goods	913,165	850,370	828,915
Government transfers for operating (Schedule 3)	256,229	283,448	325,041
Investment income	6,000	8,536	4,380
Penalties and costs on taxes	32,000	68,951	54,730
Licenses and permits	4,540	4,710	5,209
Franchise and concession contracts	58,200	65,612	59,730
Gain on disposal of capital assets		636	
Other	<u>3,800</u>	<u>144,234</u>	<u>153,737</u>
<b>Total Revenue</b>	<u>2,229,887</u>	<u>2,369,453</u>	<u>2,340,775</u>
<b>EXPENSES</b>			
Legislative	135,960	106,347	92,417
Administration	393,430	338,449	355,504
Protective services	50,065	50,612	36,465
Transportation	342,185	520,419	564,085
Water supply and distribution	486,255	596,397	460,066
Wastewater treatment and disposal	82,495	103,821	106,100
Waste management	144,562	131,325	136,771
Public health and welfare	33,965	177,107	182,743
Land use planning, zoning and development	126,765	82,109	145,925
Subdivision land and development	18,620	43,562	37,465
Parks and recreation	277,000	278,984	308,484
Culture	<u>145,390</u>	<u>158,350</u>	<u>170,065</u>
<b>Total Expenses</b>	<u>2,236,692</u>	<u>2,587,482</u>	<u>2,596,090</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	(6,805)	(218,029)	(255,315)
Government transfers for capital (Schedule 3)		243,835	390,008
Contributed and donated assets		<u>12,768</u>	<u>206,383</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	6,805	38,574	341,076
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>8,122,046</u>	<u>8,122,046</u>	<u>7,780,970</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 8,115,241</u>	<u>\$ 8,160,620</u>	<u>\$ 8,122,046</u>

**TOWN OF TROCHU**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (Unaudited)	2013	2012
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ <u>6,805</u>	\$ <u>38,574</u>	\$ <u>341,076</u>
Acquisition of tangible capital assets	(30,900)	(398,923)	(775,425)
Proceeds on sale of tangible capital assets		35,786	33,500
Amortization of tangible capital assets		350,679	354,095
(Gain) loss on sale of tangible capital assets	<u>(30,900)</u>	<u>(636)</u>	<u>6,400</u>
		<u>(13,094)</u>	<u>(381,430)</u>
Change in prepaid expenses		<u>1,074</u>	<u>1,652</u>
<b>DECREASE IN NET DEBT</b>	37,705	26,554	(38,702)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>530,120</u>	<u>530,120</u>	<u>568,822</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ <u><u>492,415</u></u>	\$ <u><u>556,674</u></u>	\$ <u><u>530,120</u></u>

**TOWN OF TROCHU**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**2013**

**2012**

**NET INFLOW(OUTFLOWS) OF CASH RELATED TO  
THE FOLLOWING ACTIVITIES:**

**OPERATING**

Excess (shortfall) of revenues over expenses	\$ 38,574	\$ 341,076
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	350,679	354,095
Gain(loss) on sale of tangible capital assets	<u>(636)</u>	<u>6,400</u>
	388,617	701,571
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivables	23,171	(45,847)
Decrease(increase) in trade and other receivables	(69,690)	124,685
Decrease(increase) in receivables from other governments	119,873	(118,827)
Decrease(increase) in deposits on asset acquisitions		(24,963)
Decrease(increase) in prepaid expenses	1,074	1,652
Decrease(increase) in land held for resale	16,258	
Increase(decrease) in accounts payable and accrued liabilities	41,511	628
Increase(decrease) in deposit liabilities	400	200
Increase(decrease) in deferred revenue	113,824	310,915
Increase(decrease) in employee benefit obligations	<u>(15,028)</u>	<u>10,984</u>
	620,010	960,998
Cash provided by (applied to) operating transactions		

**CAPITAL**

Acquisition of tangible capital assets	(398,923)	(775,425)
Proceeds on sale of tangible capital assets	<u>35,786</u>	<u>33,500</u>
	(363,137)	(741,925)
Cash provided by (applied to) capital transactions		

**FINANCING**

Proceeds from loans	90,000	
Long term debt repaid	<u>(80,048)</u>	(96,180)
	9,952	(96,180)
Cash provided by (applied to) financing transactions		

**CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR**

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

**CASH AND CASH EQUIVALENTS, END OF YEAR**

266,825	122,893
<u>821,658</u>	<u>698,765</u>
\$ <u>1,088,483</u>	\$ <u>821,658</u>

**Cash and cash equivalents is made up of:**

Cash and temporary investments (Note 2)

**CASH AND CASH EQUIVALENTS, END OF YEAR**

\$ <u>1,088,483</u>	\$ <u>821,658</u>
\$ <u>1,088,483</u>	\$ <u>821,658</u>

**TOWN OF TROCHU**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Schedule 1**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2013	2012
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 200,420	\$ 182,123	\$ 1,101,705	\$ 11,860,324	\$ 820,119	\$ 472,753	\$ 14,637,444	\$ 13,904,019
Acquisition of tangible capital assets		15,459		220,496	57,663	88,595	382,213	765,267
Construction-in-progress		16,711					16,711	10,158
Disposal of tangible capital assets					(37,000)	(5,750)	(42,750)	(42,000)
BALANCE, END OF YEAR	<u>200,420</u>	<u>214,293</u>	<u>1,101,705</u>	<u>12,080,820</u>	<u>840,782</u>	<u>555,598</u>	<u>14,993,618</u>	<u>14,637,444</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		144,730	736,798	5,537,584	379,737	248,736	7,047,585	6,695,590
Annual amortization		3,949	22,785	236,955	55,971	31,019	350,679	354,095
Accumulated amortization on disposals					(1,850)	(5,750)	(7,600)	(2,100)
BALANCE, END OF YEAR		<u>148,679</u>	<u>759,583</u>	<u>5,774,539</u>	<u>433,858</u>	<u>274,005</u>	<u>7,390,664</u>	<u>7,047,585</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 200,420</u>	<u>\$ 65,614</u>	<u>\$ 342,122</u>	<u>\$ 6,306,281</u>	<u>\$ 406,924</u>	<u>\$ 281,593</u>	<u>\$ 7,602,954</u>	<u>\$ 7,589,859</u>



**TOWN OF TROCHU**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**Schedule 2**

	Budget (Unaudited)	2013	2012
<b>TAXATION</b>			
Real property taxes	\$ 1,166,070	\$ 1,144,818	\$ 1,087,371
Linear property taxes	36,389	43,233	42,338
Government grants in place of taxes	<u>7,662</u>	<u>9,103</u>	<u>8,890</u>
	<u>1,210,121</u>	<u>1,197,154</u>	<u>1,138,599</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	253,418	253,447	228,935
Golden Hills Lodge	<u>750</u>	<u>751</u>	<u>631</u>
	<u>254,168</u>	<u>254,198</u>	<u>229,566</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 955,953</u>	<u>\$ 942,956</u>	<u>\$ 909,033</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**Schedule 3**

	Budget (Unaudited)	2013	2012
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 124,814	\$ 135,141	\$ 173,726
Federal government		5,765	5,948
Local governments	<u>131,415</u>	<u>142,542</u>	<u>145,367</u>
	<u>256,229</u>	<u>283,448</u>	<u>325,041</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government		<u>243,835</u>	<u>390,008</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 256,229</u>	<u>\$ 527,283</u>	<u>\$ 715,049</u>

**TOWN OF TROCHU**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Schedule 4**

	Budget (Unaudited)	2013	2012
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 937,000	\$ 825,110	\$ 899,970
Contracted and general services	774,687	859,621	816,309
Materials, goods, supplies and utilities	475,155	462,235	406,744
Provision for allowances		181	2,404
Transfers to individuals and organizations	24,130	53,967	52,498
Bank charges and short term interest	1,000	1,872	1,672
Interest on long term debt	16,230	24,605	28,023
Amortization of tangible capital assets		350,679	354,095
Loss on disposal of tangible capital assets			6,400
Other expenses	8,490	9,212	27,975
	<u>\$ 2,236,692</u>	<u>\$ 2,587,482</u>	<u>\$ 2,596,090</u>

**TOWN OF TROCHU**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013	2012 (Restated)
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 420,280	\$ 905,914	\$ 6,795,852	\$ 8,122,046	\$ 7,780,970
Excess (deficiency) of revenues over expenses	38,574				
Unrestricted funds designated for future use	(41,150)	41,150			
Restricted funds used for operations	2,740	(2,740)		38,574	341,076
Restricted funds used for tangible capital assets		(4,895)	4,895		
Current year funds used for tangible capital assets	(304,028)		304,028		
Disposal of tangible capital assets	35,150		(35,150)		
Annual amortization expense	350,679		(350,679)		
Long term debt repaid	(80,048)		80,048		
Change in accumulated surplus	1,917	33,515	3,142	38,574	341,076
<b>BALANCE, END OF YEAR</b>	\$ 422,197	\$ 939,429	\$ 6,798,994	\$ 8,160,620	\$ 8,122,046

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Trochu are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the town are as follows:

**a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town council for the administration of their financial affairs and resources.

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.

**b) 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.

**c) 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.

**d) 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.

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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**1.. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Requisition Over-levy and Under-levy**

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 as property tax revenue.

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

**f) 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 levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

**g) Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

**h) 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.

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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**i) 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.

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<b>YEARS</b>
	<hr/>
Land improvements	10 to 45
Buildings	25 to 50
Engineering structures	45 to 75
Water system	45 to 75
Wastewater system	5 to 75
Other engineered structures	5 to 40
Machinery and equipment	10 to 40
Vehicles	

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

**ii. Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

**iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**iv. Inventories**

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

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2013</u>	<u>2012</u>
Cash	\$ 1,088,483	\$ 721,658
Temporary investments		<u>100,000</u>
	<u>\$ 1,088,483</u>	<u>\$ 821,658</u>

The ATB Financial pays prime less 2.1% on deposits of less the \$750,000 and prime less 2% on deposits of more then \$750,000 on the funds maintained in the Town's general bank account.

Of the cash, \$793,023 (2012 - \$679,200) is considered restricted cash and not available for general use as it relates to conditional government grant revenue and other conditional contributions that have not yet been expended for the purposes intended.

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

	<u>2013</u>	<u>2012</u>
Current taxes and grants in place receivables	\$ 80,745	\$ 117,109
Arrears taxes	<u>83,739</u>	<u>70,546</u>
	164,484	187,655
	<u>(14,731)</u>	<u>(14,731)</u>
Less: allowance for doubtful accounts	<u>\$ 149,753</u>	<u>\$ 172,924</u>

**4. INVESTMENTS**

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Other institutional and private corporation bonds	\$ <u>10</u>	\$ <u>10</u>	\$ <u>10</u>	\$ <u>10</u>

**5. DEPOSIT LIABILITIES**

The Town maintains utility deposits of \$8,024 (\$7,624 - 2012).

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**6. DEFERRED REVENUE**

	2013	2012
Alberta Municipal Sustainability Initiative Program	\$ 536,389	\$ 271,051
Basic Municipal Transportation Grant		69,118
Federal Gas Tax Fund		21,229
Alberta Municipal Sponsorship Program		6,383
Donations - School Resource Officer	151,281	211,144
Walking Trails Project - Donations	53,370	37,440
Fire Department - Donation	21,213	33,981
Donation - Demolition Assistance	15,000	15,000
Donations - Ace Project	4,900	4,900
TD Friends of the Environment - Spray Park Project	3,973	3,973
Donations - Centennial Celebration Funds	3,420	3,420
Choose Well Program Grant	1,916	
David Thompson Health Region - Fitness Equipment	906	906
TD Friends of the Environment - Tree Replacement Project	655	655
	<u>\$ 793,023</u>	<u>\$ 679,200</u>

**Alberta Municipal Sustainability Initiative**

Provincial government funding was received in the current year to undertake certain eligible infrastructure expenditures within the Town and in co-operation with neighbouring municipalities, that have not yet been expended.

**School Resource Officer**

The town has received donations from EnCana Corporation, other government bodies, and certain school boards to fund the costs associated with a school resource officer.

**Walking Trails - Donations**

The town received certain donations and contributions from community members and organizations to construct walking trails throughout the community.

**Fire Department - Donation**

The town received a contribution of funds to be used for future fire department equipment replacements.



**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**7. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2013</u>	<u>2012</u>
Vacation pay payable	\$ 16,852	\$ 27,739
Vested sick leave payable	<u>17,483</u>	<u>21,624</u>
	<u>\$ 34,335</u>	<u>\$ 49,363</u>

**Vacation pay payable**

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

**Vested sick leave payable**

The vested sick leave liability is comprised of paid sick days that employees have not used and are being deferred to future years.

**8. LONG TERM DEBT**

	<u>2013</u>	<u>2012</u>
Tax supported debentures	\$ 42,410	\$ 55,007
Tax supported loans	<u>761,550</u>	<u>739,000</u>
	<u>\$ 803,960</u>	<u>\$ 794,007</u>

The current portion of the long-term debt amounts to \$96,719 (2012 - \$78,597)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 96,719	\$ 25,100	\$ 121,819
2015	98,031	21,807	119,838
2016	99,402	18,458	117,860
2017	85,016	15,034	100,050
2018	81,792	12,482	94,274
Thereafter	<u>343,000</u>	<u>51,330</u>	<u>394,330</u>
	<u>\$ 803,960</u>	<u>\$ 144,211</u>	<u>\$ 948,171</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 5.875% per annum, before Provincial subsidy and matures in September 2016. Debenture debt is issued on the credit and security of the Town of Trochu at large.

The ATB Financial municipal business loans are due on demand, bear interest at bank prime rate and are repayable in annual principal payments of \$16,000 and \$50,000 plus monthly interest payments as well as blended monthly payments of \$1,650.

Interest on long-term debt amounted to \$24,605 (2012 - \$28,023).

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**9. 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 Town of Trochu be disclosed as follows:

	<u>2013</u>	<u>2012</u>
Total debt limit	\$ 3,554,180	\$ 3,511,163
Total debt	<u>803,960</u>	<u>794,007</u>
Amount of debit limit unused	\$ <u>2,750,220</u>	\$ <u>2,717,156</u>
Debt servicing limit	\$ 592,363	\$ 585,194
Debt servicing	<u>121,819</u>	<u>103,999</u>
Amount of debt servicing limit unused	\$ <u>470,544</u>	\$ <u>481,195</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.

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2013</u>	<u>2012</u>
Tangible capital assets	\$ 14,993,618	\$ 14,637,444
Accumulated amortization	(7,390,664)	(7,047,585)
Long-term debt (Note 8)	<u>(803,960)</u>	<u>(794,007)</u>
	\$ <u>6,798,994</u>	\$ <u>6,795,852</u>

TOWN OF TROCHU  
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**11. ACCUMULATED SURPLUS**

	<u>2013</u>	<u>2012</u>
Unrestricted surplus	\$ 422,198	\$ 420,281
Restricted surplus:		
General	510,336	510,336
Dr. Hay memorial fund	100,000	100,000
Administrative	33,775	33,775
Recognition and appreciation	5,275	4,125
Municipal intern		2,740
Municipal election	5,400	5,400
Fire	73,340	78,235
Roads	10,450	10,450
Water	107,000	107,000
Wastewater	17,990	17,990
Family and community support	2,441	2,441
Economic development	7,136	7,136
Subdivision land and development	26,285	26,285
Administrative salaries	40,000	
Equity in tangible capital assets	<u>6,798,994</u>	<u>6,795,852</u>
	<u>\$ 8,160,620</u>	<u>\$ 8,122,046</u>

**TOWN OF TROCHU**  
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**12. SALARY AND BENEFITS**

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 & allowances	Total	Total
Councillors:				
Councillor Cunningham	\$ 10,105	\$ 2,742	\$ 12,847	\$ 13,578
Councillor Garneau	2,415	564	2,979	
Councillor Helmer	3,903	437	4,340	5,632
Councillor Kletke	13,053	4,046	17,099	20,408
Councillor Lumley	6,830	1,127	7,957	10,236
Councillor Reeds	6,880	378	7,258	7,654
Councillor Stephan	1,590	138	1,728	
Councillor Wagstaff	4,640	177	4,817	5,803
Councillor Warnock	9,530	2,390	11,920	13,012
Chief Administrative Officer	75,509	14,359	89,868	86,269

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

**13. LOCAL AUTHORITIES PENSION PLAN**

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 223,000 people and 428 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The town 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 town 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 by the town to the LAPP in 2013 were \$51,248 (2012 - \$49,472). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2013 were \$46,538 (2012 - \$44,664).

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

**TOWN OF TROCHU**  
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**14. CONTINGENCIES**

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

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**15. FINANCIAL INSTRUMENTS**

The town's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments.

The town 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 town 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 carrying value of the financial instrument approximates fair value.

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**16. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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**17. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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