

**VILLAGE OF DELIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

VILLAGE OF DELIA
FINANCIAL STATEMENTS
DECEMBER 31, 2011

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ENDEAVOR

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AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Village of Delia, which comprise the statement of financial position as at December 31, 2011 and the statement 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 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 Village of Delia as at December 31, 2011, 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.

HANNA, ALBERTA
FEBRUARY 10, 2012

Endeavor
CHARTERED ACCOUNTANTS

VILLAGE OF DELIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	2011	2010
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 375,557	\$ 927,092
Receivables		
Taxes and grants in place of taxes (Note 3)	13,076	20,032
Trade and other receivables	22,720	20,754
Receivables from other governments	160,345	138,079
Land inventory held for resale	57,401	59,880
Investments (Note 4)	<u>1,569</u>	<u>1,758</u>
	<u>630,668</u>	<u>1,167,595</u>
LIABILITIES		
Accounts payable and accrued liabilities	24,510	44,087
Deposit liabilities (Note 5)	3,474	2,165
Deferred revenue (Note 6)	248,461	735,983
Long-term debt (Note 7)	<u> </u>	<u>7,880</u>
	<u>276,445</u>	<u>790,115</u>
NET FINANCIAL ASSETS (DEBT)	<u>354,223</u>	<u>377,480</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	2,385,958	1,732,697
Inventory for consumption	320	
Prepaid expenses	<u>12,005</u>	<u>11,471</u>
	<u>2,398,283</u>	<u>1,744,168</u>
ACCUMULATED SURPLUS	<u>\$ 2,752,506</u>	<u>\$ 2,121,648</u>
	CONTINGENCIES (SEE NOTE 13)	

VILLAGE OF DELIA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget (Unaudited)	2011	2010
REVENUE			
Net municipal taxes (Schedule 2)	\$ 210,647	\$ 217,726	\$ 213,947
User fees and sale of goods	145,075	150,492	134,512
Government transfers for operating (Schedule 3)	137,587	95,812	25,817
Investment income	11,200	3,399	5,031
Penalties and costs on taxes	3,200	6,711	4,362
Licenses and permits	1,800	1,203	1,330
Franchise and concession contracts	18,144	17,379	8,781
Insurance proceeds			3,748
Gain on disposal of capital assets	27,000		
Other	<u>18,282</u>	<u>15,152</u>	<u>42,685</u>
Total Revenue	<u>572,935</u>	<u>507,874</u>	<u>440,213</u>
EXPENSES			
Legislative	21,676	16,026	16,622
Administration	150,206	148,570	176,101
Protective services	23,026	40,391	37,243
Transportation	81,558	134,336	136,408
Water supply and distribution	83,118	88,983	91,632
Wastewater treatment and disposal	132,989	38,817	13,533
Waste management	17,091	21,132	18,275
Public health and welfare	4,109	5,322	2,152
Subdivision land and development	1,677	9,349	4,581
Parks and recreation	23,050	19,945	21,881
Culture	<u>4,168</u>	<u>3,511</u>	<u>9,846</u>
Total Expenses	<u>542,668</u>	<u>526,382</u>	<u>528,274</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	30,267	(18,508)	(88,061)
Government transfers for capital (Schedule 3)	689,975	616,323	10,675
Interest income		<u>33,045</u>	
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	720,242	630,860	(77,386)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,121,648</u>	<u>2,121,648</u>	<u>2,199,034</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 2,841,890</u>	<u>\$ 2,752,508</u>	<u>\$ 2,121,648</u>

VILLAGE OF DELIA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget (Unaudited)	2011	2010
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>720,242</u>	\$ <u>630,860</u>	\$ <u>(77,386)</u>
Acquisition of tangible capital assets	(854,650)	(749,136)	(86,861)
Proceeds on sale of tangible capital assets	(27,000)		31,100
Amortization of tangible capital assets		91,981	74,122
Gain(loss) on sale of tangible capital assets	<u>27,000</u>	<u>3,892</u>	<u>24,355</u>
	<u>(908,650)</u>	<u>(653,263)</u>	<u>42,716</u>
Change in inventory		(320)	
Change in prepaid expenses		<u>(534)</u>	<u>(2,443)</u>
		<u>(854)</u>	<u>(2,443)</u>
(INCREASE) DECREASE IN NET DEBT	188,408	(23,257)	(37,113)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>377,479</u>	<u>377,479</u>	<u>414,592</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 189,071</u>	<u>\$ 354,222</u>	<u>\$ 377,479</u>

VILLAGE OF DELIA
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2011	2010
COST:								
BALANCE, BEGINNING OF YEAR	\$ 13,550	\$ 50,804	\$ 256,523	\$ 1,941,046	\$ 104,328	\$ 497,090	\$ 2,863,341	\$ 2,859,979
Acquisition of tangible capital assets		2,879	2,600	697,867	45,790		749,136	75,624
Construction-in-progress				(19,192)			(19,192)	11,237
Disposal of tangible capital assets								(83,499)
BALANCE, END OF YEAR	<u>13,550</u>	<u>53,683</u>	<u>259,123</u>	<u>2,619,721</u>	<u>150,118</u>	<u>497,090</u>	<u>3,593,285</u>	<u>2,863,341</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR		33,288	95,431	916,692	20,139	65,094	1,130,644	1,084,566
Annual amortization		2,419	4,734	49,932	14,676	20,221	91,982	74,122
Accumulated amortization on disposals				(15,299)			(15,299)	(28,044)
BALANCE, END OF YEAR		<u>35,707</u>	<u>100,165</u>	<u>951,325</u>	<u>34,815</u>	<u>85,315</u>	<u>1,207,327</u>	<u>1,130,644</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 13,550</u>	<u>\$ 17,976</u>	<u>\$ 158,958</u>	<u>\$ 1,668,396</u>	<u>\$ 115,303</u>	<u>\$ 411,775</u>	<u>\$ 2,385,958</u>	<u>\$ 1,732,697</u>

VILLAGE OF DELIA
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2011
Schedule 2

	Budget (Unaudited)	2011	2010
TAXATION			
Real property taxes	\$ 233,761	\$ 237,762	\$ 229,264
Linear property taxes	12,740	14,108	14,406
Government grants in place of property taxes		1,293	1,317
Special assessments and local improvement taxes	<u>1,207</u>	<u>1,625</u>	<u>1,625</u>
	<u>247,708</u>	<u>254,788</u>	<u>246,612</u>
REQUISITIONS			
Alberta School Foundation Fund	33,024	33,024	30,973
Seniors requisition	<u>4,037</u>	<u>4,038</u>	<u>1,692</u>
	<u>37,061</u>	<u>37,062</u>	<u>32,665</u>
NET MUNICIPAL TAXES	<u>\$ 210,647</u>	<u>\$ 217,726</u>	<u>\$ 213,947</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2011
Schedule 3

	Budget (Unaudited)	2011	2010
TRANSFERS FOR OPERATING			
Provincial Government	\$ 125,944	\$ 85,460	\$ 12,519
Federal Government	1,408		
Local Government	<u>10,235</u>	<u>10,352</u>	<u>13,298</u>
	<u>137,587</u>	<u>95,812</u>	<u>25,817</u>
TRANSFERS FOR CAPITAL			
Provincial Government	<u>689,975</u>	<u>616,323</u>	<u>10,675</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 827,562</u>	<u>\$ 712,135</u>	<u>\$ 36,492</u>

VILLAGE OF DELIA
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 4

	Budget (Unaudited)	2011	2010
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 192,196	\$ 184,746	\$ 171,148
Contracted and general services	237,413	129,144	154,101
Materials, goods, supplies and utilities	98,843	99,779	89,370
Provision for Allowances		1,457	231
Transfers to local boards and agencies	4,200		
Transfers to individuals and organizations	3,791	5,157	6,523
Interest on long term debt		270	1,262
Amortization of tangible capital assets		91,981	74,122
Loss on disposal of tangible capital assets		3,892	24,355
Other	6,225	9,956	7,162
	<u>\$ 542,668</u>	<u>\$ 526,382</u>	<u>\$ 528,274</u>

VILLAGE OF DELIA
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 5

	2010	2011	2010
	\$	\$	\$
BALANCE, BEGINNING OF YEAR	<u>272,733</u>	<u>124,098</u>	<u>1,724,817</u>
Excess (deficiency) of revenues over expenses	630,860		630,860
Unrestricted funds designated for future use	(29,724)	29,724	
Current year funds used for tangible capital assets	(749,136)		749,136
Disposal of tangible capital assets	3,893		(3,893)
Annual amortization expense	91,981		(91,981)
Long term debt repaid	(7,880)		7,880
Change in accumulated surplus	<u>(60,006)</u>	<u>29,724</u>	<u>661,142</u>
BALANCE, END OF YEAR	<u>\$ 212,727</u>	<u>\$ 153,822</u>	<u>\$ 2,385,959</u>
			<u>\$ 2,199,034</u>
			<u>(77,386)</u>

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VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Delia 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 village 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 village and are, therefore, accountable to the village 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.

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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.

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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:

	YEARS
Land improvements	10-45
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	5-75
Machinery and equipment	5-40
Vehicles	10-40

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned and in the year of disposal no amortization is charged. 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.

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

2. CASH AND TEMPORARY INVESTMENTS

	<u>2011</u>	<u>2010</u>
Cash	\$ 243,791	\$ 342,359
Temporary investments	<u>131,766</u>	<u>584,733</u>
	<u>\$ 375,557</u>	<u>\$ 927,092</u>

Temporary investments are comprised of a term deposit bearing interest at 1.75% that matures in March 2012.

The Village received certain Alberta Government grants that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed for which this restricted funding has been received, \$248,461 of the cash and temporary investments on hand are not available for general use by the Village (Note 6).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2011</u>	<u>2010</u>
Current taxes and grants in place receivables	\$ 9,597	\$ 12,282
Arrears taxes	<u>3,479</u>	<u>7,750</u>
	<u>\$ 13,076</u>	<u>\$ 20,032</u>

4. INVESTMENTS

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Other institutional and private corporation bonds	<u>\$ 1,569</u>	<u>\$ 1,569</u>	<u>\$ 1,758</u>	<u>\$ 1,758</u>

5. DEPOSIT LIABILITIES

The village maintains utility deposits of \$3,474 (2010 - \$2,165).

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

6. DEFERRED REVENUE

	<u>2011</u>	<u>2010</u>
Alberta Municipal Infrastructure Program	\$ 152,684	\$ 214,879
Alberta Municipal Sustainability Initiative Program - Capital	37,449	227,089
Alberta Municipal Sustainability Initiative Program - Operating	14,899	80,115
Alberta Basic Municipal Transportation Grant	41,759	160,634
Federal Gas Tax Fund	1,670	51,178
Prepaid Local Improvement Charges	<u>1,670</u>	<u>2,088</u>
	<u>\$ 248,461</u>	<u>\$ 735,983</u>

Alberta Municipal Sustainability Initiative Program - Capital

Provincial government funding was received in the current year to undertake certain eligible infrastructure expenditures within the village that have not yet been expended.

Alberta Municipal Sustainability Initiative Program - Operating

Provincial government funding was received or considered receivable in the current year to undertake certain eligible expenditures within the village that have not yet been expended.

Alberta Basic Municipal Transportation Grant

Provincial government funding was received or considered receivable in the current year to undertake certain eligible street improvement infrastructure expenditures within the village that have not yet been expended.

Federal Gas Tax Fund

Federal and provincial government funding was received in the current year to undertake certain eligible environmentally sustainable projects within the village that has not yet been expended.

Prepaid Local Improvement Charges

Prepaid local improvement charges are being amortized to revenue at a rate of \$417 per year over 10 years.

7. LONG TERM DEBT

	<u>2011</u>	<u>2010</u>
Starland County loan agreement	\$ <u> </u>	\$ <u>7,880</u>

Interest on long-term debt amounted to \$270 (2010 - \$1,262).

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

8. DEBT LIMITS

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

	2011	2010
Total debt limit	\$ 761,811	\$ 706,970
Total debt	7,880	7,880
Amount of debit limit unused	\$ 761,811	\$ 699,090
Debt servicing limit	\$ 126,969	\$ 117,828
Debt servicing	8,150	12,226
Amount of debt servicing limit unused	\$ 118,819	\$ 105,602

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.

	2011	2010
Wastewater inventory	\$ 320	\$

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2011	2010
Tangible capital assets	\$ 3,593,285	\$ 2,863,341
Accumulated amortization	(1,207,327)	(1,130,644)
Long-term debt (Note 7)	7,880	(7,880)
	\$ 2,385,958	\$ 1,724,817

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

10. ACCUMULATED SURPLUS

	<u>2011</u>	<u>2010</u>
Unrestricted surplus	\$ 212,726	\$ 272,733
Restricted surplus:		
Operating contingency	3,508	3,508
Emergency fund	21,443	
Transportation	88,419	88,419
Wastewater treatment and disposal	32,171	32,171
Vehicle replacement fund	8,281	
Equity in tangible capital assets	<u>2,385,958</u>	<u>1,724,817</u>
	<u>\$ 2,752,506</u>	<u>\$ 2,121,648</u>

11. 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:

	<u>2011</u>			<u>2010</u>	
	<u>Salary</u>	<u>Benefits & allowances</u>	<u>Total</u>	<u>Total</u>	
Councillors:					
John Rogers	\$ 2,675	\$	\$ 2,675	\$	2,625
Gordon Issac	3,052		3,052		3,750
Jeff Collins	8,379	27	8,406		1,725
Richard Fair					2,625
Chief Administrative Officer	56,358	3,479	59,837		38,406

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.

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the village 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 133,000 people and 389 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 village is required to make current service contributions to the LAPP of 9.49% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.13% on pensionable earnings above this amount. Employees of the village are required to make current service contributions of 8.49% of pensionable salary up to the year's maximum pensionable salary and 12.13% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP in 2011 were \$12,903 (2010 - \$0). Total current service contributions by the employees of the village to the Local Authorities Pension Plan in 2011 were \$11,839 (2010 - \$0).

At December 31, 2010 the LAPP disclosed an actuarial deficiency of \$4.635 billion.

13. CONTINGENCIES

The village is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership, the Village 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 losses are determined.

The village has discovered certain properties that contain high levels of hydrocarbon contaminants that pose a significant environmental liability. Studies and processes have been started on the two locations that contain these contaminations and costs have been incurred to help remediate to date. It is undetermined as to the costs that the village will suffer in the process to clean up the properties, and as such have not been reported on the financial statements. With one of the locations, the provincial government has committed to assist with financing of the remediation project, although the amount and timing of the funds is indeterminate at this time.

14. FINANCIAL INSTRUMENTS

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

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 carrying value of the financial instrument approximates fair value.

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
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15.COMPARATIVE FIGURES

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

16.APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
