

Community of Hazelbrook
Financial Statements

For the Year Ended December 31, 2012



Independent Auditor's Report

To the Council Members of Community of Hazelbrook

We have audited the statement of financial position of Community of Hazelbrook as of December 31, 2012 and the statement of operations, the statement of change in net financial assets and the statement of cash flows and a summary of significant accounting policies and other explanatory information.

Council's Responsibility for the Financial Statements

Council is responsible for the preparation and fair presentation of these financial statements in accordance with public sector accounting standards, and for such internal control as council 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards required that we 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 audit 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 purposes 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 council, 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 Community of Hazelbrook as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with public sector accounting standards.


Chartered Accountants

Charlottetown, PE
March 14, 2013

Community of Hazelbrook

Statement of Financial Position

As at December 31, 2012, with comparative figures for 2011
(Unaudited)

	2012	2011
Financial Assets		
Cash (note 3)	\$ 12,481	\$ 22,760
Short-term investments (note 4)	24,754	24,375
Accounts receivable (note 5)	25,708	25,363
	<u>\$ 62,943</u>	<u>\$ 72,498</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 1,983	\$ 1,386
Net financial assets	<u>60,960</u>	<u>71,112</u>
Non financial assets		
Prepaid expenses	2,757	2,811
Accumulated surplus	<u>\$ 63,717</u>	<u>\$ 73,923</u>

Approved on Behalf of the Council:

 , Member  , Member

Community of Hazelbrook

Statement of Operations

For the Year Ended December 31, 2012, with comparative figures for 2011
(Unaudited)

	Budget (note 6) (unaudited)	2012	2011
Revenue			
Property tax assessment	\$ 14,598	\$ 14,385	\$ 14,964
Community development fund	-	-	5,000
Municipal support grant	2,025	2,028	5,113
Building and subdivision permits	100	622	100
Interest	400	386	444
Subdivision application fee	-	750	-
	17,123	18,171	25,621
Expenses			
Administrative salaries and honoraria	3,800	3,905	3,610
Advertising and promotion	375	354	310
Bad debt expense	-	-	2,500
Council	3,820	2,700	510
Fire contract dues	7,200	7,190	4,600
Insurance	3,400	3,270	848
Interest and bank charges	150	139	18
Memberships and licences	-	401	301
Office expenses	2,375	1,741	1,186
Professional fees	8,050	8,677	7,660
	29,170	28,377	21,543
Annual (deficit) surplus	(12,047)	(10,206)	4,078
Accumulated surplus at beginning of year	73,923	73,923	69,845
Accumulate surplus at end of year	\$ 61,876	\$ 63,717	\$ 73,923

The accompanying notes are an integral part of these financial statements.

Community of Hazelbrook

Statement of Change in Net Financial Assets

For the Year Ended December 31, 2012, with comparative figures for 2011
(Unaudited)

	Budget (note 6) Unaudited	2012	2011
Annual Surplus	-	(10,206)	4,078
Decrease (increase) in prepaid expenses	-	54	(2,811)
Increase in net financial assets	-	(10,152)	1,267
Net financial assets at beginning of year	71,112	71,112	69,845
Net financial assets at end of year	71,112	60,960	71,112

Community of Hazelbrook

Statement of Cash Flows

For the Year Ended December 31, 2012, with comparative figures for 2011

(Unaudited)

	2012	2011
Cash flows from operating activities:		
Annual surplus	\$ (10,206)	\$ 4,078
Change in non-cash working capital	(73)	(4,573)
Decrease in cash and cash equivalents	(10,279)	(495)
Cash and cash equivalents, beginning of year	22,760	23,255
Cash and cash equivalents, end of year	\$ 12,481	\$ 22,760

Community of Hazelbrook

Notes to the Financial Statements

For the Year Ended December 31, 2012, with comparative figures for 2011

(Unaudited)

The Community of Hazelbrook was incorporated in 1974 under the Prince Edward Island Municipalities Act. Its principal activities include the provision of local government services to residents of the incorporated area. These services include community development, land development and zoning, and additional municipal services.

1. Conversion to Public Sector Accounting Standards

Commencing with the 2011 fiscal year, Community of Hazelbrook has adopted Canadian public sector accounting ("PSA") standards. These financial statements are the first complete set of financial statements which Community of Hazelbrook has applied Canadian public sector accounting standards.

2. Significant accounting policies:

a) Basis of accounting:

These financial statements are prepared by the Council in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

b) Property and equipment:

Cash and cash equivalents include cash on hand that is readily convertible to known amounts of cash and that is subject to an insignificant risk of change in value.

c) Temporary investments:

Temporary investments include GIC's recorded at cost.

d) Prepaid expenses:

Prepaid expenses include insurance, Federation of PEI Municipalities membership dues, community web hosting fees and are charged to expense over the period expected to benefit from it.

e) Revenue recognition:

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

f) Expenses:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Interest expense includes bank service fees.