

Community of Hazelbrook

Financial Statements

For the Year Ended December 31, 2011

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, 2011 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.

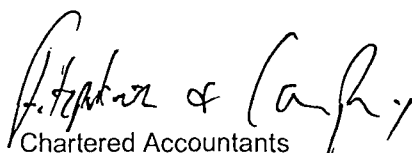
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the 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 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, 2011 and the results of its operations and its cash flows for the year then ended in accordance with public sector accounting standards.

The statement of financial position as at December 31, 2010 and the statement of operations, the statement of change in net financial assets and the statement of cash flows, are neither audited nor reviewed.


Chartered Accountants

March 19, 2012
Charlottetown, PE

Community of Hazelbrook

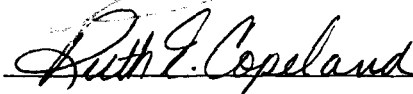
Statement of Financial Position

December 31, 2011

	2011	2010
	(Unaudited)	
Financial assets		
Cash (note 3)	\$ 22,760	\$ 23,255
Short-term investments (note 4)	24,375	24,090
Accounts receivable (note 5)	25,363	22,500
	<u>\$ 72,498</u>	<u>\$ 69,845</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 1,386	-
Net financial assets	<u>71,112</u>	<u>69,845</u>
Non-financial assets		
Prepaid expenses	2,811	-
Accumulated surplus	<u>\$ 73,923</u>	<u>\$ 69,845</u>

On Behalf of the Council:


_____ Member


_____ Member

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

Community of Hazelbrook

Statement of Operations

For the Year Ended December 31, 2011, with comparative figures for 2010

	Budget (note 6) (Unaudited)	2011	2010 (Unaudited)
Revenue			
Property tax assessments	\$ 14,600	\$ 14,964	\$ 13,785
Community development fund	10,000	5,000	10,000
Municipal support grant	5,000	5,113	4,950
Building and subdivision permits	500	100	455
Interest	200	444	330
	<u>30,300</u>	<u>25,621</u>	<u>29,520</u>
Expenses			
Administrative salaries and honoraria	8,700	3,610	-
Advertising and promotion	500	310	298
Bad debt expense	-	2,500	-
Council	4,300	510	25
Fire contract dues	5,000	4,600	4,700
Insurance	3,200	848	3,226
Interest and bank charges	100	18	38
Memberships and licences	500	301	420
Office expenses	3,500	1,186	964
Professional fees	4,500	7,660	4,026
	<u>30,300</u>	<u>21,543</u>	<u>13,697</u>
Annual surplus	-	4,078	15,823
Accumulated surplus at beginning of year	69,845	69,845	54,022
Accumulated surplus at end of year	\$ 69,845	\$ 73,923	\$ 69,845

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, 2011, with comparative figures for 2010

	Budget (note 6) (Unaudited)	2011	2010 (Unaudited)
Annual surplus	\$ -	\$ 4,078	\$ 15,823
Acquisition of prepaid expenses	-	(2,811)	-
Increase in net financial assets	-	1,267	15,823
Net financial assets at beginning of year	69,845	69,845	54,022
Net financial assets at end of year	\$ 69,845	\$ 71,112	\$ 69,845

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

Community of Hazelbrook

Statement of Cash Flows

For the Year Ended December 31, 2011, with comparative figures for 2010

	2011	2010
		(Unaudited)
Cash flows from operating activities:		
Annual surplus	\$ 4,078	\$ 15,823
Change in non-cash working capital	(4,573)	(10,032)
(Decrease) increase in cash and cash equivalents	(495)	5,791
Cash and cash equivalents, beginning of year	23,255	17,464
Cash and cash equivalents, end of year	\$ 22,760	\$ 23,255

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

Community of Hazelbrook

Notes to the Financial Statements

For the Year Ended December 31, 2011

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 financial statement for 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) Cash and cash equivalents

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 the lower of cost or market value.

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

Revenues are recognized in the period in which the transaction events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except where the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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.