VILLAGE OF GLENWOOD

Financial Statements

December 31, 2012

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Glenwood

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of the Village of Glenwood, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and notes, comprising 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 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 an 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 as at December 31, 2012 and 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.

Price & Comin LLP

Raymond, Alberta
April 11, 2013

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VILLAGE OF GLENWOOD
Consolidated Statement of Financial Position
As at December 31, 2012

	2012 $	2011 $
FINANCIAL ASSETS		
Cash (Note 2)	496,925	447,557
Receivables		
Taxes and grants in place of taxes (Note 3)	17,341	25,735
Trade and other (Note 4)	52,182	97,786
	566,448	571,078
LIABILITIES		
Accounts payable and accrued liabilities	73,722	63,150
Deferred revenue (Note 5)	310,496	320,301
Long-term debt (Note 6)	-	8,620
	384,218	392,071
NET FINANCIAL ASSETS	182,230	179,007
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	2,430,116	2,113,479
Inventory for consumption	15,059	16,909
	2,445,175	2,130,388
ACCUMULATED SURPLUS (Note 9 and Schedule 1)	**2,627,405**	**2,309,395**

CONTINGENCIES (Note 12)

VILLAGE OF GLENWOOD
Consolidated Statement of Operations
For the Year Ended December 31, 2012

	Budget (Unaudited) $	2012 $	2011 $
REVENUES			
Net municipal property taxes (Schedule 3)	144,161	139,435	144,450
User fees and sales of goods	162,730	163,519	176,363
Government transfers (Schedule 4)	61,530	94,916	55,001
Investment income	2,500	402	2,450
Penalties and costs of taxes	4,900	2,768	4,901
Franchise and concession contracts	27,000	10,052	27,448
Pioneer Parlour revenues	30,000	38,476	30,721
	432,821	449,568	441,334
EXPENSES			
Legislative	14,500	14,417	13,646
Administration	133,700	145,439	131,318
Police, fire, ambulance and bylaw enforcement	13,305	11,552	14,474
Parks and recreation	13,215	10,976	8,631
Roads, streets, walks, lighting	59,250	55,178	59,211
Water, wastewater and waste management	83,767	91,172	75,891
Culture	74,110	89,474	63,057
Community services and cemetery	25,904	16,710	8,592
Loss on disposal of tangible capital assets	25,750	18,569	39,215
Amortization of tangible capital assets	-	155,515	150,218
	443,501	609,002	564,253
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(10,680)	(159,434)	(122,919)
OTHER			
Government transfers for capital (Schedule 4)	633,192	477,444	178,990
EXCESS OF REVENUES OVER EXPENSES	622,512	318,010	56,071
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,309,395	2,309,395	2,253,324
ACCUMULATED SURPLUS, END OF YEAR	**2,931,907**	**2,627,405**	**2,309,395**

VILLAGE OF GLENWOOD
Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2012

	Budget (Unaudited) $	2012 $	2011 $
EXCESS OF REVENUES OVER EXPENSES	622,512	318,010	56,071
Acquisition of tangible capital assets	(587,052)	(490,721)	(145,829)
Amortization of tangible capital assets	-	155,515	150,218
Loss on disposal of tangible capital assets	-	18,569	39,215
	(587,052)	(316,637)	43,604
Acquisition (use) of prepaid assets	-	-	448
(Use) acquisition of supplies inventory	-	1,850	654
	-	1,850	1,102
INCREASE IN NET FINANCIAL ASSETS	35,460	3,223	100,777
NET FINANCIAL ASSETS, BEGINNING OF YEAR	179,007	179,007	78,230
NET FINANCIAL ASSETS, END OF YEAR	**214,467**	**182,230**	**179,007**

VILLAGE OF GLENWOOD
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2012

	2012 $	2011 $
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	318,010	56,071
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	155,515	150,218
Loss on disposal of tangible capital assets	18,569	39,215
Non-cash charges to operations (net changes)		
Decrease in taxes and grants in lieu receivable	8,394	5,085
Decrease in trade and other receivables	45,604	11,453
Decrease in inventory for consumption	1,850	654
Decrease in prepaid expenses	-	448
Increase in accounts payable and accrued liabilities	10,572	13,899
(Decrease) increase in deferred revenue	(9,805)	265,505
	548,709	542,548
CAPITAL		
Acquisition of tangible capital assets	(490,721)	(145,829)
FINANCING		
Long-term debt repaid	(8,620)	(160,048)
CHANGE IN CASH DURING THE YEAR	49,368	236,671
CASH, BEGINNING OF YEAR	447,557	210,886
CASH, END OF YEAR	**496,925**	**447,557**

VILLAGE OF GLENWOOD

Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2012 **SCHEDULE 1**

	Unrestricted Surplus $	Restricted Surplus $	Equity in Tangible Capital Assets $	2012 $	2011 $
BALANCE, BEGINNING OF THE YEAR	172,309	32,227	2,104,859	2,309,395	$ 2,253,324
Excess of revenues over expenses	318,010	-	-	318,010	56,071
Current year funds used for tangible capital assets	(490,721)	-	490,721	-	-
Disposal of tangible capital assets	18,569	-	(18,569)	-	-
Amortization of tangible capital assets	155,515	-	(155,515)	-	-
Long-term debt repaid	(8,620)	-	8,620	-	-
Change in accumulated surplus	(7,247)	-	325,257	318,010	$ 56,071
BALANCE, END OF YEAR	**165,062**	**32,227**	**2,430,116**	**2,627,405**	$ 2,309,395

VILLAGE OF GLENWOOD
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2012 **SCHEDULE 2**

	Land $	Buildings $	Engineered Structures $	Machinery & Equipment $	2012 $	2011 $
COST:						
BALANCE, BEGINNING OF YEAR	11,202	755,947	4,627,467	333,763	5,728,379	5,651,420
Acquisition of tangible capital assets	86,555	-	394,426	9,740	490,721	145,829
Disposal of tangible capital assets	-	-	(71,548)	-	(71,548)	(68,870)
BALANCE, END OF YEAR	97,757	755,947	4,950,345	343,503	6,147,552	5,728,379
ACCUMULATED AMORTIZATION:						
BALANCE, BEGINNING OF YEAR	-	383,574	3,101,106	130,220	3,614,900	3,494,338
Annual amortization	-	15,339	118,720	21,456	155,515	150,218
Accumulated amortization on disposals	-	-	(52,979)	-	(52,979)	(29,656)
BALANCE, END OF YEAR	-	398,913	3,166,847	151,676	3,717,436	3,614,900
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**97,757**	**357,034**	**1,783,498**	**191,827**	**2,430,116**	**2,113,479**
2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	11,202	372,373	1,526,361	203,543	2,113,479	

VILLAGE OF GLENWOOD

Schedule of Property Taxes Levied

For the Year Ended December 31, 2012 **SCHEDULE 3**

	Budget (Unaudited) $	2012 $	2011 $
TAXATION			
Real property taxes	200,264	198,035	196,640
Linear property taxes	8,770	8,770	6,844
	209,034	206,805	203,484
REQUISITIONS			
Alberta School Foundation Fund	56,856	56,856	51,735
United Irrigation District	3,022	3,022	3,022
Seniors foundation	4,995	7,492	4,277
	64,873	67,370	59,034
NET MUNICIPAL PROPERTY TAXES	**144,161**	**139,435**	**144,450**

VILLAGE OF GLENWOOD

Schedule of Government Transfers
For the Year Ended December 31, 2012 **SCHEDULE 4**

	Budget (Unaudited) $	2012 $	2011 $
TRANSFERS FOR OPERATIONS			
Provincial Government	55,030	94,916	51,485
Other Local Governments	6,500	-	3,516
	61,530	94,916	55,001
TRANSFERS FOR CAPITAL			
Provincial Government	633,192	477,444	178,990
	633,192	477,444	178,990
	694,722	**572,360**	**233,991**

VILLAGE OF GLENWOOD

Schedule of Consolidated Expenditures by Object

For the Year Ended December 31, 2012 **SCHEDULE 5**

	Budget (Unaudited) $	2012 $	2011 $
EXPENDITURES			
Salaries, wages and benefits	139,470	158,045	153,383
Contracted and general services	161,641	174,247	143,131
Materials, goods, and utilities	95,850	83,406	59,290
Transfers to local boards and agencies	20,040	17,639	16,072
Bank charges and short-term interest	600	1,521	629
Interest on long-term debt	150	60	2,315
Amortization of tangible capital assets	-	155,515	150,218
Loss on disposal of tangible capital assets	25,750	18,569	39,215
	443,501	**609,002**	**564,253**

VILLAGE OF GLENWOOD

Schedule of Segmented Disclosure

For the Year Ended December 31, 2012 **SCHEDULE 6**

	General Government $	Protective Services $	Transportation Services $	Planning & Development $	Recreation & Culture $	Environmental Services $	Other $	**Total** $
REVENUE								
Net municipal taxes	139,435	-	-	-	-	-	-	139,435
Government transfers	70,660	235	-	-	108,067	393,398	-	572,360
User fees and sales of goods	5,571	242	1,057	101	6,177	150,371	-	163,519
Investment income	402	-	-	-	-	-	-	402
Other revenue	12,820	-	-	-	38,476	-	-	51,296
	228,888	477	1,057	101	152,720	543,769	-	927,012
EXPENSES								
Contracted and general services	101,811	4,272	15,709	3,611	20,452	28,392	-	174,247
Salaries and wages	45,423	2,594	28,501	-	32,205	49,322	-	158,045
Goods and supplies	11,101	17	10,908	-	53,498	7,882	-	83,406
Transfers to local boards	-	4,668	-	-	7,395	5,576	-	17,639
Long-term debt interest	-	-	60	-	-	-	-	60
Other expenses	1,521	-	-	-	-	18,569	-	20,090
	159,856	11,551	55,178	3,611	113,550	109,741	-	453,487
NET REVENUE BEFORE AMORTIZATION	69,032	(11,074)	(54,121)	(3,510)	39,170	434,028	-	473,525
Amortization of tangible capital assets	2,906	13,131	49,512	-	9,304	80,662	-	155,515
NET REVENUE	**66,126**	**(24,205)**	**(103,633)**	**(3,510)**	**29,866**	**353,366**	**-**	**318,010**

1. Significant Accounting Policies

The consolidated financial statements of the Village of Glenwood 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 of Glenwood 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. The 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 reported period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) 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 leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

1. Significant Accounting Policies (continued)

e) 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 collectible 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 borrowing, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

f) 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.

g) 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 Asset (Debt) for the year.

1) 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	15-25
Buildings	25-50
Engineered Structures	
Water System	20-75
Wastewater System	35-75
Other Engineered Structures	5-75
Machinery and Equipment	5-20
Vehicles	5-20

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

2) Inventories -
Inventories held for consumption are recorded at the lower of cost or replacement cost.

2. Cash and Temporary Investments

	2012 $	2011 $
Cash on hand	489,650	440,404
Guaranteed Investment Certificates	7,275	7,153
	496,925	447,557

The guaranteed investment certificate has an interest rate of 1.25% and matures on June 25, 2013.

Council has designated funds of $32,227 (2011 - $32,227) included in the above for various capital projects.

Included in cash on hand is a restricted amount of $310,496 (2011 - $320,301) from the Municipal Sustainability Initiative and the Federal Gas Tax Fund Grant which are being held exclusively for capital and operating projects. (Note 5)

3. Taxes and Grants in Place of Taxes Receivables

	2012 $	2011 $
Current taxes and grants in place of taxes	14,076	19,912
Arrears taxes	3,265	5,823
	17,341	25,735

4. Trade Accounts Receivable

	2012 $	2011 $
Utilities receivable	11,090	18,953
Employee advances errors	196	-
Atco Gas Franchise Fees Receivable	11,787	16,578
Goods and services taxes receivable	28,856	14,160
Grants receivable	-	47,453
Other trade receivables	253	642
	52,182	97,786

5. Deferred Revenue

	2012 $	2011 $
Municipal Sustainability Initiative - Capital Grant	253,399	193,588
Federal Gas Tax Fund Grant	57,097	-
Alberta Municipal Infrastructure Program	-	121,010
Pioneer Days donations	-	696
Community Facilities Enhancement Fund	-	5,007
	310,496	320,301

6. Long-term Debt

	2012 $	2011 $
Finance contract payable	-	8,620
	-	8,620

Interest on long-term debt amounted to $60 (2011 - $2,315).

7. 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 be disclosed as follows:

	2012 $	2011 $
Total debt limit	674,352	662,001
Total debt	-	8,620
Total unused debt limit	674,352	653,381
Service on debt limit	112,392	110,334
Service on debt	-	8,680
Amount of unused service on debt	112,392	101,654

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.

8. Equity in Tangible Capital Assets

	2012 $	2011 $
Capital assets (Schedule 2)	6,147,552	5,728,379
Accumulated amortization (Schedule 2)	(3,717,436)	(3,614,900)
Long-term debt (Note 6)	-	(8,620)
	2,430,116	2,104,859

9. Accumulated Surplus

	2012	2011
	$	$
Unrestricted surplus (deficit)	165,062	172,309
Restricted surplus:		
Capital reserves		
Street improvements	32,227	32,227
Equity in tangible capital assets	2,430,116	2,104,859
	2,627,405	2,309,395

10. Salary and Benefits Disclosure

Disclosure of salaries and benefits for village officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	2012 Total	2011 Total
	$	$	$	$
Mayor - Ben Goetz	1,950	-	1,950	1,850
- Jordan Koch	200	-	200	2,650
Councilor - Darryl Edwards	1,300	-	1,300	150
- Clinton Lybbert	850	-	850	1,100
- Sandy Lybbert	650	-	650	-
- Barb Michel	2,700	-	2,700	2,000
Designated officer - CAO	30,687	-	30,687	31,117

(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, accident disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, car and travel allowances, conferences, and memberships.

11. Segmented Disclosure

The Village of Glenwood provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6).

12. Contingencies

The village is a member of the Alberta Municipal Insurance Exchange (MUNIX). 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 the losses are determined.

13. Financial Instruments

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

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.

14. Approval of Financial Statements

Council and Management have approved these financial statements.