

VILLAGE OF GLENWOOD

Financial Statements

December 31, 2013

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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 Village of Glenwood, which comprise the statement of financial position as at December 31, 2013 and the statements of operations, changes in net financial assets and cash flows for the period 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 auditors consider 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 Glenwood as at December 31, 2013, the results of its operations, change in its net financial assets and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta
March 10, 2014

Chartered Accountants

VILLAGE OF GLENWOOD
Consolidated Statement of Financial Position
As at December 31, 2013

	2013	2012
	\$	\$
FINANCIAL ASSETS		
Cash (Note 2)	289,900	496,925
Receivables		
Taxes and grants in place of taxes (Note 3)	24,161	17,341
Trade and other (Note 4)	<u>65,570</u>	<u>52,182</u>
	<u>379,631</u>	<u>566,448</u>
LIABILITIES		
Accounts payable and accrued liabilities	78,969	73,722
Deferred revenue (Note 5)	<u>96,830</u>	<u>310,496</u>
	<u>175,799</u>	<u>384,218</u>
NET FINANCIAL ASSETS	<u>203,832</u>	<u>182,230</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	2,621,014	2,430,116
Inventory for consumption	<u>13,397</u>	<u>15,059</u>
	<u>2,634,411</u>	<u>2,445,175</u>
ACCUMULATED SURPLUS (Note 8 and Schedule 1)	<u>2,838,243</u>	<u>2,627,405</u>

CONTINGENCIES (Note 11)



VILLAGE OF GLENWOOD
Consolidated Statement of Operations
For the Year Ended December 31, 2013

	Budget (Unaudited) \$	2013 \$	2012 \$
REVENUES			
Net municipal property taxes (Schedule 3)	163,845	161,297	139,435
User fees and sales of goods	154,021	181,161	163,519
Government transfers (Schedule 4)	38,691	40,862	94,916
Investment income	400	694	402
Penalties and costs of taxes	3,000	5,087	2,768
Franchise and concession contracts	8,000	18,106	10,052
Pioneer Parlour	38,000	32,467	38,476
Gain on disposal of capital assets	-	4,864	-
	<u>405,957</u>	<u>444,538</u>	<u>449,568</u>
EXPENSES			
Legislative	15,000	21,894	14,417
Administration	127,496	139,233	145,439
Police, fire, ambulance and bylaw enforcement	15,177	14,455	11,552
Parks and recreation	11,415	9,510	10,976
Roads, streets, walks, lighting	57,256	76,885	55,178
Water, wastewater and waste management	83,585	102,332	91,172
Culture	74,412	71,658	89,474
Community services and cemetery	9,865	8,137	16,710
Loss on disposal of tangible capital assets	-	-	18,569
Amortization of tangible capital assets	-	147,101	155,515
	<u>394,206</u>	<u>591,205</u>	<u>609,002</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	11,751	(146,667)	(159,434)
OTHER			
Government transfers for capital (Schedule 4)	<u>436,305</u>	<u>357,505</u>	<u>477,444</u>
EXCESS OF REVENUES OVER EXPENSES	448,056	210,838	318,010
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,627,405</u>	<u>2,627,405</u>	<u>2,309,395</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>3,075,461</u></u>	<u><u>2,838,243</u></u>	<u><u>2,627,405</u></u>



VILLAGE OF GLENWOOD

Consolidated Statement of Change in Net Financial Assets (Debt) For the Year Ended December 31, 2013

	Budget (Unaudited) \$	2013 \$	2012 \$
EXCESS OF REVENUES OVER EXPENSES	448,056	210,838	318,010
Acquisition of tangible capital assets	(701,516)	(357,789)	(490,721)
Proceeds on disposal of tangible capital assets	-	24,654	-
Amortization of tangible capital assets	-	147,101	155,515
(Gain) loss on disposal of tangible capital assets	-	(4,864)	18,569
	<u>(701,516)</u>	<u>(190,898)</u>	<u>(316,637)</u>
Acquisition of supplies inventory	-	1,662	1,850
	<u>-</u>	<u>1,662</u>	<u>1,850</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	(253,460)	21,602	3,223
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>182,230</u>	<u>182,230</u>	<u>179,007</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>(71,230)</u></u>	<u><u>203,832</u></u>	<u><u>182,230</u></u>



VILLAGE OF GLENWOOD
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2013

	2013	2012
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	210,838	318,010
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	147,101	155,515
(Gain) loss on disposal of tangible capital assets	(4,864)	18,569
Non-cash charges to operations (net changes)		
(Increase) decrease in taxes and grants in lieu receivable	(6,820)	8,394
(Increase) decrease in trade and other receivables	(13,388)	45,604
Decrease in inventory for consumption	1,662	1,850
Increase in accounts payable and accrued liabilities	5,247	10,572
(Decrease) in deferred revenue	<u>(213,666)</u>	<u>(9,805)</u>
	<u>126,110</u>	<u>548,709</u>
CAPITAL		
Acquisition of tangible capital assets	(357,789)	(490,721)
Proceeds on disposal of tangible capital assets	<u>24,654</u>	<u>-</u>
	<u>(333,135)</u>	<u>(490,721)</u>
FINANCING		
Long-term debt repaid	<u>-</u>	<u>(8,620)</u>
CHANGE IN CASH DURING THE YEAR	(207,025)	49,368
CASH, BEGINNING OF YEAR	<u>496,925</u>	<u>447,557</u>
CASH, END OF YEAR	<u><u>289,900</u></u>	<u><u>496,925</u></u>





VILLAGE OF GLENWOOD
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2013

SCHEDULE 1

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2013 \$	2012 \$
BALANCE, BEGINNING OF THE YEAR	<u>165,062</u>	<u>32,227</u>	<u>2,430,116</u>	<u>2,627,405</u>	<u>\$ 2,309,395</u>
Excess of revenues over expenses	210,838	-	-	210,838	318,010
Current year funds used for tangible capital assets	(357,789)	-	357,789	-	-
Disposal of tangible capital assets	19,790	-	(19,790)	-	-
Amortization of tangible capital assets	<u>147,101</u>	-	<u>(147,101)</u>	-	-
Change in accumulated surplus	<u>19,940</u>	-	<u>190,898</u>	<u>210,838</u>	<u>\$ 318,010</u>
BALANCE, END OF YEAR	<u>185,002</u>	<u>32,227</u>	<u>2,621,014</u>	<u>2,838,243</u>	<u>\$ 2,627,405</u>



VILLAGE OF GLENWOOD
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2013

SCHEDULE 2

	Land	Buildings	Engineered Structures	Machinery & Equipment	2013	2012
	\$	\$	\$	\$	\$	\$
COST:						
BALANCE, BEGINNING OF YEAR	97,757	755,947	4,950,345	343,503	6,147,552	5,728,379
Acquisition of tangible capital assets	-	-	357,789	-	357,789	490,721
Disposal of tangible capital assets	-	(6,818)	(61,845)	-	(68,663)	(71,548)
BALANCE, END OF YEAR	<u>97,757</u>	<u>749,129</u>	<u>5,246,289</u>	<u>343,503</u>	<u>6,436,678</u>	<u>6,147,552</u>
ACCUMULATED AMORTIZATION:						
BALANCE, BEGINNING OF YEAR	-	398,913	3,166,847	151,676	3,717,436	3,614,900
Annual amortization	-	15,339	110,426	21,336	147,101	155,515
Accumulated amortization on disposals	-	(6,818)	(42,055)	-	(48,873)	(52,979)
BALANCE, END OF YEAR	-	<u>407,434</u>	<u>3,235,218</u>	<u>173,012</u>	<u>3,815,664</u>	<u>3,717,436</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>97,757</u>	<u>341,695</u>	<u>2,011,071</u>	<u>170,491</u>	<u>2,621,014</u>	<u>2,430,116</u>
2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>97,757</u>	<u>357,034</u>	<u>1,783,498</u>	<u>191,827</u>	<u>2,430,116</u>	

VILLAGE OF GLENWOOD
 Schedule of Property Taxes Levied
 For the Year Ended December 31, 2013

SCHEDULE 3

	Budget (Unaudited) \$	2013 \$	2012 \$
TAXATION			
Real property taxes	235,761	231,399	198,035
Linear property taxes	<u>8,784</u>	<u>8,704</u>	<u>8,770</u>
	<u>244,545</u>	<u>240,103</u>	<u>206,805</u>
REQUISITIONS			
Alberta School Foundation Fund	72,078	72,078	56,856
United Irrigation District	3,022	3,626	3,022
Seniors foundation	<u>5,600</u>	<u>3,102</u>	<u>7,492</u>
	<u>80,700</u>	<u>78,806</u>	<u>67,370</u>
NET MUNICIPAL PROPERTY TAXES	<u><u>163,845</u></u>	<u><u>161,297</u></u>	<u><u>139,435</u></u>



VILLAGE OF GLENWOOD
Schedule of Government Transfers
For the Year Ended December 31, 2013

SCHEDULE 4

	Budget (Unaudited) \$	2013 \$	2012 \$
TRANSFERS FOR OPERATIONS			
Provincial Government	34,691	35,862	94,916
Other Local Governments	<u>4,000</u>	<u>5,000</u>	<u>-</u>
	<u>38,691</u>	<u>40,862</u>	<u>94,916</u>
TRANSFERS FOR CAPITAL			
Provincial Government	<u>436,305</u>	<u>357,505</u>	<u>477,444</u>
	<u>474,996</u>	<u>398,367</u>	<u>572,360</u>



VILLAGE OF GLENWOOD
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2013

SCHEDULE 5

	Budget (Unaudited) \$	2013 \$	2012 \$
EXPENDITURES			
Salaries, wages and benefits	159,752	153,268	158,045
Contracted and general services	137,123	169,010	174,247
Materials, goods, and utilities	75,300	100,139	83,406
Transfers to local boards and agencies	20,782	19,751	17,639
Bank charges and short-term interest	1,250	1,936	1,521
Interest on long-term debt	-	-	60
Amortization of tangible capital assets	-	147,101	155,515
Loss on disposal of tangible capital assets	-	-	18,569
	<u>394,207</u>	<u>591,205</u>	<u>609,002</u>





VILLAGE OF GLENWOOD
 Schedule of Segmented Disclosure
 For the Year Ended December 31, 2013

SCHEDULE 6

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Other \$	Total \$
REVENUE								
Net municipal taxes	161,297	-	-	-	-	-	-	161,297
Government transfers	33,691	-	-	-	7,171	357,505	-	398,367
User fees and sales of goods	7,428	335	776	225	7,323	165,074	-	181,161
Investment income	694	-	-	-	-	-	-	694
Other revenue	<u>28,057</u>	-	-	-	<u>32,467</u>	-	-	<u>60,524</u>
	<u>231,167</u>	<u>335</u>	<u>776</u>	<u>225</u>	<u>46,961</u>	<u>522,579</u>	-	<u>802,043</u>
EXPENSES								
Contracted and general services	82,158	4,618	23,849	2,736	14,308	41,341	-	169,010
Salaries, wages and benefits	54,417	1,255	39,531	-	14,914	43,151	-	153,268
Materials, goods, and utilities	22,616	1,453	13,505	-	50,721	11,844	-	100,139
Transfers to local boards & agencies	-	7,129	-	-	6,626	5,996	-	19,751
Other expenses	<u>1,936</u>	-	-	-	-	-	-	<u>1,936</u>
	<u>161,127</u>	<u>14,455</u>	<u>76,885</u>	<u>2,736</u>	<u>86,569</u>	<u>102,332</u>	-	<u>444,104</u>
NET REVENUE BEFORE AMORTIZATION	70,040	(14,120)	(76,109)	(2,511)	(39,608)	420,247	-	357,939
Amortization of tangible capital assets	<u>2,787</u>	<u>13,131</u>	<u>36,616</u>	-	<u>9,304</u>	<u>85,263</u>	-	<u>147,101</u>
NET REVENUE	<u>67,253</u>	<u>(27,251)</u>	<u>(112,725)</u>	<u>(2,511)</u>	<u>(48,912)</u>	<u>334,984</u>	-	<u>210,838</u>

VILLAGE OF GLENWOOD

Notes to Financial Statements

For the Year Ended December 31, 2013

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.

VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2013

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:

	<u>YEARS</u>
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.



VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2013

2. Cash and Temporary Investments

	2013 \$	2012 \$
Cash on hand	289,900	489,650
Guaranteed Investment Certificates	<u>-</u>	<u>7,275</u>
	<u>289,900</u>	<u>496,925</u>

Council has designated funds of \$32,227 (2012 - \$32,227) included in the above for various capital projects. Included in cash on hand is a restricted amount of \$96,830 (2012 - \$310,496) 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

	2013 \$	2012 \$
Current taxes and grants in place of taxes	22,808	14,076
Arrears taxes	<u>1,353</u>	<u>3,265</u>
	<u>24,161</u>	<u>17,341</u>

4. Trade Accounts Receivable

	2013 \$	2012 \$
Utilities receivable	20,708	11,090
Employee advances errors	-	196
Atco Gas Franchise Fees Receivable	14,107	11,787
Goods and services taxes receivable	30,113	28,856
Other trade receivables	<u>642</u>	<u>253</u>
	<u>65,570</u>	<u>52,182</u>

5. Deferred Revenue

	2013 \$	2012 \$
Municipal Sustainability Initiative - Capital Grant	93,107	253,399
Federal Gas Tax Fund Grant	<u>3,723</u>	<u>57,097</u>
	<u>96,830</u>	<u>310,496</u>



VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2013

6. 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 be disclosed as follows:

	2013	2012
	\$	\$
Total debt limit	666,807	674,352
Total debt	<u>-</u>	<u>-</u>
Total unused debt limit	<u>666,807</u>	<u>674,352</u>
Service on debt limit	111,135	112,392
Service on debt	<u>-</u>	<u>-</u>
Amount of unused service on debt	<u>111,135</u>	<u>112,392</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.

7. Equity in Tangible Capital Assets

	2013	2012
	\$	\$
Tangible capital assets (Schedule 2)	6,436,678	6,147,552
Accumulated amortization (Schedule 2)	<u>(3,815,664)</u>	<u>(3,717,436)</u>
	<u>2,621,014</u>	<u>2,430,116</u>



VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2013

8. Accumulated Surplus

	2013	2012
	\$	\$
Unrestricted surplus	185,002	165,062
Restricted surplus:		
Capital reserves		
Street improvements	32,227	32,227
Equity in tangible capital assets	<u>2,621,014</u>	<u>2,430,116</u>
	<u>2,838,243</u>	<u>2,627,405</u>

9. 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)	2013 Total	2012 Total
	\$	\$	\$	\$
Mayor - Ben Goetz	3,100	-	3,100	1,950
Councilor - Darryl Edwards	1,150	-	1,150	1,300
- Jordan Koch	550	-	550	200
- Clinton Lybbert	1,250	-	1,250	850
- Sandy Lybbert	300	-	300	650
- Steve Lybbert	250	-	250	-
- Barb Michel	2,350	-	2,350	2,700
Designated officer - CAO	28,727	-	28,727	30,687

- (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.

VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2013

10. 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).

11. 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.

12. 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.

13. Approval of Financial Statements

Council and Management have approved these financial statements.