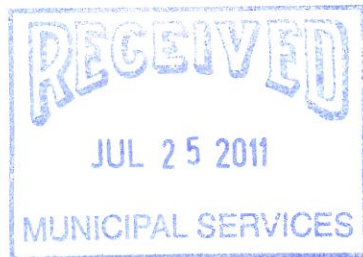


VILLAGE OF GLENWOOD

Financial Statements

December 31, 2010



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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 the Village of Glenwood, which comprise the consolidated statement of financial position as at December 31, 2010, 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, 2010 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.

Raymond, Alberta
July 14, 2011

Price Comin & Johnson LLP
PRICE COMIN & JOHNSON LLP
PUBLIC ACCOUNTANTS

VILLAGE OF GLENWOOD
Consolidated Statement of Financial Position
As at December 31, 2010

	2010	2009
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 210,886	\$ 64,254
Receivables		
Taxes and grants in place of taxes (Note 3)	30,820	33,349
Trade and other receivables (Note 4)	<u>109,239</u>	<u>176,711</u>
	<u>350,945</u>	<u>274,314</u>
LIABILITIES		
Accounts payable and accrued liabilities	49,251	32,036
Deferred revenue (Note 5)	54,796	-
Long-term debt (Note 6)	<u>168,668</u>	<u>177,807</u>
	<u>272,715</u>	<u>209,843</u>
NET FINANCIAL ASSETS	<u>78,230</u>	<u>64,471</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	2,157,082	2,224,653
Inventory for consumption	17,564	6,839
Prepaid expenses	<u>448</u>	<u>1,780</u>
	<u>2,175,094</u>	<u>2,233,272</u>
ACCUMULATED SURPLUS (Schedule 1 & Note 9)	<u>\$ 2,253,324</u>	<u>\$ 2,297,743</u>

CONTINGENCIES (Note 12)

VILLAGE OF GLENWOOD
Consolidated Statement of Operations
For the Year Ended December 31, 2010

	Budget (Unaudited)	2010	2009
REVENUES			
Net municipal property taxes (Schedule 3)	\$ 134,582	\$ 142,278	\$ 148,483
User fees and sales of goods	181,800	171,976	163,733
Government transfers (Schedule 4)	10,913	18,183	54,522
Franchise and concession contracts	35,000	26,108	28,874
Penalties and costs of taxes	3,500	4,229	2,324
Investment income	2,150	150	226
Gain on disposal of tangible capital assets	-	-	13,000
Pioneer Parlour revenues	-	31,757	30,342
	<u>367,945</u>	<u>394,681</u>	<u>441,504</u>
EXPENSES			
Legislative	20,000	18,441	23,360
Administration	285,250	142,360	129,540
Police, fire, ambulance and bylaw enforcement	1,000	15,802	15,920
Parks and recreation	-	12,264	7,626
Roads, streets, walks, lighting	136,080	48,904	89,872
Water, wastewater and waste management	65,200	73,851	137,901
Culture	-	62,204	54,283
Community services and cemetery	1,300	11,037	15,794
Loss on disposal of tangible capital assets	-	7,994	-
Amortization of tangible capital assets	-	148,372	138,507
	<u>508,830</u>	<u>541,229</u>	<u>612,803</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(140,885)	(146,548)	(171,299)
OTHER			
Government transfers for capital (Schedule 4)	<u>281,712</u>	<u>102,129</u>	<u>55,650</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>140,827</u>	<u>(44,419)</u>	<u>(115,649)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,297,743</u>	<u>2,297,743</u>	<u>2,413,392</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 2,438,570</u>	<u>\$ 2,253,324</u>	<u>\$ 2,297,743</u>

VILLAGE OF GLENWOOD**Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2010**

	Budget (Unaudited)	2010	2009
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ <u>140,827</u>	\$ <u>(44,419)</u>	\$ <u>(115,649)</u>
Acquisition of tangible capital assets	(140,000)	(88,795)	(126,577)
Proceeds on disposal of tangible capital assets	-	-	13,000
Amortization of tangible capital assets	-	148,372	138,507
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>7,994</u>	<u>(13,000)</u>
	<u>(140,000)</u>	<u>67,571</u>	<u>11,930</u>
Use of prepaid expenses	-	1,332	(1,780)
Use of supplies inventory	<u>-</u>	<u>(10,725)</u>	<u>-</u>
	<u>-</u>	<u>(9,393)</u>	<u>(1,780)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	827	13,759	(105,499)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>64,471</u>	<u>64,471</u>	<u>169,970</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u><u>65,298</u></u>	\$ <u><u>78,230</u></u>	\$ <u><u>64,471</u></u>

VILLAGE OF GLENWOOD
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2010

	2010	2009
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	\$ (44,419)	\$ (115,649)
Non-cash items included in excess (deficiency) of revenues over expenses		
Amortization of tangible capital assets	148,372	138,507
Loss (gain) on disposal of tangible capital assets	7,994	(13,000)
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	2,529	(8,778)
Decrease (increase) in trade and other receivables	67,472	(99,342)
(Increase) in inventory for consumption	(10,725)	-
Increase in accounts payable and accrued liabilities	17,215	13,606
Increase in deferred revenue	54,796	-
Decrease (Increase) in prepaid expenses	<u>1,332</u>	<u>(1,780)</u>
Cash provided by operating transactions	<u>244,566</u>	<u>(86,436)</u>
CAPITAL		
Acquisition of tangible capital assets	(88,795)	(126,577)
Proceeds from sale of tangible capital assets	<u>-</u>	<u>13,000</u>
Cash applied to capital transactions	<u>(88,795)</u>	<u>(113,577)</u>
FINANCING		
Long-term debt issued	-	150,000
Long-term debt repaid	<u>(9,139)</u>	<u>(8,267)</u>
Cash applied to financing transactions	<u>(9,139)</u>	<u>141,733</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	146,632	(58,280)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>64,254</u>	<u>122,534</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u>\$ 210,886</u>	<u>\$ 64,254</u>

VILLAGE OF GLENWOOD

**Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2010**

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2010	2009
BALANCE, BEGINNING OF THE YEAR	\$ <u>250,897</u>	-	\$ <u>2,046,846</u>	\$ <u>2,297,743</u>	\$ <u>2,413,392</u>
Excess (deficiency) of revenues over expenses	(44,419)	-	-	(44,419)	(115,649)
Unrestricted funds designated for future use	(132,227)	132,227	-	-	-
Current year funds used for tangible capital assets	(88,795)	-	88,795	-	-
Disposal of tangible capital assets	7,994	-	(7,994)	-	-
Annual amortization expense	148,372	-	(148,372)	-	-
Long-term debt repaid	(9,139)	-	9,139	-	-
Change in accumulated surplus	\$ <u>(118,214)</u>	132,227	\$ <u>(58,432)</u>	\$ <u>(44,419)</u>	\$ <u>(115,649)</u>
BALANCE, END OF YEAR	\$ <u>132,683</u>	<u>132,227</u>	\$ <u>1,988,414</u>	\$ <u>2,253,324</u>	\$ <u>2,297,743</u>

VILLAGE OF GLENWOOD
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2010

SCHEDULE 2

	Land	Buildings	Engineered Structures	Machinery & Equipment	2010	2009
COST:						
BALANCE, BEGINNING OF YEAR	\$ 11,202	\$ 755,947	\$ 4,502,955	\$ 314,726	\$ 5,584,830	\$ 5,458,253
Acquisition of tangible capital assets	-	-	80,400	8,395	88,795	126,577
Disposal of tangible capital assets	-	-	(22,205)	-	(22,205)	-
BALANCE, END OF YEAR	<u>11,202</u>	<u>755,947</u>	<u>4,561,150</u>	<u>323,121</u>	<u>5,651,420</u>	<u>5,584,830</u>
ACCUMULATED AMORTIZATION:						
BALANCE, BEGINNING OF YEAR	-	352,894	2,917,969	89,314	3,360,177	3,221,670
Annual amortization	-	15,340	112,933	20,099	148,372	138,507
Accumulated amortization on disposals	-	-	(14,211)	-	(14,211)	-
BALANCE, END OF YEAR	-	<u>368,234</u>	<u>3,016,691</u>	<u>109,413</u>	<u>3,494,338</u>	<u>3,360,177</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 11,202</u>	<u>\$ 387,713</u>	<u>\$ 1,544,459</u>	<u>\$ 213,708</u>	<u>\$ 2,157,082</u>	<u>\$ 2,224,653</u>
2009 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 11,202</u>	<u>\$ 403,053</u>	<u>\$ 1,584,986</u>	<u>\$ 225,412</u>	<u>\$ 2,224,653</u>	

VILLAGE OF GLENWOOD
Schedule of Property Taxes Levied
For the Year Ended December 31, 2010

SCHEDULE 3

	Budget (Unaudited)	2010	2009
TAXATION			
Real property taxes	\$ 207,700	\$ 195,156	\$ 195,163
Linear property taxes	<u>-</u>	<u>6,451</u>	<u>7,052</u>
	<u>207,700</u>	<u>201,607</u>	<u>202,215</u>
REQUISITIONS			
Alberta School Foundation Fund	65,000	48,643	48,613
United Irrigation District	-	2,568	2,568
Seniors foundation	<u>8,118</u>	<u>8,118</u>	<u>2,551</u>
	<u>73,118</u>	<u>59,329</u>	<u>53,732</u>
NET MUNICIPAL PROPERTY TAXES	\$ <u>134,582</u>	\$ <u>142,278</u>	\$ <u>148,483</u>

VILLAGE OF GLENWOOD
Schedule of Government Transfers
For the Year Ended December 31, 2010

SCHEDULE 4

	Budget (Unaudited)	2010	2009
TRANSFERS FOR OPERATING:			
Provincial Government	8,413	13,183	54,522
Other Local Governments	<u>2,500</u>	<u>5,000</u>	<u>-</u>
	<u>10,913</u>	<u>18,183</u>	<u>54,522</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	<u>281,712</u>	<u>102,129</u>	<u>55,650</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 292,625</u>	<u>\$ 120,312</u>	<u>\$ 110,172</u>

VILLAGE OF GLENWOOD
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2010

SCHEDULE 5

	Budget (Unaudited)	2010	2009
EXPENDITURES			
Salaries, wages and benefits	\$ 178,800	\$ 173,175	\$ 169,472
Contracted and general services	220,080	124,643	174,076
Materials, goods, and utilities	109,800	80,148	125,683
Interest on long-term debt	-	4,207	3,541
Transfers to local boards and agencies	-	-	1,425
Bank charges and short-term interest	150	2,691	99
Amortization of tangible capital assets	-	148,372	138,507
Loss on disposal of tangible capital assets	-	7,994	-
	<u>\$ 508,830</u>	<u>\$ 541,230</u>	<u>\$ 612,803</u>

VILLAGE OF GLENWOOD

Schedule of Segmented Disclosure
For the Year Ended December 31, 2010

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 142,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,278
Government transfers	7,452	9,860	12,965	-	9,635	80,400	-	120,312
User fees and sales of goods	4,850	1,130	50	350	42,739	154,614	-	203,733
Investment income	150	-	-	-	-	-	-	150
Other revenue	30,337	-	-	-	-	-	-	30,337
	<u>\$ 185,067</u>	<u>\$ 10,990</u>	<u>\$ 13,015</u>	<u>\$ 350</u>	<u>\$ 52,374</u>	<u>\$ 235,014</u>	<u>\$ -</u>	<u>\$ 496,810</u>
EXPENSES								
Contracted and general services	\$ 68,134	\$ 7,517	\$ 9,861	\$ -	\$ 15,204	\$ 23,927	\$ -	\$ 124,643
Salaries and wages	84,671	2,029	27,411	-	24,976	34,088	-	173,175
Goods and supplies	17,551	2,379	11,302	-	33,079	15,836	-	80,147
Transfers to local boards	-	-	-	-	-	-	-	-
Long-term debt interest	-	3,876	331	-	-	-	-	4,207
Other expenses	2,691	-	7,994	-	-	-	-	10,685
	<u>\$ 173,047</u>	<u>\$ 15,801</u>	<u>\$ 56,899</u>	<u>\$ -</u>	<u>\$ 73,259</u>	<u>\$ 73,851</u>	<u>\$ -</u>	<u>\$ 392,857</u>
NET REVENUE BEFORE AMORTIZATION								
Amortization expense	\$ 12,020	\$ (4,811)	\$ (43,884)	\$ 350	\$ (20,885)	\$ 161,163	\$ -	\$ 103,953
	<u>\$ 7,080</u>	<u>\$ 7,095</u>	<u>\$ 54,190</u>	<u>\$ -</u>	<u>\$ 5,131</u>	<u>\$ 74,876</u>	<u>\$ -</u>	<u>\$ 148,372</u>
NET REVENUE	<u>\$ 4,940</u>	<u>\$ (11,906)</u>	<u>\$ (98,074)</u>	<u>\$ 350</u>	<u>\$ (26,016)</u>	<u>\$ 86,287</u>	<u>\$ -</u>	<u>\$ (44,419)</u>

VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2010

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 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 levelling 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, 2010

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 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:

	<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.

- ii) **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, 2010

2. Cash and Guaranteed Investment Certificates

	<u>2010</u>	<u>2009</u>
Cash on hand	\$ 198,066	\$ 51,459
Guaranteed investment certificates	<u>12,820</u>	<u>12,795</u>
	<u>\$ 210,886</u>	<u>\$ 64,254</u>

The guaranteed investment certificates have interest rates of 0.2% and 0.9% per annum and mature in less than a year.

Council has designated funds of \$132,227 (2009 - nil) included in the above for various capital projects.

Included in cash on hand is a restricted amount of \$54,796 (2009 - nil) from the Municipal Sustainability Initiative and the Community Facilities Enhancement Fund, which are being held exclusively for capital projects. (Note 5)

3. Taxes and Grants in Place of Taxes Receivables

	<u>2010</u>	<u>2009</u>
Current taxes and grants in place of taxes	\$ 23,262	\$ 25,057
Arrears taxes	<u>7,558</u>	<u>8,292</u>
	<u>\$ 30,820</u>	<u>\$ 33,349</u>

4. Trade Accounts Receivable

	<u>2010</u>	<u>2009</u>
Utilities receivable	\$ 16,937	\$ 16,730
Advances to employees - former Chief Administrative Officer	42,824	30,374
Goods and services taxes receivable	27,478	26,755
Grants receivable	-	81,152
Other trade receivables	<u>22,000</u>	<u>21,700</u>
	<u>\$ 109,239</u>	<u>\$ 176,711</u>

The amounts receivable as advances to employees - former Chief Administrative Officer were repaid in full in February, 2011.

5. Deferred Revenue

	<u>2010</u>	<u>2009</u>
Municipal Sustainability Initiative - Capital Grant	\$ 49,789	\$ -
Community Facilities Enhancement Fund	<u>5,007</u>	<u>-</u>
	<u>\$ 54,796</u>	<u>\$ -</u>

VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2010

6. Long-term Debt

	2010	2009
Bank loan	\$ 150,000	\$ 150,000
Finance contract payable	<u>18,668</u>	<u>27,807</u>
	<u>\$ 168,668</u>	<u>\$ 177,807</u>

Principle and interest repayments are as follows:

	Principal	Interest	Total
2011	\$ 62,819	\$ 3,118	\$ 65,937
2012	57,624	1,518	59,142
2013	<u>48,225</u>	<u>-</u>	<u>48,225</u>
	<u>\$ 168,668</u>	<u>\$ 4,636</u>	<u>\$ 173,304</u>

Bank loan is repayable to ATB Financial in monthly interest only installments at 3.0% per annum, secured by related tangible capital asset having a net book value of \$93,334 (2009 - \$106,429), a principal repayment of \$53,550 was made in 2011 and estimated repayments of \$48,225 will be made in 2012 and 2013.

Finance contract is repayable to CNH Capital in monthly installments of \$789 bearing interest at 1.4% per annum, secured by related tangible capital asset having a net book value of \$33,991 (2009 - \$36,605), due in 2012.

Interest on long-term debt amounted to \$4,207 (2009 - \$3,541).

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:

	2010	2009
Total debt limit	\$ 592,022	\$ 662,256
Total debt	<u>168,668</u>	<u>177,807</u>
Total unused debt limit	<u>\$ 423,354</u>	<u>\$ 484,449</u>
Service on debt limit	\$ 98,670	\$ 110,376
Service on debt	<u>65,937</u>	<u>13,635</u>
Amount of unused service on debt	<u>\$ 32,733</u>	<u>\$ 96,741</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.

VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2010

8. Equity in Tangible Capital Assets

	2010	2009
Capital assets (Schedule 2)	\$ 5,651,420	\$ 5,584,830
Accumulated amortization (Schedule 2)	(3,494,338)	(3,360,177)
Long-term debt (Note 6)	<u>(168,668)</u>	<u>(177,807)</u>
	<u>\$ 1,988,414</u>	<u>\$ 2,046,846</u>

9. Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2010	2009
Unrestricted surplus	\$ 132,683	\$ 250,897
Restricted surplus:		
Capital reserves		
Waterline replacements	100,000	-
Street improvements	32,227	-
Equity in tangible capital assets	<u>1,988,414</u>	<u>2,046,846</u>
	<u>\$ 2,253,324</u>	<u>\$ 2,297,743</u>

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)	2010 Total	2009 Total
Mayor - Jordan Koch	\$ 250	\$ -	\$ 250	\$ -
- Doral Lybbert	1,050	-	1,050	1,402
Councilor - Roger Clark	2,350	-	2,350	4,058
- Darryl Edwards	200	-	200	-
- Ben Goetz	1,700	-	1,700	3,645
- Clinton Lybbert	250	-	250	-
- Sandy Lybbert	1,350	-	1,350	2,353
- Barb Michel	2,050	-	2,050	3,458
Designated officer - CAO	47,184	4,383	51,567	54,578

(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, 2010

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 and accrued liabilities and long-term debt. 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 fulfil 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. Comparative Figures

Certain comparative figures have been reclassified to conform with the current years financial presentation.

15. Approval of Financial Statements

Council and Management have approved these financial statements.