

VILLAGE OF BAWLF
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Bawlf:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Village of Bawlf, which comprise the statement of financial position as at December 31, 2012, and the statements of operations, change in net financial assets and cash flows for the year 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Bawlf as at December 31, 2012, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

M.D. of Wainwright

May 28, 2013

Certified General Accountant

VILLAGE OF BAWLF

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash (Note 2)	529,405	229,851
Term deposits (Note 2)	276,673	350,888
Taxes and grants in place of taxes (Note 3)	27,821	31,126
Trade and other receivables	29,548	25,507
Due from other governments	31,717	332,631
Notes receivable (Note 4)	8,750	10,000
Inventory held for resale	70,719	79,762
Other financial assets	70	70
	<u>974,703</u>	<u>1,059,835</u>
LIABILITIES		
Accounts payable and accrued liabilities	58,714	44,842
Deposits held in trust	1,394	1,294
Deferred revenue (Note 5)	530,955	705,105
Long term debt (Note 6)	-	47,789
	<u>591,063</u>	<u>799,030</u>
NET FINANCIAL ASSETS	<u>383,640</u>	<u>260,805</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>4,094,362</u>	<u>3,829,671</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>4,478,002</u>	<u>4,090,476</u>

VILLAGE OF BAWLF

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget (unaudited)	2012	2011
REVENUE			
Net municipal property taxes (Schedule 3)	246,908	232,857	239,646
User fees and sales of goods	188,100	218,358	208,317
Penalties and costs on taxes	10,600	13,568	12,679
Licenses and permits	1,900	1,735	1,060
Fines	200	250	201
Investment income	-	3,026	2,541
Government transfers for operating	90,351	88,105	87,273
Other	15,100	384	680
	<u>553,159</u>	<u>558,283</u>	<u>552,397</u>
EXPENSES			
Legislative	11,400	11,948	14,602
Administration	166,500	156,498	164,263
Protective services	38,100	41,956	30,395
Transportation	51,550	52,664	78,540
Water supply and distribution	37,200	40,615	46,044
Wastewater treatment and disposal	17,400	14,816	32,689
Waste management	30,500	30,745	28,295
Public health and welfare	12,559	2,608	3,024
Planning and development	1,250	11,563	1,034
Recreation	76,750	55,700	76,813
Culture	14,350	18,638	9,507
Amortization	-	135,367	124,736
Loss (gain) on disposal of assets	-	3,075	(4,000)
	<u>457,559</u>	<u>576,193</u>	<u>605,942</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	95,600	(17,910)	(53,545)
OTHER			
Government transfers for capital (Schedule 4)	-	405,436	9,757
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	95,600	387,526	(43,788)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>4,090,476</u>	<u>4,090,476</u>	<u>4,134,264</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>4,186,076</u></u>	<u><u>4,478,002</u></u>	<u><u>4,090,476</u></u>

VILLAGE OF BAWLF

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget (unaudited)	2012	2011
	<u> </u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>95,600</u>	<u>387,526</u>	<u>(43,788)</u>
Acquisition of tangible capital assets	(90,800)	(407,858)	(30,575)
Proceeds on disposal of tangible capital assets	-	4,725	4,000
Amortization of tangible capital assets	-	135,367	124,736
Loss on sale of tangible capital assets	-	3,075	(4,000)
	<u>(90,800)</u>	<u>(264,691)</u>	<u>94,161</u>
INCREASE IN NET FINANCIAL ASSETS	4,800	122,835	50,373
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>260,805</u>	<u>260,805</u>	<u>210,432</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>265,605</u>	<u>383,640</u>	<u>260,805</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	387,526	(43,788)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	135,367	124,736
Loss on disposal of tangible capital assets	3,075	(4,000)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	3,305	(6,672)
Decrease (increase) in due from other governments	300,914	(95,939)
Decrease (increase) in trade and other receivables	(4,041)	(3,542)
Decrease (increase) in inventory held for resale	9,043	(9,643)
Decrease (increase) in note receivable	1,250	1,250
Increase (decrease) in accounts payable and accrued liabilities	13,872	10,284
Increase (decrease) in deposits held in trust	100	-
Increase (decrease) in deferred revenue	(174,150)	199,687
	<u>676,261</u>	<u>172,373</u>
CAPITAL		
Acquisition of tangible capital assets	(407,858)	(30,575)
Sale of tangible capital assets	4,725	4,000
	<u>(403,133)</u>	<u>(26,575)</u>
INVESTING		
Decrease (increase) in term deposits	74,215	(105,752)
FINANCING		
Long-term debt repaid	(47,789)	(4,960)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	299,554	35,086
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>229,851</u>	<u>194,765</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>529,405</u></u>	<u><u>229,851</u></u>

VILLAGE OF BAWLF

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 YEAR	159,201	149,393	3,781,882	4,090,476	4,134,264
Excess (deficiency) of revenues over expenses	387,526	-	-	387,526	(43,788)
Unrestricted funds designated for future use	(49,468)	49,468	-	-	-
Current year funds used for tangible capital assets	(407,858)	-	407,858	-	-
Disposal of tangible capital assets	7,800	-	(7,800)	-	-
Annual amortization expense	135,367	-	(135,367)	-	-
Long term debt repaid	(47,789)	-	47,789	-	-
Change in accumulated surplus	25,578	49,468	312,480	387,526	(43,788)
BALANCE, END OF YEAR	<u>184,779</u>	<u>198,861</u>	<u>4,094,362</u>	<u>4,478,002</u>	<u>4,090,476</u>

VILLAGE OF BAWLF

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2012	2011
COST:								
Balance - beginning of year	46,453	5	1,426,537	4,851,258	225,207	67,299	6,616,759	6,596,684
Acquisition of tangible capital assets	-	-	-	407,858	-	-	407,858	30,575
Disposal of tangible capital assets	-	-	-	-	-	15,000	15,000	10,500
Balance - end of year	46,453	5	1,426,537	5,259,116	225,207	52,299	7,009,617	6,616,759
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	5	357,551	2,267,327	140,285	21,920	2,787,088	2,672,852
Annual amortization	-	-	28,462	84,523	19,282	3,100	135,367	124,736
Accumulated amortization on disposals	-	-	-	-	-	7,200	7,200	10,500
Balance - end of year	-	5	386,013	2,351,850	159,567	17,820	2,915,255	2,787,088
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	46,453	-	1,040,524	2,907,266	65,640	34,479	4,094,362	3,829,671
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	46,453	-	1,068,986	2,583,931	84,922	45,379	3,829,671	

VILLAGE OF BAWLF

CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2012 (Schedule 3)

	Budget (Unaudited)	2012	2011
TAXATION			
Real property taxes	321,246	307,195	270,261
Linear property taxes	3,488	3,488	3,655
Government grants in place of property taxes	4,597	4,597	3,943
Special assessments	-	-	35,846
	<u>329,331</u>	<u>315,280</u>	<u>313,705</u>
REQUISITIONS			
Alberta School Foundation	<u>82,423</u>	<u>82,423</u>	<u>74,059</u>
NET MUNICIPAL TAXES	<u>246,908</u>	<u>232,857</u>	<u>239,646</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2012 (Schedule 4)

	Budget (Unaudited)	2012	2011
TRANSFERS FOR OPERATING			
Federal Government	2,400	2,233	1,967
Provincial Government	61,401	51,086	57,926
Local Governments	26,550	34,786	27,380
	<u>90,351</u>	<u>88,105</u>	<u>87,273</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	219,260	9,757
Provincial Government	-	186,176	-
	<u>-</u>	<u>405,436</u>	<u>9,757</u>
TOTAL GOVERNMENT TRANSFERS	<u>90,351</u>	<u>493,541</u>	<u>97,030</u>

VILLAGE OF BAWLF

CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2012 (Schedule 5)

	Budget (Unaudited)	2012	2011
Expenditures			
Salaries, wages and benefits	169,800	159,624	191,622
Contracted and general services	146,600	145,490	178,151
Purchases from other governments	2,950	2,243	2,212
Materials, goods and utilities	68,100	81,969	71,424
Provision for allowances	-	717	-
Transfers to local boards and agencies	65,709	45,428	37,791
Interest on capital long term debt	-	946	1,640
Other expenditures	4,400	1,334	2,366
Amortization of tangible capital assets	-	135,367	124,736
Loss on disposal of tangible capital assets	-	3,075	(4,000)
	<u>457,559</u>	<u>576,193</u>	<u>605,942</u>

VILLAGE OF BAWLF

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2012 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	232,857	-	-	-	-	-	-	232,857
User fees and sales of goods	1,873	3,091	753	179,996	700	30,000	1,945	218,358
Penalties and costs on taxes	8,466	-	-	5,102	-	-	-	13,568
Licenses and permits	-	985	-	-	-	750	-	1,735
Fines	-	250	-	-	-	-	-	250
Investment income	3,026	-	-	-	-	-	-	3,026
Government transfers	49,042	22,286	-	-	-	-	16,777	88,105
Other	-	-	-	-	269	-	115	384
	<u>295,264</u>	<u>26,612</u>	<u>753</u>	<u>185,098</u>	<u>969</u>	<u>30,750</u>	<u>18,837</u>	<u>558,283</u>
EXPENSES								
Salaries, wages and benefits	108,909	6,157	14,936	-	-	-	29,622	159,624
Contracted and general services	47,313	29,323	832	61,844	-	2,365	3,813	145,490
Purchases from other governments	-	1,209	-	-	-	1,034	-	2,243
Materials, goods and utilities	10,173	5,267	28,119	21,227	-	8,164	9,019	81,969
Provision for allowances	717	-	-	-	-	-	-	717
Transfers to local boards and agencies	-	-	-	10,936	2,608	-	31,884	45,428
Interest on capital long term debt	-	-	-	946	-	-	-	946
Other expenditures	1,334	-	-	-	-	-	-	1,334
	<u>168,446</u>	<u>41,956</u>	<u>43,887</u>	<u>94,953</u>	<u>2,608</u>	<u>11,563</u>	<u>74,338</u>	<u>437,751</u>
NET REVENUE, BEFORE AMORTIZATION	<u>126,818</u>	<u>(15,344)</u>	<u>(43,134)</u>	<u>90,145</u>	<u>(1,639)</u>	<u>19,187</u>	<u>(55,501)</u>	<u>120,532</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	8,520	10,777	52,062	49,508	-	-	14,500	135,367
Loss on disposal of tangible capital assets	-	3,075	-	-	-	-	-	3,075
	<u>8,520</u>	<u>13,852</u>	<u>52,062</u>	<u>49,508</u>	<u>-</u>	<u>-</u>	<u>14,500</u>	<u>138,442</u>
NET REVENUE	<u><u>118,298</u></u>	<u><u>(29,196)</u></u>	<u><u>(95,196)</u></u>	<u><u>40,637</u></u>	<u><u>(1,639)</u></u>	<u><u>19,187</u></u>	<u><u>(70,001)</u></u>	<u><u>(17,910)</u></u>

VILLAGE OF BAWLF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Bawlf 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 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. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village are, therefore accountable to the 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.

VILLAGE OF BAWLF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

f) 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 the respective function.

g) 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.

VILLAGE OF BAWLF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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 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:

	YEARS
Buildings	25-50
Engineered structures - other	15-40
Engineered structures - water system	35-75
Engineered structures - wastewater system	35-75
Land improvements	15-20
Machinery and equipment	5-20
Vehicles	3-20

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. CASH AND TERM DEPOSITS

	<u>2012</u>	<u>2011</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 4)	567,758	400,532
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	198,861	149,393
Total restricted cash and term deposits	<u>766,619</u>	<u>549,925</u>
Total unrestricted cash and term deposits	<u>39,459</u>	<u>30,814</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2012</u>	<u>2011</u>
Current taxes and grants in place of taxes	18,783	26,294
Arrears taxes	9,038	4,832
	<u>27,821</u>	<u>31,126</u>

4. NOTE RECEIVABLE

	<u>2012</u>	<u>2011</u>
Village of Bawlf Public Library	<u>8,750</u>	<u>10,000</u>

The Village of Bawlf Public Library Board as pledged \$12,500 towards renovation costs of the library. The note receivable is interest free with annual payments of \$1,250 based on funding availability.

5. DEFERRED INCOME

Deferred income consists of the following:	<u>2012</u>	<u>2011</u>
Alberta Municipal Infrastructure Program	38,492	145,118
Federal Gas Tax	(50,000)	119,260
Municipal Sustainability Initiative - capital	471,394	313,850
Basic Municipal Transportation Grant	57,872	114,982
Prepaid property taxes	13,197	11,895
	<u>530,955</u>	<u>705,105</u>

VILLAGE OF BAWLF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

6. LONG TERM DEBT

	<u>2012</u>	<u>2011</u>
ATB Financial	<u>-</u>	<u>47,789</u>

Debt repayable to ATB Financial bears interest at prime plus 0.25% and matures in 2020 and is secured by the credit and security of the village at large.

The village's total cash payments for interest in 2012 were \$946 (2011 - \$1,640).

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 Village of Bawlf be disclosed as follows:

Total debt limit	<u>2012</u> <u>837,425</u>	<u>2011</u> 828,596
Total debt	<u>-</u>	<u>47,789</u>
Surplus debt limit	<u>837,425</u>	<u>780,807</u>
Debt servicing limit	<u>139,571</u>	138,099
Debt servicing	<u>-</u>	<u>6,600</u>
Surplus debt servicing	<u>139,571</u>	<u>131,499</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, which 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 BAWLF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>
Tangible capital assets (Schedule 2)	7,009,617	6,616,759
Accumulated amortization (Schedule 2)	(2,915,255)	(2,787,088)
Long-term debt (Note 6)	-	(47,789)
	<u>4,094,362</u>	<u>3,781,882</u>

9. ACCUMULATED SURPLUS

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

	<u>2012</u>	<u>2011</u>
Unrestricted surplus	<u>184,779</u>	<u>159,201</u>
Restricted surplus		
Cenotaph	1,000	1,000
Recreation and parks	4,500	3,000
Fire department	43,733	36,929
Water	41,164	-
General	108,464	108,464
	<u>198,861</u>	<u>149,393</u>
Equity in tangible capital assets	<u>4,094,362</u>	<u>3,781,882</u>
	<u>4,478,002</u>	<u>4,090,476</u>

10. SEGMENTED DISCLOSURE

The Village of Bawlf 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)

VILLAGE OF BAWLF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

11. SALARY AND BENEFITS DISCLOSURE

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

	2012			2011
	Salary	Benefits & Allowances	Total	Total
Blatz, G	2,770	-	2,770	3,740
Blatz, R	380	-	380	1,806
Porter	-	-	-	420
Reinke	2,120	-	2,120	1,730
Robbins	2,360	-	2,360	3,005
Tessari	1,250	-	1,250	-
Yuha	2,440	-	2,440	3,110
CAO	38,114	4,762	42,876	46,010

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, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

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.

VILLAGE OF BAWLF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

13. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit 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 receivable 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 fair value of these financial instruments approximates their fair value.

14. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The village has prepared its budget according to the former accounting standards that were in place prior to 2009 which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget (unaudited)	2012	2011
Excess of revenue over expenditures, per financial statements	95,600	387,526	(43,788)
Adjustments			
Amortization expense	-	135,367	124,736
Loss (gain) on disposal of tangible capital assets	-	3,075	(4,000)
Acquisition of tangible capital assets	(90,800)	(407,858)	(30,575)
Proceeds on disposition of tangible capital assets	-	-	4,000
Results of operations - previous methods	4,800	118,110	50,373
Net transfers (to) from reserves	-	(49,468)	(10,294)
Debenture repaid	(4,800)	(47,789)	(4,960)
Increase (decrease) in unrestricted surplus	-	20,853	35,119

15. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.