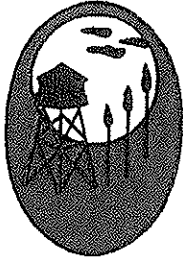


VILLAGE OF BERWYN
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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Village of Berwyn

"The Town With The Tower"

BOX 250

BERWYN, ALBERTA T0H 0E0

TELEPHONE: (780) 338-3922 FAX: (780) 338-2224

E-MAIL: vberwyn@serbernet.com

Management's Responsibility

To the Mayor and Council of Village of Berwyn:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.


In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed entirely of Councillors who are neither management nor employees of the Village. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. Council is responsible for the appointment of the Village's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

April 18, 2013

Date


Chief Administrative Officer

Auditors' Report

To the Mayor and Council of
The Village of Berwyn

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Village of Berwyn, which comprise the statement of financial position as at December 31, 2012, and the statements of financial activities, 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.

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' judgement, 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 of Berwyn as at December 31, 2012, the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Peace River, Alberta
April 18, 2013


Chartered Accountants

VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 \$	2011 \$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	<u>875,355</u>	<u>673,190</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	133,097	110,364
Receivable from other governments	19,875	26,759
Trade and other receivables	21,943	19,338
Land inventory held for resale	40,800	40,800
Long-term investments (Note 4)	<u>191</u>	<u>191</u>
	<u>1,091,261</u>	<u>870,642</u>
LIABILITIES		
Accounts payable and accrued liabilities	68,618	31,900
Deposit liabilities	18,879	19,018
Deferred revenue (Note 5)	619,367	359,553
Long term debt (Note 6)	<u>194,684</u>	<u>214,915</u>
	<u>901,548</u>	<u>625,386</u>
NET FINANCIAL ASSETS	<u>189,713</u>	<u>245,256</u>
NON-FINANCIAL ASSETS		
Tangible Capital assets (Schedule 2)	3,013,517	3,198,683
Inventory	-	-
Prepaid expenses	<u>2,862</u>	<u>2,259</u>
	<u>3,016,379</u>	<u>3,200,942</u>
ACCUMULATED SURPLUS (Schedule 1 & Note 9)	<u>3,206,092</u>	<u>3,446,198</u>

Commitments and contingencies - See Notes 12 and 13

Approved by



Mayor



Chief Administrative Officer

See accompanying notes to the financial statements

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

	Budget \$ (Unaudited)	2012 \$	2011 \$
REVENUE			
Net municipal property taxes (Schedule 3)	408,075	406,444	396,682
User fees and sale of goods	170,178	166,232	188,106
Government transfers for operating (Schedule 4)	59,500	156,527	161,182
Investment income	4,600	4,975	6,304
Penalties and costs on taxes	18,200	19,405	17,879
Gain on disposal of capital assets	-	-	-
Other revenues	46,000	38,994	44,070
Total revenues	<u>706,553</u>	<u>792,577</u>	<u>814,223</u>
EXPENSES			
Operating			
Legislative	18,250	17,510	17,788
Administration	267,215	268,914	297,036
Fire and bylaws enforcement	33,300	73,121	30,374
Roads, streets, walks lighting	213,200	412,522	384,533
Water supply and distribution	121,700	131,540	127,365
Handi-van requisition	1,300	1,243	1,260
Recreation and parks	62,250	59,212	61,341
Other	68,800	68,621	56,307
Total Expenses	<u>786,015</u>	<u>1,032,683</u>	<u>976,004</u>
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	(79,462)	(240,106)	(161,781)
OTHER			
Government transfers for capital (Schedule 4)	163,212	-	215,672
EXCESS OF REVENUE OVER EXPENSES	83,750	(240,106)	53,891
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,446,198	3,446,198	3,392,307
ACCUMULATED SURPLUS, END OF YEAR	<u>3,529,948</u>	<u>3,206,092</u>	<u>3,446,198</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget \$ (Unaudited)	2012 \$	2011 \$
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES	<u>83,750</u>	<u>(240,106)</u>	<u>53,891</u>
Acquisition of tangible capital assets	(44,350)	(35,762)	(481,855)
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	-	220,928	222,916
Gain on sale of tangible capital assets	-	-	-
	<u>(44,350)</u>	<u>185,166</u>	<u>(258,939)</u>
Acquisition of prepaid assets	-	(2,862)	(2,259)
Use of prepaid assets	-	2,259	1,825
Acquisition of inventory	-	-	-
Use of inventory	-	-	13,230
	<u>-</u>	<u>(603)</u>	<u>12,796</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>39,400</u>	<u>(55,543)</u>	<u>(192,252)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>245,256</u>	<u>245,256</u>	<u>437,508</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>284,656</u></u>	<u><u>189,713</u></u>	<u><u>245,256</u></u>

VILLAGE OF BERWYN
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 (shortfall) of revenues over expenses	(240,106)	53,891
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	220,928	222,916
Gain on disposal of tangible capital assets	-	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(22,733)	2,060
Decrease (increase) in trade and other receivables	(2,605)	122,855
Decrease (increase) in receivable from other governments	6,884	(6,374)
Decrease (increase) in land held for resale	-	(12,730)
Decrease (increase) in prepaid expenses	(603)	(434)
Decrease (increase) in accounts payable and accrued liabilities	36,718	529
Decrease (increase) in deposit liabilities	(139)	1,212
Decrease (increase) in deferred revenue	259,814	101,732
Decrease (increase) in inventory	-	13,230
Cash provided by operating transactions	<u>258,158</u>	<u>498,887</u>
CAPITAL		
Acquisition of tangible capital assets	(35,762)	(481,855)
Sale of tangible capital assets	-	-
Cash applied to capital transactions	<u>(35,762)</u>	<u>(481,855)</u>
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	-	-
Decrease (increase) in investments	-	-
Cash provided by (applied to) investing transactions	<u>-</u>	<u>-</u>
FINANCING		
Debt charges recovered	-	-
Long-term debt issued	-	225,000
Long-term debt repaid	(20,231)	(10,085)
Cash provided by (applied to) financing transactions	<u>(20,231)</u>	<u>214,915</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	202,165	231,947
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>673,190</u>	<u>441,243</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u><u>875,355</u></u>	<u><u>673,190</u></u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
 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	358,986	103,444	2,983,768	3,446,198	3,392,307
Excess (deficiency) of revenues over expenses	(240,106)	-	-	(240,106)	53,891
Unrestricted funds designated for future use	-	-	-	-	-
Restricted funds used for operations	-	-	-	-	-
Restricted funds used for tangible capital assets	-	-	-	-	-
Current year funds used for tangible capital assets	(35,762)	-	35,762	-	-
Disposal of tangible capital assets	-	-	-	-	-
Annual amortization expense	220,928	-	(220,928)	-	-
New debt proceeds	-	-	-	-	-
Long term debt repaid	(20,231)	-	20,231	-	-
Change in accumulated surplus	(75,171)	-	(164,935)	(240,106)	53,891
BALANCE, END OF YEAR	283,815	103,444	2,818,833	3,206,092	3,446,198

VILLAGE OF BERWYN
 SCHEDULE OF TANGIBLE CAPITAL ACTIVITIES
 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	161,835	153,567	551,976	4,514,722	260,585	165,790	5,808,475	5,326,620
Acquisition of tangible capital assets	-	6,168	9,165	8,462	11,150	-	34,945	481,855
Construction-in-progress	-	-	817	-	-	-	817	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	161,835	159,735	561,958	4,523,184	271,735	165,790	5,844,237	5,808,475
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	89,601	258,524	2,069,525	84,983	107,159	2,609,792	2,386,876
Annual amortization	-	6,130	16,301	171,506	16,412	10,579	220,928	222,916
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	95,731	274,825	2,241,031	101,395	117,738	2,830,720	2,609,792
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	161,835	64,004	287,133	2,282,153	170,340	48,052	3,013,517	3,198,683
2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	161,835	63,966	293,452	2,445,197	175,602	58,631	3,198,683	

VILLAGE OF BERWYN
 SCHEDULE OF PROPERTY TAXES LEVIED
 FOR THE YEAR ENDED DECEMBER 31, 2012
 SCHEDULE 3

	Budget \$ (Unaudited)	2012 \$	2011 \$
TAXATION			
Real property taxes	486,504	443,652	426,190
Linear property taxes	-	32,121	33,732
Government grants in place of property taxes	-	9,100	8,770
Special assessments and local improvement taxes	1,500	1,500	1,500
	<u>488,004</u>	<u>486,373</u>	<u>470,192</u>
REQUISITIONS			
Alberta School Foundation Fund	72,677	72,677	65,925
North Peace Housing Foundation	7,252	7,252	7,585
	<u>79,929</u>	<u>79,929</u>	<u>73,510</u>
NET MUNICIPAL TAXES	<u>408,075</u>	<u>406,444</u>	<u>396,682</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
 SCHEDULE OF GOVERNMENT TRANSFERS
 FOR THE YEAR ENDED DECEMBER 31, 2012
 SCHEDULE 4

	Budget \$ (Unaudited)	2012 \$	2011 \$
TRANSFERS FOR OPERATING:			
Provincial Government	53,500	145,020	153,882
Other Local Governments	6,000	11,507	7,300
	<u>59,500</u>	<u>156,527</u>	<u>161,182</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	163,212	-	165,672
Federal Government	-	-	50,000
	<u>163,212</u>	<u>-</u>	<u>215,672</u>
TOTAL GOVERNMENT TRANSFERS	<u>222,712</u>	<u>156,527</u>	<u>376,854</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
 SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
 FOR THE YEAR ENDED DECEMBER 31, 2012
 SCHEDULE 5

	Budget \$ (Unaudited)	2012 \$	2011 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	284,100	273,999	299,756
Contracted and general services	219,860	206,574	177,549
Purchases from other governments	8,300	10,299	8,604
Materials, goods, supplies and utilities	209,500	222,739	203,420
Provision for allowances	3,200	301	170
Transfers to local boards and agencies	9,300	41,021	8,784
Transfers to individuals and organizations	2,700	1,500	3,548
Bank charges and short term interest	100	1,499	1,339
Interest on capital long-term debt	-	6,170	3,115
Amortization of tangible capital assets	-	220,928	222,916
Other expenses	48,955	47,653	46,803
	<u>786,015</u>	<u>1,032,683</u>	<u>976,004</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
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	406,444	-	-	-	-	-	-	406,444
Government transfers	-	5,000	105,808	-	6,000	-	39,719	156,527
User fees and sales of goods	-	370	109	1,898	7,613	155,942	300	166,232
Investment income	4,975	-	-	-	-	-	-	4,975
Other revenues	53,491	-	-	-	706	4,132	70	58,399
	<u>464,910</u>	<u>5,370</u>	<u>105,917</u>	<u>1,898</u>	<u>14,319</u>	<u>160,074</u>	<u>40,089</u>	<u>792,577</u>
EXPENSES								
Contract & general services	110,996	11,565	4,764	-	22,155	48,157	8,937	206,574
Salaries & wages	115,751	-	102,843	-	11,194	10,939	33,272	273,999
Goods & supplies	16,761	18,434	100,169	-	27,626	58,470	1,279	222,739
Transfers to local boards	-	31,973	-	-	9,048	-	-	41,021
Long term debt interest	-	-	6,170	-	-	-	-	6,170
Other expenses	40,606	6,002	6,023	-	2,110	3,141	3,370	61,252
	<u>284,114</u>	<u>67,974</u>	<u>219,969</u>	<u>-</u>	<u>72,133</u>	<u>120,707</u>	<u>46,858</u>	<u>811,755</u>
NET REVENUE BEFORE AMORTIZATION								
Amortization expense	180,796	(62,604)	(114,052)	1,898	(57,814)	39,367	(6,769)	(19,178)
	<u>(2,310)</u>	<u>(5,147)</u>	<u>(192,553)</u>	<u>-</u>	<u>(10,085)</u>	<u>(10,833)</u>	<u>-</u>	<u>(220,928)</u>
NET REVENUE	<u>178,486</u>	<u>(67,751)</u>	<u>(306,605)</u>	<u>1,898</u>	<u>(67,899)</u>	<u>28,534</u>	<u>(6,769)</u>	<u>(240,106)</u>



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Berwyn 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 Berwyn are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the entity. This 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 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 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 expense 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.

VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Land Inventory Held 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.

f) 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 collectable 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 borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

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.

h) Requisition Over-levies and Under-Levies

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.

VILLAGE OF BERWYN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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:

	YEARS
Land Improvements	15-20
Buildings	25-50
Engineered structures	
Roadway system	15-40
Underground power lines	15-40
Water distribution system	35-65
Wastewater treatment system	35-65
Machinery, equipment and furnishings	5-20
Vehicles	3-20

A full year of the annual amortization is charged in the year of acquisition and none 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.

VILLAGE OF BERWYN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

2. CASH AND CASH EQUIVALENTS

	2012	2011
	\$	\$
Cash	253,960	382,597
Temporary investments with interest from 0.9% to 1.7%	621,395	290,593
	<u>875,355</u>	<u>673,190</u>

Temporary investments are guaranteed investment certificates with maturity dates between 2013 and 2014.

Included in cash and temporary investments is a restricted amount of \$442,375 (2011 – \$292,233) received from the Municipal Sustainability Initiative and held exclusively for capital projects (Note 5).

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	2012	2011
	\$	\$
Current taxes and grants in lieu of taxes	62,876	64,732
Arrears taxes	79,555	54,966
	142,431	119,698
Less: allowance for doubtful accounts	(9,334)	(9,334)
	<u>133,097</u>	<u>110,364</u>

4. LONG TERM INVESTMENTS

	2012		2011	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Investment in AAMDC	<u>191</u>	<u>191</u>	<u>191</u>	<u>191</u>

5. DEFERRED REVENUE

	2012	2011
	\$	\$
Basic Municipal Transportation Grant	90,863	67,320
Federal Gas Tax Fund Grant	86,129	-
Municipal Sustainability Initiative	442,375	292,233
	<u>619,367</u>	<u>359,553</u>

Municipal Sustainability Initiative

Funding in the amount of \$176,142 was received in the current year from the Municipal Sustainability Initiative. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2013. Unexpended funds related to the advance are supported by cash and temporary investments of \$442,375 held exclusively for these projects (Note 2).

VILLAGE OF BERWYN
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6. LONG-TERM DEBT

	2012	2011
	\$	\$
Tax supported debentures	-	-
Self supported debentures	-	-
Bank loans	194,684	214,915
	<u>194,684</u>	<u>214,915</u>

Interest on long-term debt amounted to \$6,168 (2011 - \$3,115).

As at December 31, 2012, the Village had a line of credit totalling \$100,000, none of which was drawn. It is secured by a general security agreement.

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2013	20,640	5,760	26,400
2014	21,289	5,111	26,400
2015	21,958	4,442	26,400
2016	22,649	3,751	26,400
2017	23,361	3,039	26,400
Thereafter	84,787	9,813	94,600

Bank loans are repayable in monthly instalments of \$2,200 including principal and interest at 3.1% due May 2021. The bank loans are secured by a general security agreement.

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 Berwyn be disclosed as follows:

	2012	2011
	\$	\$
Total debt limit	1,188,866	1,221,335
Total debt	194,684	214,915
Amount of debt limit unused	<u>994,182</u>	<u>1,006,420</u>
Debt servicing limit	198,144	203,556
Debt servicing	26,400	26,400
Amount of debt servicing limit unused	<u>171,744</u>	<u>177,156</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.

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 FOR THE YEAR ENDED DECEMBER 31, 2012

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2012	2011
	\$	\$
Tangible capital assets (Schedule 2)	5,844,237	5,808,475
Accumulated amortization (Schedule 2)	(2,830,720)	(2,609,792)
Long-term debt (Note 6)	(194,684)	(214,915)
Debt charges recoverable	-	-
	<u>2,818,833</u>	<u>2,983,768</u>

9. ACCUMULATED SURPLUS

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

	2012	2011
	\$	\$
Unrestricted surplus	283,815	358,986
Restricted surplus		
Equipment replacement - protective services	13,390	13,390
Water systems/repair	20,942	20,942
Sewer repairs/replacement	19,000	19,000
Landfill/transfer station	1,000	1,000
Land replacement	7,000	7,000
Contingencies	6,425	6,425
Office equipment - admin	2,400	2,400
Plant repairs/replacement	5,000	5,000
Public works - equipment	5,800	5,800
Street paving	10,315	10,315
Recreation projects	5,672	5,672
Tourism & culture	6,500	6,500
Equity intangible capital assets	2,818,833	2,983,768
	<u>3,206,092</u>	<u>3,446,198</u>

VILLAGE OF BERWYN
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10. SALARY AND BENEFITS DISCLOSURE

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

	2012			2011
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Mayor Ron Longtin	2,900	-	2,900	3,650
Councillor Valerie Forsythe	2,390	-	2,390	2,150
Councillor Harry Vanderklok	3,000	-	3,000	2,300
Councillor Gilles Doucet	2,050		2,050	2,800
Councillor John Bak	2,300		2,300	2,500
CAO ³	55,302	7,110 ⁴	62,412	90,481

- 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.
- 3 An automobile allowance is provided and no amount is included in the benefits and allowances figure.
- 4 Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Village is required to make current service contributions to the LAPP of 9.91% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.74% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 8.91% of pensionable salary up to the year's maximum pensionable salary and 12.74% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2012 were \$3,580 (2011 - \$3,565). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2012 were \$3,202 (2011 - \$3,189).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

VILLAGE OF BERWYN
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12. COMMITMENTS

The Village has signed a 4 year contract with KCL Consulting Inc to provide assessment services. Costs are expected to average \$8,600 per year.

13. 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.

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, 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 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.

15. SEGMENTED DISCLOSURE

The Village of Berwyn 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).

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.