

Town of Birch Hills
Consolidated Financial Statements
December 31, 2012

Town of Birch Hills

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For the year ended December 31, 2012

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Management's Responsibility

To the Ratepayers of Municipality of Town of Birch Hills

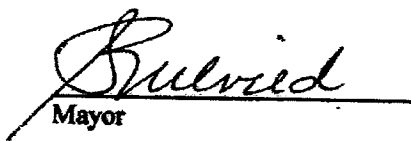
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

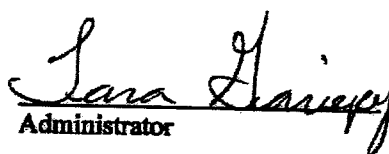
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records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

The Council is composed of elected officials who are not employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the council to audit the 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 administration to discuss their audit findings.

June 26, 2013


Mayor


Administrator

Independent Auditors' Report

To the Mayor and Council of Town of Birch Hills

We have audited the accompanying consolidated financial statements of the Town of Birch Hills, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations, changes in net debt, cash flow and supporting schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 Town of Birch Hills as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

MNP LLP

Prince Albert, Saskatchewan

June 26, 2013

Chartered Accountants

MNP

Municipality of Town of Birch Hills
Consolidated Statement of Financial Position
As at December 31, 2012

Statement 1

	2012	2011
ASSETS		
Financial Assets		
Cash and Temporary Investments (Note 2)	398,326	224,983
Taxes Receivable - Municipal (Note 3)	69,292	46,465
Other Accounts Receivable (Note 4)	192,222	194,127
Land for Resale (Note 5)	418,625	418,625
Long-Term Investments	15,256	26,370
Other (Specify)	-	-
Total Financial Assets	1,093,721	910,570
LIABILITIES		
Bank Indebtedness (Note 6)	-	-
Accounts Payable	39,938	87,460
Accrued Liabilities Payable	-	-
Deposits	42,344	42,512
Deferred Revenue (Note 7)	-	-
Accrued Landfill Costs (Note 8)	7,129	7,129
Other Liabilities	-	-
Long-Term Debt (Note 9)	1,083,716	1,216,667
Lease Obligations	-	-
Total Liabilities	1,173,127	1,353,768
NET DEBT	(79,406)	(443,198)
Non-Financial Assets		
Tangible Capital Assets (Schedule 6, 7)	6,208,480	6,220,847
Prepayments and Deferred Charges	22,773	31,787
Stock and Supplies	5,019	16,049
Other	-	-
Total Non-Financial Assets	6,236,272	6,268,683
Accumulated Surplus (Schedule 8)	6,156,866	5,825,485

Bulwer
Mayor

Gary Sumner
COUNCILLOR

Municipality of Town of Birch Hills
Consolidate Statement of Operations
As at December 31, 2012

Statement 2

	2012 Budget	2012	2011
Revenues			
Taxes and Other Unconditional Revenue (Schedule 1)	1,087,525	1,012,533	951,238
Fees and Charges (Schedule 4, 5)	537,100	793,183	688,979
Conditional Grants (Schedule 4, 5)	33	19,385	23,403
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	(1,046)	-
Land Sales - Gain (Schedule 4, 5)	-	-	117,162
Investment Income and Commissions (Schedule 4, 5)	-	1,696	6,015
Other Revenues (Schedule 4, 5)	35,000	315,370	271,053
Total Revenues	1,659,658	2,141,121	2,057,850
Expenses			
General Government Services (Schedule 3)	315,058	314,813	351,894
Protective Services (Schedule 3)	93,750	105,903	84,775
Transportation Services (Schedule 3)	359,500	330,726	414,522
Environmental and Public Health Services (Schedule 3)	107,600	88,030	97,294
Planning and Development Services (Schedule 3)	100,000	2,741	68,074
Recreation and Cultural Services (Schedule 3)	194,700	730,585	624,055
Utility Services (Schedule 3)	254,200	463,400	312,785
Total Expenses	1,424,808	2,036,198	1,953,399
Surplus of Revenues over Expenses before Other Capital Contributions	234,850	104,923	104,451
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	120,497	226,458	443,374
Surplus of Revenues over Expenses	355,347	331,381	547,825
Accumulated Surplus, Beginning of Year	5,825,485	5,825,485	5,277,660
Accumulated Surplus, End of Year	6,180,832	6,156,866	5,825,485

Municipality of Town of Birch Hills
Consolidated Statement of Change in Net Debt
As at December 31, 2012

Statement 3

	2012 Budget	2012	2011
Surplus (Deficit)	355,347	331,381	547,825
(Acquisition) of tangible capital assets	-	(281,289)	(976,440)
Amortization of tangible capital assets	-	289,474	255,021
Proceeds on disposal of tangible capital assets	-	3,136	-
Loss (gain) on the disposal of tangible capital assets	-	1,046	-
Surplus (Deficit) of capital expenses over expenditures	-	12,367	(721,419)
(Acquisition) of supplies inventories	-	(5,019)	(16,049)
(Acquisition) of prepaid expense	-	(22,774)	(31,787)
Consumption of supplies inventory	-	16,049	4,584
Use of prepaid expense	-	31,787	26,354
Surplus (Deficit) of expenses of other non-financial over expenditures	-	20,043	(16,898)
Increase/Decrease in Net Financial Assets	355,347	363,791	(190,492)
Net Debt - Beginning of Year	(443,197)	(443,197)	(252,705)
Net Debt - End of Year	(87,850)	(79,406)	(443,197)

Municipality of Town of Birch Hills
Consolidated Statement of Cash Flow
As at December 31, 2012

Statement 4

	2012	2011
Cash provided by (used for) the following activities		
Operating:		
Surplus	331,381	547,825
Amortization	289,474	255,021
Loss (gain) on disposal of tangible capital assets	1,046	(117,162)
	621,901	685,684
Change in assets/liabilities		
Taxes Receivable - Municipal	(22,827)	6,178
Other Receivables	1,905	(67,796)
Land for Resale	-	(17,724)
Other Financial Assets	-	-
Accounts and accrued liabilities payable	(47,523)	4,038
Deposits	(168)	(12,463)
Deferred Revenue	-	-
Other Liabilities	-	-
Stock and supplies for use	11,030	(11,465)
Prepayments and Deferred Charges	9,015	(5,434)
Other (specify)	-	-
Net cash from (used for) operations	573,333	581,018
Capital:		
Acquisition of capital assets	(281,289)	(976,440)
Proceeds from the disposal of capital assets	3,136	-
Other capital	-	156,000
Net cash from (used for) capital	(278,153)	(820,440)
Investing:		
Long-term investments	11,114	(23,431)
Other investments	-	-
Net cash from (used for) investing	11,114	(23,431)
Financing:		
Long-term debt issued	-	600,000
Long-term debt repaid	(132,951)	(95,455)
Other financing	-	(161,659)
Net cash from (used for) financing	(132,951)	342,886
Increase in cash resources	173,343	80,033
Cash and Investments - Beginning of Year	224,983	144,950
Cash and Investments - End of Year	398,326	224,983

1. Significant accounting policies

The consolidated financial statements of the municipality are prepared by management in accordance with the local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

Basis of accounting: The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognized revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

- a) **Reporting Entity:** The financial statements consolidates the assets, liabilities and flow of resources of the municipality. The entity is comprised of all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Entities included in these financial statements are as follows:

Entity
Birch Hills and District Recreation Board

All inter-organizational transactions and balances have been eliminated.

- b) **Collection of funds for other authorities:** Collection of funds by the municipality for the school board, municipal hail and conservation and development authorities are collected and remitted in accordance with relevant legislation. The amounts collected are disclosed in Note 3
- c) **Government Transfers:** Government transfers are recognized as either expenditures or revenues in the period that the events giving rise to the transfer occurred, as long as
- a) the transfer is authorized
 - b) eligibility criteria have been met by the recipient; and
 - c) a reasonable estimate of the amount can be made.

Unearned government transfer amounts received but not earned will be recorded as deferred revenue.

Earned government transfer amounts not received will be recorded as an amount receivable.

- d) **Deferred Revenue - Fees and charges:** Certain user charges and fees are collected for which the related services have yet to be preformed. Revenue is recognized in the period when the related expenses are incurred or services performed.
- e) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- f) **Net-Financial Assets:** Net-Financial Assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.
- g) **Non-financial assets:** Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.
- h) **Appropriated Reserves:** Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 8.
- i) **Investments:** Portfolio investments are valued at the lower of cost, less any provisions for other than temporary impairment. Investments with terms longer than one year have been classified as other long-term investments concurrent with the nature of the investment. The long term investments in the Saskatchewan Rural Municipalities - Self insurance fund are accounted for on the equity basis.

Municipality of Town of Birch Hills
Notes to the Consolidated Financial Statements
As at December 31, 2012

1. Significant accounting policies - continued

- j) **Inventories:** Inventories of materials and supplies expected to be used by the municipality are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.
- k) **Tangible Capital Assets:** All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The municipality's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
General Assets	
Land	Indefinite
Land Improvements	5 to 20 Yrs
Buildings	10 to 50 Yrs
Vehicles & Equipment	
Vehicles	5 to 10 Yrs
Machinery and Equipment	5 to 10 Yrs
Infrastructure Assets	
Infrastructure Assets	
Water & Sewer	40 Yrs
Road Network Assets	40 Yrs

Government contributions: Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

Works of Art: Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

Capitalization of Interest: The municipality does not capitalize interest incurred while a tangible capital asset is under construction.

Leases: All leases are recorded on the financial statement as either a capital or operating lease. Any lease that transfers the majority of benefits and risk associated with the leased asset is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital leases are amortized on a straight line basis, over their estimated useful lives (lease term). Any other lease not meeting the before mentioned criteria is classified as a operating lease and rental payments are expensed as incurred.

- l) **Trust Funds:** Funds held in trust for others are neither included in the municipality's assets or equity. They are disclosed in Note 14.

Municipality of Town of Birch Hills
Notes to the Consolidated Financial Statements
As at Decer 31, 2012

- m) **Measurement Uncertainty:** The preparation of financial statements in conformity with public sector accounting board standards 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 expenditures during the period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

The measurement of materials and supplies are based on estimates of volume and quality.

The 'Opening Asset costs' of tangible capital assets have been estimated where actual costs were not available.

Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

- n) **Basis of segmentation/Segment report:** The Municipality has adopted the new Public Sector Accounting Board's recommendations requiring financial information to be provided on a segmented basis. Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Interest is allocated to functions based on the purpose of specific borrowings.

The segments (functions) are as follows:

General Government: The general government segment provides for the administration of the municipality.

Protective Services: Protective Services is comprised of expenses for Police and Fire protection.

Transportation services: The Transportation services segment is responsible for the delivery of public works services related to the development and maintenance of roadway systems and street lighting.

Environmental and Public Health: The environmental segment provides waste disposal and other environmental services. The public health segment provides for expenses related to public health services in the municipality.

Planning and Development: The planning and development segment provides for neighbourhood development and sustainability.

Recreation and Culture: The recreation and culture segment provides for community services through the provision of recreation and leisure services.

Utility Services: The Utility services segment provides for delivery of water, collecting and treating of wastewater and providing collection and disposal of solid waste.

2. Cash and temporary investments

	2012	2011
Cash	371,538	210,059
Temporary Investments - GICs	26,788	14,924
Total Cash and temporary investments	398,326	224,983

Cash and temporary investments include balances with banks, term deposits, marketable securities and short-term investments with maturities of three months or less.

3. Taxes and grants in lieu receivable

	2012	2011
Municipal - Current	58,506	37,299
- Arrears	15,719	14,099
	74,225	51,398
- Less Allowance for Uncollectibles	(4,933)	(4,933)
Total municipal taxes receivable	69,292	46,465
School - Current	15,621	11,872
- Arrears	3,904	3,846
Total school taxes receivable	19,525	15,718
Other	-	-
Total taxes and grants in lieu receivable	88,817	62,183
Deduct taxes receivable to be collected on behalf of other organizations	(19,525)	(15,718)
Municipal and grants in lieu taxes receivable	69,292	46,465

Municipality of Town of Birch Hills
Notes to the Consolidated Financial Statements
As at December 31, 2012

	2012	2011
4. Other Accounts Receivable		
Federal government	52,079	68,873
Provincial government	-	-
Local government	-	-
Utility	34,327	29,121
Trade	106,170	96,487
Other (specify)	-	-
Total Other Accounts Receivable	192,576	194,481
Less Allowance for Uncollectibles	(354)	(354)
Net Other Accounts Receivable	192,222	194,127

5. Land for Resale		
Tax Title Property	3,431	3,431
Allowance for market value adjustment	-	-
Net Tax Title Property	3,431	3,431
Other Land	415,194	415,194
Allowance for market value adjustment	-	-
Net Other Land	415,194	415,194
Total Land for Resale	418,625	418,625

6. Bank indebtedness

Credit Arrangements

The Town has an authorized line of credit in the amount of \$250,000 (2011 - \$250,000) with the CIBC. Interest is at prime and the line is secured by assignment of grants and receivables. The Town has utilized \$nil (2011 - \$nil) of this line of credit at December 31, 2012.

7. Deferred revenue

	2012	2011
Gas tax - New Deal for Cities and Communities		
Opening deferred revenue	-	-
Grant distributions	58,255	56,287
Eligible costs	(58,255)	(56,287)
Total deferred revenue	-	-

Municipality of Town of Birch Hills**Notes to the Consolidated Financial Statements****As at December 31, 2012****8. Accrued landfill costs**

	2012	2011
Environmental liabilities	7,129	7,129

Landfill closure and post-closure care requirements have been defined in accordance with the Environmental Act and include final covering and landscaping of the landfill, pumping of ground, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 100-year period using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

9. Long-term debt

a) The debt limit of the municipality is \$1,244,598. The debt limit for a municipality is the total amount of the municipality's own source revenues for the preceding year (the Municipalities Act section 161).

b) Debenture debt is repayable at \$34,209 annually to the Canadian Imperial Bank of Commerce and bears interest at a rate of 6%. It matures January 2013.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2013	25,000	9,209	34,209	34,209
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
Thereafter	-	-	-	-
Balance	25,000	9,209	34,209	34,209

Northgate Credit Union loan payable at \$1,477 monthly including interest at prime plus 1%, secured by related asset, due 2013.

Future principal repayments are estimated as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2013	10,166	136	10,302	11,975
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
Thereafter	-	-	-	-
Balance	10,166	136	10,302	11,975

Utilities: CIBC loans are repayable in annual installments of \$45,923 plus interest at 6.46%, secured by a general assignment of property taxes receivable, due 2023.

Municipality of Town of Birch Hills
Notes to the Consolidated Financial Statements
As at December 31, 2012

9. Long-term debt (continued from previous page)

Future principal repayments are estimated as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2013	45,923	32,633	78,556	78,556
2014	45,923	29,667	75,590	75,589
2015	45,923	26,700	72,623	72,622
2016	45,923	23,733	69,656	69,656
2017	45,923	20,767	66,690	66,690
Thereafter	275,542	62,301	337,843	419,365
Balance	505,157	195,800	700,957	782,478

Utilities: CIBC loans are repayable in annual installments of \$60,000 plus interest at 4.82%, secured

Future principal repayments are estimated as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2013	60,000	26,028	86,028	86,028
2014	60,000	23,136	83,136	83,136
2015	60,000	20,244	80,244	80,244
2016	60,000	17,352	77,352	77,352
2017	60,000	14,460	74,460	74,460
Thereafter	240,000	28,920	268,920	357,840
Balance	540,000	130,140	670,140	759,060

Recreation Board: Term loan for tractor financed through CNH, payable in monthly instalments of

Future principal repayments are estimated as follows:

Year	Principal	Interest	Current Total	Prior Year Total
2013	3,393	-	3,393	7,094
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
Thereafter	-	-	-	-
Balance	3,393	-	3,393	7,094

Municipality of Town of Birch Hills
Notes to the Consolidated Financial Statements
As at December 31, 2012

10. Government not-for-profit organization

The financial position and results of operations of the Birch Hills and District Recreation Board as at and for the year ended December 31, 2012 are summarized as follows:

	2012	2011
Assets		
Cash and temporary investments	175,343	136,120
Other accounts receivable	45,465	37,558
Total financial assets	<u>220,808</u>	<u>173,678</u>
Liabilities		
Accounts payable and accrued liabilities	13,792	5,073
Prepaid fees	325	1,045
Long term debt	3,393	13,473
Total liabilities	<u>17,510</u>	<u>19,591</u>
Net financial assets	203,298	154,087
Non-financial assets		
Tangible capital assets	168,544	135,157
Inventory	2,632	3,989
Total non-financial assets	<u>171,176</u>	<u>139,146</u>
Accumulated surplus	<u>374,474</u>	<u>293,233</u>
Change in accumulated surplus		
Revenues	524,734	460,128
Expenses	483,838	432,307
Surplus of revenues over expenses	<u>40,896</u>	<u>27,821</u>

11. Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board issued new section PS 3450 *Financial Instruments* which provides comprehensive guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivatives. The standard requires public sector entities, which include governments and government organizations, to recognize a financial asset and/or a financial liability when it becomes a party to a financial instrument contract. Fair value measurement is required for derivatives and portfolio investments that are equity instruments quoted in an active market. A public sector entity can choose to report non-derivative financial assets and/or financial liabilities on a fair value basis if it manages and reports performance of these items on a fair value basis. Related changes were made to section PS 1200 *Financial Statement Presentation* such that a change in the fair value of items in the fair value category is recognized in the statement of remeasurement gains and losses until settlement. For government organizations, new section PS 3450 is effective for fiscal years beginning on or after April 1, 2012. The Municipality expects to apply the section for its financial statements dated December 31, 2013. The Municipality has not yet determined the effect adopting PS 3450 will have on its financial statements.

Municipality of Town of Birch Hills
Notes to the Consolidated Financial Statements
As at December 31, 2012

11. Recent accounting pronouncements *(continued from previous page)*

Government transfers

In March 2011, the Public Sector Accounting Board replaced and revised existing section PS 3410 Government Transfers with a newly amended section PS 3410. Newly issued PS 3410 establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section permits a recipient government to recognize government transfers as revenue when the transfer is authorized by the transferring government, unless the transfer creates a liability for the recipient. A liability is created as a result of the recipient government not yet meeting eligibility criteria or the existence of stipulations in the transfer agreement. When a government transfer results in recognition of a liability, revenue is recognized by a recipient government as the liability is settled. A transferring government recognizes an expense when the transfer is authorized and the recipient has met all eligibility criteria. Newly revised and issued PS 3410 may be applied prospectively or retroactively and is effective for fiscal years beginning on or after April 1, 2012; however, earlier adoption is encouraged.

12. Contingent liabilities

The municipality is contingently liable under terms of the Saskatchewan Association of Rural Municipalities Self-Insurance Plan for its proportionate share of claims and future claims in excess of the Plan's reserve fund.

13. Comparative figures

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

14. Trusts Administered by the Municipality

A summary of trust fund activity by the municipality during the year is as follows:
 Cemetery Trust Fund:

	2012	2011
Balance - Beginning of Year	78,103	86,863
Revenue (Specify)	1,967	730
Interest revenue	722	1,248
Expenditure (Specify)	(8,969)	(10,738)
Balance - End of Year	71,823	78,103

Municipality of Town of Birch Hills
Schedule of Taxes and Other Unconditional Revenue
As at December 31, 2012

Schedule 1

	2012 Budget	2012	2011
TAXES			
General municipal tax levy	764,908	764,909	719,611
Abatements and adjustments	-	(19,410)	(17,871)
Discount on current year taxes	25,000	(28,477)	(26,446)
Net Municipal Taxes	789,908	717,022	675,294
Potash tax share	-	-	-
Trailer license fees	1,800	1,800	1,800
Penalties on tax arrears	10,000	11,595	11,271
Special tax levy	-	-	-
Other (Specify)	-	-	-
Total Taxes	801,708	730,417	688,365

UNCONDITIONAL GRANTS

Equalization (Revenue Sharing)	214,817	214,817	186,921
Organized Hamlet	-	-	-
Total Unconditional Grants	214,817	214,817	186,921

GRANTS IN LIEU OF TAXES

Federal			
Provincial			

S.P.C. Electrical	-	-	-
SaskEnergy Gas	-	-	-
TransGas	-	-	-
SPMC - Municipal Share	-	-	-
SaskTel	3,000	4,320	2,164
Other (Specify)	-	-	-

Local/Other

Housing Authority	-	-	-
C.P.R. Mainline	-	-	-
Treaty Land Entitlement	-	-	-
Other (Specify)	-	-	-

Other Government Transfers

S.P.C. Surcharge	68,000	62,979	73,788
Sask Energy Surcharge	-	-	-
Other (Specify)	-	-	-

Total Grants in Lieu of Taxes	71,000	67,299	75,952
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TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	1,087,525	1,012,533	951,238
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Municipality of Town of Birch Hills
Schedule of Operating and Capital Revenue by Function
As at December 31, 2012

Schedule 2 - 1

	2012 Budget	2012	2011
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges	-	-	-
- Custom work	-	-	-
- Sales of supplies	3,300	8,106	12,822
- Other (Specify)	10,950	2,855	10,659
Total Fees and Charges	14,250	10,961	23,481
- Tangible capital asset sales - gain (loss)	-	(1,046)	-
- Land sales - gain	-	-	117,162
- Investment income and commissions	-	1,696	6,015
- Other (Specify)	35,000	62,186	29,049
Total Other Segmented Revenue	49,250	73,797	175,707
Conditional Grants			
- Student Employment	-	-	-
- Other (Specify)	-	19,375	23,370
Total Conditional Grants	-	19,375	23,370
Total Operating	49,250	93,172	199,077
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Canada/Sask Municipal Rural Infrastructure Fund	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other (Specify)	-	-	-
Total Capital	-	-	-
Total General Government Services	49,250	93,172	199,077

PROTECTIVE SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges	-	-	-
- Other (Specify)	25,150	21,323	31,332
Total Fees and Charges	25,150	21,323	31,332
- Tangible capital asset sales - gain (loss)	-	-	-
- Other (Specify)	-	-	-
Total Other Segmented Revenue	25,150	21,323	31,332
Conditional Grants			
- Student Employment	-	-	-
- Local government	-	-	-
- Other (Specify)	-	-	-
Total Conditional Grants	-	-	-
Total Operating	25,150	21,323	31,332
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Provincial Disaster Assistance	-	-	-
- Local government	-	-	-
- Other (Specify)	-	-	-
Total Capital	-	-	-
Total Protective Services	25,150	21,323	31,332

Municipality of Town of Birch Hills
Schedule of Operating and Capital Revenue by Function
As at December 31, 2012

Schedule 2 - 2

TRANSPORTATION SERVICES

Operating

	2012 Budget	2012	2011
Other Segmented Revenue			
Fees and Charges			
- Custom work	-	-	-
- Sales of supplies	-	-	-
- Road Maintenance and Restoration Agreements	-	-	-
- Frontage	-	-	-
- Other (Specify)	-	-	-
Total Fees and Charges	-	-	-
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	-	-	-
Conditional Grants			
- Primary Weight Corridor	-	-	-
- Student Employment	-	-	-
- Other (Specify)	-	-	-
Total Conditional Grants	-	-	-
Total Operating	-	-	-

Capital

Conditional Grants			
- Gas Tax	-	-	-
- Canada/Sask Municipal Rural Infrastructure Fund	-	-	-
- Heavy Haul	-	-	-
- Designated Municipal Roads and Bridges	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other (Specify)	-	-	-
Total Capital	-	-	-
Total Transportation Services	-	-	-

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating

Other Segmented Revenue			
Fees and Charges	-	-	-
- Waste and Disposal Fees	-	2,160	-
- Other (Specify)	-	-	-
Total Fees and Charges	-	2,160	-
- Tangible capital asset sales - gain (loss)	-	-	-
- Other (Specify)	-	9,151	25,200
Total Other Segmented Revenue	-	11,311	25,200
Conditional Grants			
- Student Employment	-	-	-
- Local government	-	-	-
- Other (Specify)	33	10	33
Total Conditional Grants	33	10	33
Total Operating	33	11,321	25,233

Capital

Conditional Grants			
- Gas Tax	-	-	-
- Canada/Sask Municipal Rural Infrastructure Fund	-	-	-
- Transit for Disabled	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other (Specify)	-	-	-
Total Capital	-	-	-
Total Environmental and Public Health Services	33	11,321	25,233

Municipality of Town of Birch Hills
Schedule of Operating and Capital Revenue by Function
As at December 31, 2012

Schedule 2 - 3

	2012 Budget	2012	2011
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges	-	-	-
- Other (Specify)	-	-	-
Total Fees and Charges	-	-	-
- Tangible capital asset sales - gain (loss)	-	-	-
- Other (Specify)	-	-	-
Total Other Segmented Revenue	-	-	-
Conditional Grants			
- Student Employment	-	-	-
- Other (Specify)	-	-	-
Total Conditional Grants	-	-	-
Total Operating	-	-	-
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other (Specify)	-	-	-
Total Capital	-	-	-
Total Planning and Development Services	-	-	-

RECREATION AND CULTURAL SERVICES

Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (Specify)	22,000	265,604	216,112
Total Fees and Charges	22,000	265,604	216,112
- Tangible capital asset sales - gain (loss)	-	-	-
- Other (Specify)		244,033	216,804
Total Other Segmented Revenue	22,000	509,637	432,916
Conditional Grants			
- Student Employment	-	-	-
- Local government	-	-	-
- Donations	-	-	-
- Other (Specify)	-	-	-
Total Conditional Grants	-	-	-
Total Operating	22,000	509,637	432,916
Capital			
Conditional Grants			
- Gas Tax	-	-	-
- Local government	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other (Specify)	2,200	70,123	65,587
Total Capital	2,200	70,123	65,587
Total Recreation and Cultural Services	24,200	579,760	498,503

Municipality of Town of Birch Hills
Schedule of Operating and Capital Revenue by Function
As at December 31, 2012

Schedule 2 - 4

	2012 Budget	2012	2011
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	473,000	491,075	415,736
- Sewer	-	-	-
- Other (Specify)	2,700	2,060	2,318
Total Fees and Charges	475,700	493,135	418,054
- Tangible capital asset sales - gain (loss)	-	-	-
- Other (Specify)	-	-	-
Total Other Segmented Revenue	475,700	493,135	418,054
Conditional Grants			
- Student Employment	-	-	-
- Other (Specify)	-	-	-
Total Conditional Grants	-	-	-
Total Operating	475,700	493,135	418,054
Capital			
Conditional Grants			
- Gas Tax	118,297	58,255	56,287
- Sask Water Corp.	-	-	-
- Provincial Disaster Assistance	-	-	-
- Other (Specify)		98,080	321,500
Total Capital	118,297	156,335	377,787
Total Utility Services	593,997	649,470	795,841

TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	692,630	1,355,046	1,549,986
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SUMMARY

Total Other Segmented Revenue	572,100	1,109,203	1,083,209
Total Conditional Grants	33	19,385	23,403
Total Capital Grants and Contributions	120,497	226,458	443,374
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	692,630	1,355,046	1,549,986

Municipality of Town of Birch Hills

Total Expenses by Function

As at December 31, 2012

Schedule 3 - 1

	2012 Budget	2012	2011
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	40,500	36,727	38,315
Wages and benefits	58,250	69,613	97,193
Professional/Contractual services	189,558	167,347	175,150
Utilities	2,200	2,041	2,095
Maintenance, materials and supplies	19,750	20,189	23,853
Grants and contributions - operating	3,000	4,230	1,625
- capital	-	-	-
Amortization	-	3,015	3,015
Interest	-	9,985	10,648
Allowance for uncollectibles	-	-	-
Other - Election	1,800	1,666	-
Total Government Services	315,058	314,813	351,894

PROTECTIVE SERVICES

Police protection

Wages and benefits	34,200	38,013	30,567
Professional/Contractual services	-	-	-
Utilities	-	-	-
Maintenance, material and supplies	-	-	-
Grants and contributions - operating	-	-	-
- capital	-	-	-
Other (Specify)	-	-	-

Fire protections

Wages and benefits	25,000	17,250	15,678
Professional/Contractual services	8,000	6,390	4,764
Utilities	11,550	10,920	10,981
Maintenance, material and supplies	12,000	12,847	9,691
Grants and contributions - operating	-	-	-
- capital	-	-	-
Amortization	-	9,582	9,582
Interest	-	-	-
Other (Specify)	3,000	10,901	3,512
Total Protective Services	93,750	105,903	84,775

TRANSPORTATION SERVICES

Wages and benefits	120,500	100,266	127,082
Professional/Contractual Services	31,500	15,207	30,095
Utilities	28,500	27,311	26,425
Maintenance, materials, and supplies	69,000	38,820	53,800
Gravel	110,000	78,079	97,334
Grants and contributions - operating	-	-	-
- capital	-	-	-
Amortization	-	71,043	68,788
Interest	-	-	-
Other (Specify)	-	-	10,998
Total Transportation Services	359,500	330,726	414,522

Municipality of Town of Birch Hills

Total Expenses by Function

As at December 31, 2012

Schedule 3 - 2

	2012 Budget	2012	2011
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits	11,000	6,753	6,660
Professional/Contractual services	95,600	72,041	81,163
Utilities	-	-	-
Maintenance, materials and supplies	1,000	157	392
Grants and contributions - operating	-	-	-
o Waste disposal	-	-	-
o Public Health	-	-	-
- capital	-	-	-
o Waste disposal	-	-	-
o Public Health	-	-	-
Amortization	-	9,079	9,079
Interest	-	-	-
Other (Specify)	-	-	-
Total Environmental and Public Health Services	107,600	88,030	97,294

PLANNING AND DEVELOPMENT SERVICES

Wages and benefits	-	-	-
Professional/Contractual Services	100,000	2,741	68,074
Grants and contributions - operating	-	-	-
- capital	-	-	-
Amortization	-	-	-
Interest	-	-	-
Other (Specify)	-	-	-
Total Planning and Development Services	100,000	2,741	68,074

RECREATION AND CULTURAL SERVICES

Wages and benefits	85,200	262,050	211,767
Professional/Contractual services	11,000	10,834	7,370
Utilities	17,000	67,282	55,872
Maintenance, materials and supplies	65,000	210,099	207,708
Grants and contributions - operating	-	43,298	15,411
- capital	-	15,936	10,090
Amortization	-	65,889	70,631
Interest	-	3,290	4,780
Allowance for uncollectibles	-	-	-
Other (Specify)	16,500	51,907	40,426
Total Recreation and Cultural Services	194,700	730,585	624,055

Municipality of Town of Birch Hills

Total Expenses by Function

As at December 31, 2012

Schedule 3 - 3

	2012 Budget	2012	2011
UTILITY SERVICES			
Wages and benefits	50,000	50,000	50,000
Professional/Contractual services	10,200	22,575	7,810
Utilities	40,000	38,585	37,964
Maintenance, materials and supplies	154,000	221,374	123,085
Grants and contributions - operating	-	-	-
- capital	-	-	-
Amortization	-	130,866	93,926
Interest	-	-	-
Allowance for uncollectibles	-	-	-
Other (Specify)	-	-	-
Total Utility Services	254,200	463,400	312,785
TOTAL EXPENSES BY FUNCTION	1,424,808	2,036,198	1,953,399

Municipality of Town of Birch Hills
Consolidated Schedule of Segment Disclosure by Function
As at December 31, 2012

Schedule 4

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	10,961	21,323	-	2,160	-	265,604	493,135	793,183
Tangible Capital Asset Sales - Gain	(1,046)	-	-	-	-	-	-	(1,046)
Land Sales - Gain	-	-	-	-	-	-	-	-
Investment Income and Commissions	1,696	-	-	-	-	-	-	1,696
Other Revenues	62,186	-	-	9,151	-	244,033	-	315,370
Grants - Conditional	19,375	-	-	10	-	-	-	19,385
- Capital	-	-	-	-	-	70,123	156,335	226,458
Total revenues	93,172	21,323	-	11,321	-	579,760	649,470	1,355,046
Expenses (Schedule 3)								
Wages & Benefits	106,340	55,263	100,266	6,753	-	262,050	50,000	580,672
Professional/ Contractual Services	167,347	6,390	15,207	72,041	2,741	10,834	22,575	297,135
Utilities	2,041	10,920	27,311	-	-	67,282	38,585	146,139
Maintenance Materials and Supplies	20,189	12,847	116,899	157	-	210,099	221,374	581,565
Grants and Contributions	4,230	-	-	-	-	59,234	-	63,464
Amortization	3,015	9,582	71,043	9,079	-	65,889	130,866	289,474
Interest	9,985	-	-	-	-	3,290	-	13,275
Allowance for Uncollectibles	-	-	-	-	-	-	-	-
Other	1,666	10,901	-	-	-	51,907	-	64,474
Total expenses	314,813	105,903	330,726	88,030	2,741	730,585	463,400	2,036,198
Surplus (Deficit) by Function	(221,641)	(84,580)	(330,726)	(76,709)	(2,741)	(150,825)	186,070	(681,152)

Taxation and other unconditional revenue (Schedule 1)

1,012,533

Net Surplus (Deficit)

331,381

Municipality of Town of Birch Hills
Consolidated Schedule of Segment Disclosure by Function
As at December 31, 2011

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	23,481	31,332	-	-	-	216,112	418,054	688,979
Tangible Capital Asset Sales - Gain	-	-	-	-	-	-	-	-
Land Sales - Gain	117,162	-	-	-	-	-	-	117,162
Investment Income and Commissions	6,015	-	-	-	-	-	-	6,015
Other Revenues	29,049	-	-	25,200	-	216,804	-	271,053
Grants - Conditional	23,370	-	-	33	-	-	-	23,403
- Capital	-	-	-	-	-	65,587	377,787	443,374
Total revenues	199,077	31,332	-	25,233	-	498,503	795,841	1,549,986
Expenses (Schedule 3)								
Wages & Benefits	135,508	46,245	127,082	6,660	-	211,767	50,000	577,262
Professional/ Contractual Services	175,150	4,764	30,095	81,163	68,074	7,370	7,810	374,426
Utilities	2,095	10,981	26,425	-	-	55,872	37,964	133,337
Maintenance Materials and Supplies	23,853	9,691	151,134	392	-	207,708	123,085	515,863
Grants and Contributions	1,625	-	-	-	-	25,501	-	27,126
Amortization	3,015	9,582	68,788	9,079	-	70,631	93,926	255,021
Interest	10,648	-	-	-	-	4,780	-	15,428
Allowance for Uncollectibles	-	-	-	-	-	-	-	-
Other	-	3,512	10,998	-	-	40,426	-	54,936
Total expenses	351,894	84,775	414,522	97,294	68,074	624,055	312,785	1,953,399
Surplus (Deficit) by Function	(152,817)	(53,443)	(414,522)	(72,061)	(68,074)	(125,552)	483,056	(403,413)

Taxation and other unconditional revenue (Schedule 1)

951,238

Net Surplus (Deficit)

547,825

Municipality of Town of Birch Hills
Consolidated Schedule of Tangible Capital Assets by Object
As at December 31, 2012

Schedule 6

		2012						2011	
Assets	Asset cost	General Assets				Infrastructure Assets	General/ Infrastructure		
		Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets	Assets Under Construction	Total
	Opening Asset costs	-	509,410	4,152,672	348,579	835,901	5,930,697	46,958	11,824,217
	Additions during the year	-	-	32,200	-	174,261	74,828	-	281,289
	Disposals and write-downs during the year	-	-	-	(16,965)	(55,000)	-	-	(71,965)
	Transfers (from) assets under construction	-	-	46,958	-	-	-	(46,958)	-
	Closing Asset Costs	-	509,410	4,231,830	331,614	955,162	6,005,525	-	11,824,217
Amortization									
	Accumulated Amortization Cost	-	-	-	-	-	-	-	-
	Opening Accumulated Amortization Costs	-	72,186	1,153,828	224,341	492,930	3,660,085	-	5,603,370
	Add: Amortization taken	-	492	97,305	26,267	52,662	112,748	-	289,474
	Less: Accumulated amortization on disposals	-	-	-	(14,783)	(53,000)	-	-	(67,783)
	Closing Accumulated Amortization Costs	-	72,678	1,251,133	235,825	492,592	3,772,833	-	5,825,061
	Net Book Value	-	436,732	2,980,697	95,789	462,570	2,232,692	-	6,220,847

1. Total contributed/donated assets received in 2012: \$ -

2. List of assets recognized at nominal value in 2012 are:

- Infrastructure Assets \$ -
- Vehicles \$ -
- Machinery and Equipment \$ -

3. Amount of interest capitalized in 20__ \$ -

Schedule 7

25

Municipality of Town of Birch Hills
Consolidated Schedule of Accumulated Surplus
As at December 31, 2012

Schedule 8

	2011	Changes	2012
UNAPPROPRIATED SURPLUS	493,422	147,197	640,619

APPROPRIATED RESERVES

Recreation Board operations	171,550	37,773	209,323
Fire Department Reserve	-	25,826	25,826
Capital Trust	63,308	-	63,308
Utility	93,026	-	93,026
Other (Specify)			-
Total Appropriated	327,884	63,599	391,483

ORGANIZED HAMLETS (add lines if required)

Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
Organized Hamlet of (Name)	-	-	-
Total Organized Hamlets	-	-	-

NET INVESTMENT IN TANGIBLE CAPITAL ASSETS

Tangible capital assets (Schedule 6)	6,220,847	(12,367)	6,208,480
Less: Related debt	(1,216,667)	132,951	(1,083,716)
Net Investment in Tangible Capital Assets	5,004,180	120,584	5,124,764

Total Accumulated Surplus	5,825,486	331,380	6,156,866
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Municipality of Town of Birch Hills
Schedule of Mill Rates and Assessments
As at December 31, 2012

Page 9 of 9

	PROPERTY CLASS					
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)
Taxable Assessment	68,515	23,715,160			1,970,975	
Regional Park Assessment						
Total Assessment						25,754,650
Mill Rate Factor(s)	1	1			2	
Total Base/Minimum Tax (generated for each property class)		251,665			23,795	275,460
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	1,507	656,511			106,890	764,909

MILL RATES: MILLS

Average Municipal*	29.69982624
Average School*	12.2500
Potash Mill Rate	
Uniform Municipal Mill Rate	22.0000

* Average Mill Rates (multiple the total tax levy for each taxing authority by 1000 and divide by the total assessment for the taxing authority.

Municipality of Town of Birch Hills
Schedule of Council Remuneration
As at December 31, 2012

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Mayor (previous)	Alan Bzdel	1,167		1,167
Councillor	Stewart Adams	3,500	1,200	4,700
Councillor	Wayne Boyle	3,500	2,136	5,636
Councillor	Barry Evans	3,500	1,381	4,881
Councillor	Kim Lemon	3,500	900	4,400
Councillor	Keith Matheson	3,500	1,200	4,700
Councillor	Tyler Cochrane	3,500	225	3,725
Councillor	John Herd		175	175
				-
				-
Total		22,167	7,217	29,383