

COUNTY OF STETTLER #6

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

COUNTY OF STETTLER #6

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2010

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AUDITORS' REPORT

TO: The Reeve and Council

We have audited the accompanying financial statements of the County of Stettler #6, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, changes in net financial assets/debt and cash flows for the year then ended, and notes to the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 from 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 auditor's 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the County of Stettler #6 as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Stettler, Alberta

“Original Signed”
CHARTERED ACCOUNTANTS

COUNTY OF STETTLER #6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments (Note 2)	12,215,631	9,223,208
Taxes receivable (Note 3)	391,554	455,733
Trade and other receivables (Note 4)	4,122,768	4,924,790
Loan receivable (Note 5)	1,258,001	1,347,054
Long-term investments	<u>9,055</u>	<u>9,426</u>
	<u>17,997,009</u>	<u>15,960,211</u>
LIABILITIES		
Temporary Loans	3,000,000	3,000,000
Accounts payable and accrued liabilities	2,411,186	2,282,673
Deposit liabilities	56,175	118,478
Employee benefit obligations (Note 6)	168,968	162,938
Deferred revenue (Note 7)	210,323	109,566
Future gravel reclamation liability (Note 8)	968,370	867,726
Long-term debt (Note 9)	<u>1,271,987</u>	<u>1,373,785</u>
	<u>8,087,009</u>	<u>7,915,166</u>
NET FINANCIAL ASSETS (DEBT)	<u>9,910,000</u>	<u>8,045,045</u>
NON-FINANCIAL ASSETS		
Inventory of materials and supplies	4,686,642	4,974,593
Tangible capital assets (Schedule 2)	77,493,561	72,488,033
Prepaid expenses	<u>143,518</u>	<u>159,246</u>
	<u>82,323,721</u>	<u>77,621,872</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>92,233,721</u>	<u>85,666,917</u>

Contingencies - See Note 15

COUNTY OF STETTLER #6

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget \$ (Unaudited)	2010 \$	2009 \$
REVENUES			
Net municipal property taxes (Schedule 3)	13,679,753	13,442,414	14,243,528
Sales and user fees	2,098,529	1,339,987	1,281,580
Government transfers (Schedule 4)	738,799	826,534	928,009
Investment income	100,142	146,687	119,411
Penalties and costs on taxes	40,000	85,912	72,568
Rentals	75,000	116,582	120,624
Licenses, permits and fines	96,000	132,722	122,955
Other	8,200	4,091	12,357
Recovery of amortization to capital projects	-	351,892	-
Gain on disposal of tangible capital assets	-	799	59,672
Total revenue	<u>16,836,423</u>	<u>16,447,620</u>	<u>16,960,704</u>
EXPENSES (Schedule 5)			
Legislative	330,750	325,184	301,259
Administration	2,122,550	1,874,113	1,762,333
Protective services	855,805	864,810	920,247
Roads, streets, walks, lighting	12,588,625	10,251,894	9,842,989
Water and wastewater	10,097,057	1,082,958	586,967
Waste management	177,744	177,344	203,424
Family and community support	193,629	191,229	191,540
Ag services	635,900	525,226	505,708
Subdivision land and development	574,350	467,571	504,965
Recreation, parks and culture	644,824	622,468	634,405
Other	104,642	98,063	141,247
Total expenses	<u>28,325,876</u>	<u>16,480,860</u>	<u>15,595,084</u>
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES – BEFORE OTHER	(11,489,453)	(33,240)	1,365,620
OTHER			
Government transfers for capital (Schedule 4)	<u>10,822,368</u>	<u>6,600,044</u>	<u>6,173,508</u>
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	(667,085)	6,566,804	7,539,128
ACCUMULATED SURPLUS, - BEGINNING OF YEAR			
	<u>85,666,917</u>	<u>85,666,917</u>	<u>78,127,789</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>84,999,832</u>	<u>92,233,721</u>	<u>85,666,917</u>

COUNTY OF STETTLER #6

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	<u>6,566,804</u>	<u>7,539,128</u>
Acquisition of tangible capital assets	(8,829,944)	(9,402,354)
Proceeds on disposal of tangible capital assets	324,905	133,491
Amortization of tangible capital assets	3,167,643	3,176,798
Net (gain) loss on sale of tangible capital assets	<u>331,867</u>	<u>(55,263)</u>
	<u>(5,005,529)</u>	<u>(6,147,328)</u>
Net use (acquisition) of supplies inventories	287,952	(246,425)
Net use (acquisition) of prepaid assets	<u>15,728</u>	<u>30,683</u>
	<u>303,680</u>	<u>(215,742)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,864,955	1,176,058
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>8,045,045</u>	<u>6,868,987</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	<u>9,910,000</u>	<u>8,045,045</u>

COUNTY OF STETTLER #6
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Excess (shortfall) of revenues over expenses	6,566,804	7,539,128
Non-cash items included in excess (shortfall of revenues over expenses):		
Amortization of tangible capital assets	3,167,643	3,176,798
Net (gain) loss on disposal of tangible capital assets	331,868	(55,263)
Non-cash changes to operations (net change):		
Taxes receivables	64,179	(252,168)
Trade and other receivables	802,022	(2,245,878)
Other financial assets	371	(681)
Inventory	287,951	(246,426)
Prepaid expenses	15,728	30,683
Payables and accrued liabilities	72,240	(960,979)
Deferred revenue	100,757	21,436
Gravel reclamation liability	<u>100,644</u>	<u>159,095</u>
Net cash provided by (used in) operating activities	<u>11,510,207</u>	<u>7,165,745</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(8,829,944)	(9,402,354)
Proceeds on sale of tangible capital assets	<u>324,905</u>	<u>133,491</u>
Net cash provided by (used) in capital activities	<u>(8,505,039)</u>	<u>(9,268,863)</u>
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash and short-term investments	(101,776)	(69,114)
Repayment of loan to Stettler Housing Authority	<u>89,053</u>	<u>83,780</u>
Net cash provided by (used in) investing activities	<u>(12,723)</u>	<u>14,666</u>
FINANCING ACTIVITIES		
Debenture repayment for Stettler Housing Authority	(89,053)	(83,780)
Long-term debt repaid	<u>(12,745)</u>	<u>(11,611)</u>
Net cash provided by (used in) financing activities	<u>(101,798)</u>	<u>(95,391)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	2,890,647	(2,183,843)
CASH AND CASH EQUIVALENTS		
- BEGINNING OF YEAR	<u>6,136,889</u>	<u>8,320,732</u>
CASH AND CASH EQUIVALENTS		
- END OF YEAR	<u>9,027,536</u>	<u>6,136,889</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash and short-term investments	12,215,631	9,223,208
Less: restricted portion of cash (Note 2)	(188,095)	(86,319)
Temporary bank indebtedness	<u>(3,000,000)</u>	<u>(3,000,000)</u>
	<u>9,027,536</u>	<u>6,136,889</u>

COUNTY OF STETTLER #6

SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2010 \$	2009 \$
BALANCE, BEGINNING OF YEAR	<u>1,897,476</u>	<u>11,308,139</u>	<u>72,461,302</u>	<u>85,666,917</u>	<u>78,127,789</u>
Excess (deficiency) of revenues over expenses	6,566,804	-	-	6,566,804	7,539,128
Unrestricted funds designated for future use	(1,101,874)	1,101,874	-	-	-
Restricted funds used for operations	213,554	(213,554)	-	-	-
Restricted funds used for tangible capital assets	-	(324,905)	324,905	-	-
Current year funds used for tangible capital assets	(8,505,039)	-	8,505,039	-	-
Disposal of tangible capital assets	331,868	324,905	(656,773)	-	-
Annual amortization expense	3,167,643	-	(3,167,643)	-	-
Long term debt repaid	<u>(12,745)</u>	<u>-</u>	<u>12,745</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>660,211</u>	<u>888,320</u>	<u>5,018,273</u>	<u>6,566,804</u>	<u>7,539,128</u>
BALANCE, END OF YEAR	<u>2,557,687</u>	<u>12,196,459</u>	<u>77,479,575</u>	<u>92,233,721</u>	<u>85,666,917</u>

COUNTY OF STETTLER #6

SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Land	Land	Buildings	Engineered	Machinery and	Vehicles	2010	2009
	\$	Improvements	\$	Structures	Equipment	\$	\$	\$
		\$		\$	\$			
COST:								
BALANCE - BEGINNING OF YEAR	707,222	76,791	1,558,301	123,937,667	11,691,837	4,647,189	142,619,007	133,644,716
Acquisition of tangible capital assets	-	15,484	930,198	5,352,928	330,774	741,155	7,370,539	9,402,354
Construction in progress	-	-	-	1,459,405	-	-	1,459,405	-
Disposal of tangible capital assets	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(726,002)</u>	<u>(1,163,274)</u>	<u>(60,509)</u>	<u>(1,949,786)</u>	<u>(428,063)</u>
BALANCE - END OF YEAR	<u>707,221</u>	<u>92,275</u>	<u>2,488,499</u>	<u>130,023,998</u>	<u>10,859,337</u>	<u>5,327,835</u>	<u>149,499,165</u>	<u>142,619,007</u>
ACCUMULATED AMORTIZATION:								
BALANCE - BEGINNING OF YEAR	-	42,852	592,070	62,701,225	4,784,160	2,010,667	70,130,974	67,304,010
Annual amortization	-	3,343	40,146	1,999,309	754,748	370,097	3,167,643	3,176,798
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(307,412)</u>	<u>(926,592)</u>	<u>(59,009)</u>	<u>(1,293,013)</u>	<u>(349,834)</u>
BALANCE - END OF YEAR	<u>-</u>	<u>46,195</u>	<u>632,216</u>	<u>64,393,122</u>	<u>4,612,316</u>	<u>2,321,755</u>	<u>72,005,604</u>	<u>70,130,974</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>707,221</u>	<u>46,080</u>	<u>1,856,283</u>	<u>65,630,876</u>	<u>6,247,021</u>	<u>3,006,080</u>	<u>77,493,561</u>	<u>72,488,033</u>
2009 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>707,222</u>	<u>33,939</u>	<u>966,231</u>	<u>61,236,442</u>	<u>6,907,677</u>	<u>2,636,522</u>	<u>72,488,033</u>	

COUNTY OF STETTLER #6

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget \$ (Unaudited)	2010 \$	2009 \$
TAXATION			
Real property taxes	4,211,450	5,673,889	5,684,176
Linear property taxes	13,396,540	12,002,780	12,676,819
Special assessments and local improvement taxes	<u>42,479</u>	<u>19,477</u>	<u>19,477</u>
	<u>17,650,469</u>	<u>17,696,146</u>	<u>18,380,472</u>
REQUISITIONS			
Seniors' Lodges	360,000	360,395	337,312
Alberta School Foundation Fund	<u>3,610,716</u>	<u>3,893,337</u>	<u>3,799,632</u>
	<u>3,970,716</u>	<u>4,253,732</u>	<u>4,136,944</u>
NET MUNICIPAL TAXES	<u>13,679,753</u>	<u>13,442,414</u>	<u>14,243,528</u>

COUNTY OF STETTLER #6

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget \$ (Unaudited)	2010 \$	2009 \$
TRANSFER FOR OPERATING:			
Federal government	-	-	130,506
Provincial government	687,459	775,614	748,527
Other local government	<u>51,340</u>	<u>50,920</u>	<u>48,976</u>
	<u>738,799</u>	<u>826,534</u>	<u>928,009</u>
 TRANSFERS FOR CAPITAL			
Federal government	6,000,000	894,381	787,437
Provincial government	<u>4,822,368</u>	<u>5,705,663</u>	<u>5,386,071</u>
	<u>10,822,368</u>	<u>6,600,044</u>	<u>6,173,508</u>
	<u>11,561,167</u>	<u>7,426,578</u>	<u>7,101,517</u>

COUNTY OF STETTLER #6

SCHEDULE 5 –CONSOLIDATED EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget \$ (Unaudited)	2010 \$	2009 \$
EXPENDITURES			
Salaries, wages and benefits	5,918,775	5,176,615	4,940,140
Contracted and general services	16,054,500	2,872,491	3,689,425
Materials, goods, supplies and utilities	4,738,805	3,684,626	2,345,056
Interest on long-term debt	87,749	84,339	90,971
Bank charges and short term interest	225,000	93,327	69,636
Transfers to other governments, boards and agencies	1,301,047	1,069,153	1,278,649
Amortization of tangible capital assets	-	3,167,643	3,176,798
Loss on disposal of tangible capital assets	<u>-</u>	<u>332,666</u>	<u>4,409</u>
TOTAL EXPENDITURES	<u>28,325,876</u>	<u>16,480,860</u>	<u>15,595,084</u>

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality.

A significant area requiring the use of management's estimates was the gravel inventory and the gravel reclamation valuations. Significant changes in the value of gravel and its reclamation costs could result in large changes in inventory and liability amounts.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

a. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and changes in financial position of the reporting entity which comprises all the organizations that are accountable for the administration of their financial affairs and resources to the council and are owned or controlled by the municipality.

The schedule of taxes levied also includes operating requisitions for many educational, health care, 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.

b. Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred with the exception of pension expenditures as disclosed in Note 1.f.

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.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

c. Government Transfers

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

d. Interest on Long-Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and is accrued for long-term debt interest payable at the end of the year.

e. Pension Expenditure

The county participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

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

f. Taxes and Grants in Place of Taxes Receivables

Current and arrears taxes and grants in place of taxes receivables consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

g. Investments

Investments are recorded at cost.

h. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

The County's financial instruments consist of cash, receivables, requisitions under-levy, long term investments, accounts payable, deposit liabilities, and long-term debt. In management's opinion these financial instruments are not exposed to significant interest rate or currency risks. Cash and long-term investments have been classified as held-to-maturity.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

i. Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue.

j. Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual 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. When the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property taxes.

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

k. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term, highly liquid investments.

l. 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.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

1. Non-Financial Assets – Continued

(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 - 25
Buildings	25 - 50
Engineered structures	
Roads	15 - 30
Bridges	Variable
Water system	45
Wastewater system	45
Other engineered structures	75
Machinery and equipment	5 - 40
Vehicles	10 - 25

The annual amortization charge in the year of acquisition is pro-rated based on the number of months that the asset was in use during the year. Assets are not amortized in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Inventories of Materials and Supplies

Inventories of materials and supplies are valued at the lower of cost and net realizable value with cost determined by the average cost method.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

2. CASH AND SHORT-TERM INVESTMENTS

	2010	2009
	\$	\$
Cash	<u>12,215,631</u>	<u>9,223,208</u>
Included in cash are the following restricted amounts:		
Received from Provincial or Federal grants and held exclusively for capital projects (Note 7)	<u>188,095</u>	<u>86,319</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2010	2009
	\$	\$
Current	336,552	407,609
Arrears	55,002	48,124
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	<u>391,554</u>	<u>455,733</u>

4. TRADE AND OTHER RECEIVABLES

	2010	2009
	\$	\$
Receivable from other governments	3,322,091	4,375,015
Trade and other receivables	786,084	535,182
Reserve for property acquired	<u>14,593</u>	<u>14,593</u>
	<u>4,122,768</u>	<u>4,924,790</u>

Included in trade receivables is \$104,000 (2009 – \$130,000) due from road cost sharing. This receivable is repayable in five annual payments of \$26,000 each.

5. LOAN RECEIVABLE

	2010	2009
	\$	\$
County of Stettler Housing Authority	<u>1,258,001</u>	<u>1,347,054</u>

The loan to County of Stettler Housing Authority is repayable in annual payments of \$174,196 including interest ranging from 6.125% to 6.5%.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

6. EMPLOYEE BENEFIT OBLIGATIONS

	2010	2009
	\$	\$
Vacation and wage accruals	<u>168,968</u>	<u>162,938</u>

The vacation liability is comprised of the vacation that employees are deferring to future years. Employees have earned the benefits and are entitled to these benefits within the next budgetary year.

7. DEFERRED REVENUE

	2010	2009
	\$	\$
Municipal Sustainability Initiative	184,584	-
Community Initiatives Program	-	75,218
Street improvement grant	3,511	11,101
Rural development fund	150	-
Prepaid local improvement charges	<u>22,078</u>	<u>23,247</u>
	<u>210,323</u>	<u>109,566</u>

Funding in the amount of \$188,095 (2009 - \$86,319) is from capital grants. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2011. Cash of \$188,095 (2009 - \$86,319) held exclusively for these projects supports unexpended funds related to the advance. (Note 2)

8. GRAVEL RECLAMATION LIABILITY

Alberta environmental law requires closure and post-closure care of gravel sites, which includes final covering and landscaping, and ongoing environmental monitoring, site inspections and maintenance. This cost has been allocated over the usable tonnes of gravel at these sites and is being accrued at the rate of \$1.00 per yard and is reduced by reclamation work performed during the year.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

9. LONG-TERM DEBT

	2010	2009
	\$	\$
Self supported debentures	13,986	26,731
Debentures held on behalf of County of Stettler Housing Authority	<u>1,258,001</u>	<u>1,347,054</u>
	<u>1,271,987</u>	<u>1,373,785</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
	\$	\$	\$
2011	108,646	80,900	189,546
2012	100,619	73,576	174,195
2013	106,954	67,241	174,195
2014	113,688	60,507	174,195
2015	120,847	53,349	174,196
Thereafter	<u>721,233</u>	<u>147,797</u>	<u>869,030</u>
	<u>1,271,987</u>	<u>483,370</u>	<u>1,755,357</u>

The long-term debt was borrowed for capital purposes.

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 6.125% to 9.75% per annum, and mature in periods 2011 through 2021. The average annual interest rate is 6.7% for 2010. Debenture debt is issued on the credit and security of the municipality.

Interest on long-term debt amounted to \$84,339 (2009 - \$95,391). The County's total cash payments for interest in 2010 was \$87,748 (2009 - \$94,154).

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

10. 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 municipality be disclosed as follows:

	2010	2009
	\$	\$
Total debt limit	24,671,430	25,351,548
Total debt	<u>1,271,987</u>	<u>1,373,785</u>
Amount total debt limit available	<u>23,399,443</u>	<u>23,977,763</u>
Service on debt limit	4,111,905	4,225,258
Service on debt	<u>189,545</u>	<u>189,545</u>
Amount service on debt limit available	<u>3,922,360</u>	<u>4,035,713</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.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

11. RESERVES

Reserves for operating and capital activities changed as follows:

	2009	Increases	Decreases	2010
	\$	\$	\$	\$
Operating reserves:				
Public Trust	112,432	8,224	20,000	100,656
General	3,795,882	-	-	3,795,882
General – Legal	200,000	-	-	200,000
Disaster projects	175,000	-	-	175,000
Bridges	200,000	50,000	-	250,000
Digital services	125,000	-	-	125,000
Road plan registration	100,000	-	-	100,000
Agricultural services	25,000	2,500	-	27,500
Planning and development	110,000	-	-	110,000
Rural development fund	-	6,100	-	6,100
Doctor recruitment	-	38,000	-	38,000
F.C.S.S.	17,110	-	-	17,110
Recreation	47,062	8,550	2,500	53,112
Recreation – Special Projects	<u>390,423</u>	<u>175,000</u>	<u>161,474</u>	<u>403,949</u>
	<u>5,297,909</u>	<u>288,374</u>	<u>183,974</u>	<u>5,402,309</u>
Capital reserves:				
Public works	2,121,817	791,000	-	2,912,817
Water/Sewer projects	2,941,184	163,500	141,000	2,963,684
Administration	312,229	-	-	312,229
Fire	<u>635,000</u>	<u>-</u>	<u>29,580</u>	<u>605,420</u>
	<u>6,010,230</u>	<u>954,500</u>	<u>170,580</u>	<u>6,794,150</u>
Total	<u>11,308,139</u>	<u>1,242,874</u>	<u>354,554</u>	<u>12,196,459</u>

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2010	2009
	\$	\$
Tangible capital assets (Schedule 1)	77,493,561	72,488,033
Capital long-term debt (Note 9)	<u>(13,986)</u>	<u>(26,731)</u>
	<u>77,479,575</u>	<u>72,461,302</u>

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

13. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	-----2010	2009		
	Salary(1)	Benefits		
	Allowances(2&3)	Total		
	\$	\$		
	\$	\$		
Elected Officials				
Byemoor-Endiang Leslie Stulberg	33,445	2,917	36,362	40,967
Byemoor-Endiang Lawrence Wilkie	6,689	555	7,244	-
Big Valley - Dave Grover	26,092	2,917	29,009	40,954
Big Valley - Terry Schiffner	6,223	555	6,778	-
Erskine South - Warden				
Earl Marshall	28,674	2,917	31,591	41,928
Erskine South – Warden				
James Nibourg	6,145	555	6,700	-
Stettler - Blake Chapman	26,595	3,195	29,790	33,893
Botha-Gadsby Vic Carey	21,771	-	21,771	32,741
Botha-Gadsby Gregory Jackson	6,589	555	7,144	-
Erskine - Buffalo Lake				
Joe Gendre	32,729	3,195	35,924	35,389
Donalda-Red Willow				
Wayne Nixon	34,566	3,195	37,761	35,777
Chief Administrative Officer				
Tim Fox	160,256	25,688	185,944	168,650
Other Designated Officers	42,626	10,731	53,357	74,400

- (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, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
- (3) Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the County of Stettler #6 participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The plan serves about 199,849 people and 418 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The County of Stettler #6 is required to make current service contributions to the Plan of 9.06% of pensionable earnings up to the CPP maximum pensionable earnings and 12.53% of any excess earnings.

Total current and past service contributions by the County of Stettler #6 to the Local Authorities Pension Plan in 2010 were \$369,988 (2009 - \$337,538). Total current and past service contributions by the employees of the County of Stettler #6 to the Local Authorities Pension Plan in 2010 were \$332,987 (2009 - \$301,489).

Employees of the County of Stettler are required to make current service contributions of 8.06% of pensionable salary up to the year's maximum pensionable salary and 11.53% on salary above this amount.

At December 31, 2009, the Plan disclosed an actuarial deficiency of \$4.0 billion for the Plan.

15. CONTINGENCIES

The County of Stettler is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the County of Stettler 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.

The County of Stettler, the Town of Stettler, and all other incorporated municipalities within the geographical boundaries of the County of Stettler provide funds for the operation of the Stettler Waste Management Authority. The Authority is accumulating reserves to fund any future site cleanup obligations. The member municipalities may be liable for future costs in excess of the reserves.

The Town of Stettler and the County of Stettler through joint agreement provide funds for the operation of the Stettler Family and Community Support services. The amounts presented in this financial statement represent only the County of Stettler portion of contributions made to F.C.S.S.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

16. FINANCIAL INSTRUMENTS

Credit Risk

The County 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 County 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.

Interest Rate Risk

The County is exposed to interest rate risk on temporary bank indebtedness, as the interest rate will fluctuate with change in the prime lending rate.

The fixed rate debentures are subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates.

Operating Line of Credit

At December 31, 2010 the municipality had a short-term bank line of credit aggregating \$3,000,000 (2009 - \$3,000,000) of which \$3,000,000 (2009 - \$3,000,000) has been drawn down. Lines of credit are revolving operating and term facilities that bear interest at the prime rate less 0.5%. They are reviewed annually and are supported by a bylaw approved by council.

17. COMPARATIVE AMOUNTS

Certain 2009 comparative figures have been reclassified in order to conform with the financial statement presentation for 2010.

18. BUDGET AMOUNTS

Budget figures for the year ended December 31, 2010 were approved by Council on February 10, 2010 and are for information purposes. These amounts have not been audited.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements