

# Gitzel Krejci Dand Peterson

CHARTERED ACCOUNTANTS



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**COUNTY OF STETTNER #6**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**COUNTY OF STETTLER #6**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2009**

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## AUDITORS' REPORT

TO: The Reeve and Council

County of Stettler #6

We have audited the consolidated statement of financial position of the County Of Stettler #6 as at December 31, 2009 and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2009 and the results of its operations, the changes in its net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Stettler, Alberta  
February 10, 2010

*Gitzel Krejci Dand Peterson*  
CHARTERED ACCOUNTANTS

**COUNTY OF STETTLER #6**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2009**

	2009	2008
	\$	\$
		(Restated)
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments (Note 2)	9,223,208	8,337,937
Taxes receivable (Note 3)	455,733	203,565
Trade and other receivables (Note 4)	4,924,790	2,678,912
Loan receivable (Note 5)	1,347,054	1,430,834
Long-term investments	<u>9,426</u>	<u>8,745</u>
	<u>15,960,211</u>	<u>12,659,993</u>
 <b>LIABILITIES</b>		
Temporary Loans	3,000,000	-
Accounts payable and accrued liabilities	2,282,673	3,267,804
Deposit liabilities	118,478	144,377
Employee benefit obligations (Note 6)	162,938	112,887
Deferred revenue (Note 7)	109,566	88,130
Future gravel reclamation liability (Note 8)	867,726	708,632
Long-term debt (Note 9)	<u>1,373,785</u>	<u>1,469,176</u>
	<u>7,915,166</u>	<u>5,791,006</u>
 <b>NET FINANCIAL ASSETS (DEBT)</b>	 <u>8,045,045</u>	 <u>6,868,987</u>
 <b>NON-FINANCIAL ASSETS</b>		
Inventory of materials and supplies	4,974,593	4,728,167
Tangible capital assets (Schedule 1)	72,488,033	66,340,706
Prepaid expenses	<u>159,246</u>	<u>189,929</u>
	<u>77,621,872</u>	<u>71,258,802</u>
 <b>ACCUMULATED SURPLUS (Note 14)</b>	 <u>85,666,917</u>	 <u>78,127,789</u>

Contingencies - See Note 16

**COUNTY OF STETTLER #6**

**CONSOLIDATED STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget \$ (Unaudited)	2009 \$	2008 \$ (Restated)
<b>REVENUES</b>			
Net municipal property taxes (Schedule 2)	14,644,255	14,243,528	12,247,201
Sales and user fees	1,029,127	1,281,580	722,741
Government transfers (Schedule 3)	822,230	928,009	676,676
Investment income	120,416	119,411	325,391
Penalties and costs on taxes	40,000	72,568	14,868
Rentals	50,000	120,624	217,651
Licenses, permits and fines	105,000	122,955	184,236
Other	<u>8,500</u>	<u>12,357</u>	<u>11,170</u>
<b>Total revenue</b>	<u><b>16,819,528</b></u>	<u><b>16,901,032</b></u>	<u><b>14,399,934</b></u>
<b>EXPENSES (Schedule 4)</b>			
Legislative	350,600	301,259	295,473
Administration	1,988,625	1,711,510	1,535,373
Protective services	910,727	826,343	934,853
Roads, streets, walks, lighting	10,877,763	6,974,822	7,374,521
Water and wastewater	2,458,745	505,024	238,325
Waste management	203,424	203,424	140,778
Family and community support	190,234	191,540	203,866
Ag services	592,950	454,560	434,054
Subdivision land and development	671,145	474,243	454,918
Recreation, parks and culture	634,056	634,405	610,757
Other	106,916	136,747	149,082
Amortization of tangible capital assets	-	3,176,798	2,873,415
(Gain) Loss on disposal of tangible capital assets	<u>-</u>	<u>(55,263)</u>	<u>(98,263)</u>
<b>Total expenses</b>	<u><b>18,985,185</b></u>	<u><b>15,535,412</b></u>	<u><b>15,147,152</b></u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - BEFORE OTHER</b>	<b>(2,165,657)</b>	<b>1,365,620</b>	<b>(747,218)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 3)	<u>4,821,153</u>	<u>6,173,508</u>	<u>6,204,785</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<b>2,655,496</b>	<b>7,539,128</b>	<b>5,457,567</b>
<b>ACCUMULATED SURPLUS, - BEGINNING OF YEAR</b>	<u><b>78,127,789</b></u>	<u><b>78,127,789</b></u>	<u><b>72,670,222</b></u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><b>80,783,285</b></u>	<u><b>85,666,917</b></u>	<u><b>78,127,789</b></u>

**COUNTY OF STETTLER #6**

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL ASSETS (DEBT)**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009 \$	2008 \$ (Restated)
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>7,539,128</u>	<u>5,457,567</u>
Acquisition of tangible capital assets	(9,402,354)	(8,535,406)
Proceeds on disposal of tangible capital assets	133,491	191,236
Amortization of tangible capital assets	3,176,798	2,873,415
(Gain) loss on sale of tangible capital assets	<u>(55,263)</u>	<u>(98,263)</u>
	<u>(6,147,328)</u>	<u>(5,569,018)</u>
Net use (acquisition) of supplies inventories	(246,425)	(3,283,310)
Net use (acquisition) of prepaid assets	<u>30,683</u>	<u>371,133</u>
	<u>(215,742)</u>	<u>(2,912,177)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	1,176,058	(3,023,628)
<b>NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR</b>	<u>6,868,987</u>	<u>9,892,615</u>
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	<u>8,045,045</u>	<u>6,868,987</u>

**COUNTY OF STETTLER #6**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009	2008
	\$	\$
		(Restated)
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	7,539,128	5,457,567
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	3,176,798	2,873,415
(Gain) loss on disposal of tangible capital assets	(55,263)	(98,263)
Non-cash changes to operations (net change):		
Taxes receivables	(252,168)	188,185
Trade and other receivables	(2,245,878)	(2,158,199)
Other financial assets	(681)	(760)
Inventory	(246,426)	(3,283,310)
Prepaid expenses	30,683	371,133
Payables and accrued liabilities	(960,979)	2,374,234
Deferred revenue	21,436	(1,539,958)
Gravel reclamation liability	159,095	192,129
Net cash provided by (used in) operating activities	<u>7,165,745</u>	<u>4,376,173</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(9,402,354)	(8,535,406)
Proceeds on sale of tangible capital assets	<u>133,491</u>	<u>191,236</u>
Net cash provided by (used) in capital activities	<u>(9,268,863)</u>	<u>(8,344,170)</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted cash and short-term investments	(69,114)	883,143
Repayment of loan to Stettler Housing Authority	<u>83,780</u>	<u>78,818</u>
Net cash provided by (used in) investing activities	<u>14,666</u>	<u>961,961</u>
<b>FINANCING ACTIVITIES</b>		
Debenture repayment for Stettler Housing Authority	(83,780)	(78,818)
Long-term debt repaid	<u>(11,611)</u>	<u>(10,581)</u>
Net cash provided by (used in) financing activities	<u>(95,391)</u>	<u>(89,399)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(2,183,843)	(3,095,435)
<b>CASH AND CASH EQUIVALENTS</b>		
- BEGINNING OF YEAR	<u>8,320,732</u>	<u>11,416,167</u>
<b>CASH AND CASH EQUIVALENTS</b>		
- END OF YEAR	<u>6,136,889</u>	<u>8,320,732</u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash and short-term investments	9,223,208	8,337,937
Less: restricted portion of cash (Note 2)	(86,319)	(17,205)
Temporary bank indebtedness	<u>(3,000,000)</u>	<u>-</u>
	<u>6,136,889</u>	<u>8,320,732</u>

**COUNTY OF STEITTLER #6**

**SCHEDULE 1 – SCHEDULE OF TANGIBLE CAPITAL ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>								
BALANCE - BEGINNING OF YEAR	697,222	76,021	1,576,612	116,766,790	9,878,813	4,649,258	133,644,716	124,870,854
Acquisition of tangible capital assets	10,000	770	-	7,277,686	2,075,027	38,871	9,402,354	9,173,652
Disposal of tangible capital assets	-	-	(18,311)	(106,809)	(262,003)	(40,940)	(428,063)	(399,790)
<b>BALANCE - END OF YEAR</b>	<u>707,222</u>	<u>76,791</u>	<u>1,558,301</u>	<u>123,937,667</u>	<u>11,691,837</u>	<u>4,647,189</u>	<u>142,619,007</u>	<u>133,644,716</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE - BEGINNING OF YEAR	-	39,930	560,912	60,933,620	3,993,999	1,775,549	67,304,010	64,737,412
Annual amortization	-	2,922	31,158	1,869,607	998,053	275,058	3,176,798	2,873,415
Accumulated amortization on disposals	-	-	-	(102,002)	(207,892)	(39,940)	(349,834)	(306,817)
<b>BALANCE - END OF YEAR</b>	<u>-</u>	<u>42,852</u>	<u>592,070</u>	<u>62,701,225</u>	<u>4,784,160</u>	<u>2,010,667</u>	<u>70,130,974</u>	<u>67,304,010</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<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>	<u>66,340,706</u>
<b>2008 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS (Restated)</b>	<u>697,222</u>	<u>36,091</u>	<u>1,015,700</u>	<u>55,833,170</u>	<u>5,884,814</u>	<u>2,873,709</u>	<u>66,340,706</u>	<u>66,340,706</u>



**COUNTY OF STETTLER #6**

**SCHEDULE 2 – PROPERTY AND OTHER TAXES**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget \$ (Unaudited)	2009 \$	2008 \$
<b>TAXATION</b>			
Real property taxes	5,726,327	5,684,176	5,166,563
Linear property taxes	12,666,485	12,676,819	11,195,133
Special assessments and local improvement taxes	<u>380,917</u>	<u>19,477</u>	<u>13,251</u>
	<u>18,773,729</u>	<u>18,380,472</u>	<u>16,374,947</u>
<b>REQUISITIONS</b>			
Seniors' Lodges	337,312	337,312	314,097
Alberta School Foundation Fund	<u>3,792,162</u>	<u>3,799,632</u>	<u>3,813,649</u>
	<u>4,129,474</u>	<u>4,136,944</u>	<u>4,127,746</u>
<b>NET MUNICIPAL TAXES</b>	<u>14,644,255</u>	<u>14,243,528</u>	<u>12,247,201</u>

**COUNTY OF STETTLER #6**

**SCHEDULE 3 – GOVERNMENT TRANSFERS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget \$ (Unaudited)	2009 \$	2008 \$
<b>TRANSFER FOR OPERATING:</b>			
Federal government	-	130,506	-
Provincial government	770,890	748,527	629,309
Other local government	51,340	48,976	47,367
	<u>822,230</u>	<u>928,009</u>	<u>676,676</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal government	-	787,437	85,942
Provincial government	4,821,153	5,386,071	6,118,843
	<u>4,821,153</u>	<u>6,173,508</u>	<u>6,204,785</u>
	<u>5,643,383</u>	<u>7,101,517</u>	<u>6,881,461</u>

**COUNTY OF STETTLER #6**

**SCHEDULE 4 – CONSOLIDATED EXPENDITURES BY OBJECT**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget \$ (Unaudited)	2009 \$	2008 \$ (Restated)
<b>EXPENDITURES</b>			
Salaries, wages and benefits	5,757,975	4,940,140	4,657,518
Contracted and general services	6,457,184	3,689,425	2,746,103
Materials, goods, supplies and utilities	5,232,146	2,345,056	3,455,459
Interest on long-term debt	259,154	90,971	97,174
Bank charges and short term interest	65,000	69,636	67,092
Transfers to other governments, boards and agencies	1,213,726	1,278,649	1,348,654
Amortization of tangible capital assets	-	3,176,798	2,873,415
(Gain) loss on disposal of tangible capital assets	-	<u>(55,263)</u>	<u>(98,263)</u>
<b>TOTAL EXPENDITURES</b>	<u>18,985,185</u>	<u>15,535,412</u>	<u>15,147,152</u>

**COUNTY OF STETTLER #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**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, 2009**

**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, 2009**

**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, 2009**

**1. SIGNIFICANT ACCOUNTING POLICIES – Continued**

**i. 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, 2009**

**2. CASH AND SHORT-TERM INVESTMENTS**

	2009	2008
	\$	\$
Cash	<u>9,223,208</u>	<u>8,337,937</u>
Included in cash are the following restricted amounts:		
Received from Provincial or Federal grants and held exclusively for capital projects (Note 7)	<u>86,319</u>	<u>17,205</u>

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	2009	2008
	\$	\$
Current	407,609	154,577
Arrears	48,124	53,083
Less: Allowance for uncollectible taxes	<u>-</u>	<u>(4,095)</u>
	<u>455,733</u>	<u>203,565</u>

**4. TRADE AND OTHER RECEIVABLES**

	2009	2008
	\$	\$
Receivable from other governments	4,375,015	1,907,863
Trade and other receivables	535,182	771,049
Reserve for property acquired	<u>14,593</u>	<u>-</u>
	<u>4,924,790</u>	<u>2,678,912</u>

Included in trade receivables is \$130,000 (2008 – NIL) due from road cost sharing. This receivable is repayable in five annual payments of \$26,000 each.

**5. LOAN RECEIVABLE**

	2009	2008
	\$	\$
County of Stettler Housing Authority	<u>1,347,054</u>	<u>1,430,834</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, 2009**

**6. EMPLOYEE BENEFIT OBLIGATIONS**

	2009	2008
	\$	\$
Vacation and wage accruals	<u>162,938</u>	<u>112,887</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**

	2009	2008
	\$	\$
Bio refining grant	-	49,397
New Deals grant program	-	17,205
Community Initiatives Program	75,218	-
Street improvement grant	11,101	-
License and other	-	321
Prepaid local improvement charges	<u>23,247</u>	<u>21,207</u>
	<u>109,566</u>	<u>88,130</u>

Funding in the amount of \$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 2010. Cash of \$86,319 held exclusively for these projects supports unexpended funds related to the advance. (Note 2)

**8. GRAVEL RECLAMATION LIABILITY**

The accrued liability has been estimated for the closure and post-closure of gravel sites. 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, 2009**

**9. LONG-TERM DEBT**

	2009	2008
	\$	\$
Self supported debentures	26,731	38,342
Debentures held on behalf of County of Stettler Housing Authority	<u>1,347,054</u>	<u>1,430,834</u>
	<u>1,373,785</u>	<u>1,469,176</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
	\$	\$	\$
2010	101,797	87,748	189,545
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
Thereafter	<u>842,081</u>	<u>201,146</u>	<u>1,043,227</u>
	<u>1,373,785</u>	<u>571,118</u>	<u>1,944,903</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 2009. Debenture debt is issued on the credit and security of the municipality.

Interest on long-term debt amounted to \$95,391 (2008 - \$97,174). The County's total cash payments for interest in 2009 was \$94,154 (2008 - \$100,147).

**COUNTY OF STETTLER #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**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:

	2009 \$	2008 \$
Total debt limit	25,351,548	28,214,868
Total debt	<u>1,373,785</u>	<u>1,469,176</u>
Amount total debt limit available	<u>23,977,763</u>	<u>26,745,692</u>
Service on debt limit	4,225,258	4,702,478
Service on debt	<u>189,545</u>	<u>189,545</u>
Amount service on debt limit available	<u>4,035,713</u>	<u>4,512,933</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, 2009**

**11. RESERVES**

Reserves for operating and capital activities changed as follows:

	2008	Increases	Decreases	2009
	\$	\$	\$	\$
<b>Operating reserves:</b>				
Public Trust	110,084	2,348		112,432
General	3,095,882	700,000		3,795,882
General – Legal	200,000			200,000
Disaster projects	175,000			175,000
Bridges	200,000			200,000
Digital services	125,000			125,000
Road plan registration	100,000			100,000
Agricultural services		25,000		25,000
Planning and development	110,000			110,000
F.C.S.S.	17,110			17,110
Recreation	47,062			47,062
Recreation – Special Projects	<u>403,935</u>	<u>175,000</u>	<u>188,512</u>	<u>390,423</u>
	<u>4,584,073</u>	<u>902,348</u>	<u>188,512</u>	<u>5,297,909</u>
<b>Capital reserves:</b>				
Public works	2,121,817			2,121,817
Water/Sewer projects	2,270,375	670,809		2,941,184
Administration	365,229		53,000	312,229
Fire	<u>250,000</u>	<u>385,000</u>		<u>635,000</u>
	<u>5,007,421</u>	<u>1,055,809</u>	<u>53,000</u>	<u>6,010,230</u>
<b>Total</b>	<u><b>9,591,494</b></u>	<u><b>1,958,157</b></u>	<u><b>241,512</b></u>	<u><b>11,308,139</b></u>

**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2009	2008
	\$	\$
Tangible capital assets (Schedule 1)	72,488,033	66,340,706
Capital long-term debt (Note 9)	<u>(26,731)</u>	<u>(38,342)</u>
	<u><b>72,461,302</b></u>	<u><b>66,302,364</b></u>

**COUNTY OF STETTLER #6**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**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:

	-----2009			2008
	Salary(1)	Benefits Allowances(2&3)	Total	Total
	\$	\$	\$	\$
<b>Elected Officials</b>				
Byemoor-Endiang Leslie Stulberg	37,822	3,145	40,967	37,579
Big Valley Dave Grover	37,809	3,145	40,954	42,819
Erskine South - Warden				
Earl Marshall	38,783	3,145	41,928	37,043
Stettler - Blake Chapman	31,010	2,883	33,893	28,404
Botha-Gadsby Vic Carey	32,741	-	32,741	46,814
Erskine - Buffalo Lake				
Joe Gendre	32,244	3,145	35,389	36,536
Donalda-Red Wiltow				
Wayne Nixon	32,632	3,145	35,777	37,565
<b>Chief Administrative Officer</b>				
Tim Fox	148,452	20,198	168,650	147,282
<b>Other Designated Officers</b>	65,815	8,585	74,400	84,679

- (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) 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.

**14. ACCUMULATED SURPLUS**

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

	2009	2008
	\$	\$
		(Restated)
Unrestricted surplus	1,897,476	2,233,931
Reserves (Note 11)	11,308,139	9,591,494
Equity in tangible capital assets (Note 12)	<u>72,461,302</u>	<u>66,302,364</u>
	<u>85,666,917</u>	<u>78,127,789</u>

**COUNTY OF STETTLER #6**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**15. 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 189,149 people and 411 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 8.46% of pensionable earnings up to the CPP maximum pensionable earnings and 11.66% of any excess earnings.

Total current and past service contributions by the County of Stettler #6 to the Local Authorities Pension Plan in 2009 were \$337,538 (2008 - \$269,648). Total current and past service contributions by the employees of the County of Stettler #6 to the Local Authorities Pension Plan in 2009 were \$301,489 (2008 - \$237,831).

Employees of the County of Stettler are required to make current service contributions of 7.46% of pensionable salary up to the year's maximum pensionable salary and 10.66% on salary above this amount.

At December 31, 2008, the Plan disclosed an actuarial deficiency of \$4.414 billion for the Plan.

**16. 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, 2009**

**17. 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, 2009 the municipality had a short-term bank line of credit aggregating \$3,000,000 (2008 - \$NIL) of which \$3,000,000 (2008 - \$NIL) 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.

COUNTY OF STETTLER #6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

18. PRIOR PERIOD ADJUSTMENTS AND CHANGE IN ACCOUNTING POLICY

The municipality has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	2008 \$
<b>Adjustments to opening accumulated surplus:</b>	
As previously reported	27,523,211
Adjustment to net book value of tangible capital assets	45,036,927
Move public trust liability to reserves	<u>110,084</u>
<b>As restated</b>	<b><u>72,670,222</u></b>
<b>Adjustments to shortfall of revenues over expenses:</b>	
As previously reported	5,680,474
Tangible capital assets recorded but previously expensed	2,743,481
Annual amortization expense	(2,873,415)
Gain on disposal of tangible capital assets	<u>98,263</u>
<b>As restated</b>	<b><u>5,648,803</u></b>
<b>Adjustments to tangible capital assets:</b>	
As previously reported	21,126,897
Adjustment to historical cost of tangible capital assets	112,517,819
Accumulated amortization recorded	<u>(67,304,010)</u>
<b>As restated</b>	<b><u>66,340,706</u></b>

19. COMPARATIVE AMOUNTS

Certain 2008 comparative figures have been reclassified in order to conform with the financial statement presentation for 2009.

20. BUDGET AMOUNTS

Budget figures for the year ended December 31, 2009 were approved by Council on May 13, 2009 and are for information purposes. These amounts have not been audited.

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.