



# Gitzel Krejci Dand Peterson

CHARTERED ACCOUNTANTS

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**COUNTY OF STETTLER #6**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**COUNTY OF STETTLER #6**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

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## INDEPENDENT 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, 2011, and the consolidated statements of operations, changes in net financial assets/debt and cash flows 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.

### **Auditor's Responsibility**

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 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.

### **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, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Emphasis of Matter

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 changes in inventory and liability amounts.

Stettler, Alberta  
March 14, 2012



CHARTERED ACCOUNTANTS

**COUNTY OF STETTLER #6**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2011**

	2011	2010
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments (Note 2)	14,750,481	12,215,631
Taxes receivable (Note 3)	283,816	391,554
Trade and other receivables (Note 4)	3,230,525	4,122,768
Land held for resale	250,000	-
Loan receivable (Note 5)	1,163,341	1,258,001
Long-term investments	<u>8,935</u>	<u>9,055</u>
	<u>19,687,098</u>	<u>17,997,009</u>
<b>LIABILITIES</b>		
Temporary loans and callable debt	-	3,000,000
Accounts payable and accrued liabilities	2,106,261	2,411,186
Deposit liabilities	106,465	56,175
Employee benefit obligations (Note 6)	177,751	168,968
Deferred revenue (Note 7)	68,391	210,323
Callable term debt (Note 8)	3,484,162	-
Future gravel reclamation liability (Note 9)	1,097,620	968,370
Long-term debt (Note 10)	<u>1,163,341</u>	<u>1,271,987</u>
	<u>8,203,991</u>	<u>8,087,009</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>11,483,107</u>	<u>9,910,000</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory of materials and supplies	3,218,898	4,686,642
Tangible capital assets (Schedule 2)	79,382,134	77,493,561
Prepaid expenses	<u>320,563</u>	<u>143,518</u>
	<u>82,921,595</u>	<u>82,323,721</u>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<u>94,404,702</u>	<u>92,233,721</u>

Contingencies - See Note 16

**COUNTY OF STETTLER #6**

**CONSOLIDATED STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget \$ (Unaudited)	2011 \$	2010 \$
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	13,268,407	13,253,091	13,442,414
Sales and user fees	2,053,912	1,090,525	1,339,987
Government transfers (Schedule 4)	893,699	862,813	826,534
Investment income	160,142	190,173	146,687
Penalties and costs on taxes	40,000	56,452	85,912
Rentals	80,000	116,903	116,582
Licenses, permits and fines	96,000	189,588	132,722
Other	8,500	7,232	4,091
Recovery of amortization to capital projects	570,000	278,714	351,892
Gain on disposal of tangible capital assets	-	65,497	799
Total revenue	<u>17,170,660</u>	<u>16,110,988</u>	<u>16,447,620</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	411,140	372,902	325,184
Administration	2,560,069	2,375,632	1,874,113
Protective services	945,470	842,460	864,810
Roads, streets, walks, lighting	11,581,402	12,104,689	10,251,894
Water and wastewater	928,891	757,544	1,082,958
Waste management	192,992	194,725	177,344
Family and community support	193,629	195,065	191,229
Ag services	681,102	579,200	525,226
Subdivision land and development	581,792	515,373	467,571
Recreation, parks and culture	657,417	615,467	622,468
Other	<u>104,642</u>	<u>90,294</u>	<u>98,063</u>
Total expenses	<u>18,838,546</u>	<u>18,643,351</u>	<u>16,480,860</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES – BEFORE OTHER</b>	(1,667,886)	(2,532,363)	(33,240)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	<u>5,974,430</u>	<u>4,703,344</u>	<u>6,600,044</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	4,306,544	2,170,981	6,566,804
<b>ACCUMULATED SURPLUS, - BEGINNING OF YEAR</b>	<u>92,233,721</u>	<u>92,233,721</u>	<u>85,666,917</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>96,540,265</u>	<u>94,404,702</u>	<u>92,233,721</u>

**COUNTY OF STETTLER #6**

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

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011 \$	2010 \$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>2,170,981</u>	<u>6,566,804</u>
Acquisition of tangible capital assets	(5,339,134)	(8,829,944)
Proceeds on disposal of tangible capital assets	307,989	324,905
Amortization of tangible capital assets	3,198,042	3,167,643
Net (gain) loss on sale of tangible capital assets	<u>(55,470)</u>	<u>331,867</u>
	<u>(1,888,573)</u>	<u>(5,005,529)</u>
Net use (acquisition) of supplies inventories	1,467,744	287,952
Net use (acquisition) of prepaid assets	<u>(177,045)</u>	<u>15,728</u>
	<u>1,290,699</u>	<u>303,680</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	1,573,107	1,864,955
<b>NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR</b>	<u>9,910,000</u>	<u>8,045,045</u>
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	<u>11,483,107</u>	<u>9,910,000</u>

**COUNTY OF STETTLER #6**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011	2010
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	2,170,981	6,566,804
Non-cash items included in excess (shortfall of revenues over expenses):		
Amortization of tangible capital assets	3,198,042	3,167,643
Net (gain) loss on disposal of tangible capital assets	(55,470)	331,868
Non-cash changes to operations (net change):		
Taxes receivables	107,738	64,179
Trade and other receivables	892,243	802,022
Land held for resale	(250,000)	-
Other financial assets	120	371
Inventory	1,467,744	287,951
Prepaid expenses	(177,045)	15,728
Payables and accrued liabilities	(245,852)	72,240
Deferred revenue	(141,932)	100,757
Gravel reclamation liability	<u>129,250</u>	<u>100,644</u>
Net cash provided by (used in) operating activities	<u>7,095,819</u>	<u>11,510,207</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(5,339,134)	(8,829,944)
Proceeds on sale of tangible capital assets	<u>307,989</u>	<u>324,905</u>
Net cash provided by (used) in capital activities	<u>(5,031,145)</u>	<u>(8,505,039)</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted cash and short-term investments	145,549	(101,776)
Repayment of loan to Stettler Housing Authority	<u>94,660</u>	<u>89,053</u>
Net cash provided by (used in) investing activities	<u>240,209</u>	<u>(12,723)</u>
<b>FINANCING ACTIVITIES</b>		
Callable term debt issued	3,638,332	-
Callable term debt repaid	(154,170)	-
Debenture repayment for Stettler Housing Authority	(94,660)	(89,053)
Long-term debt repaid	<u>(13,986)</u>	<u>(12,745)</u>
Net cash provided by (used in) financing activities	<u>3,375,516</u>	<u>(101,798)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	5,680,399	2,890,647
<b>CASH AND CASH EQUIVALENTS</b>		
<b>- BEGINNING OF YEAR</b>	<u>9,027,536</u>	<u>6,136,889</u>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>- END OF YEAR</b>	<u>14,707,935</u>	<u>9,027,536</u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash and short-term investments	14,750,481	12,215,631
Less: restricted portion of cash (Note 2)	(42,546)	(188,095)
Temporary bank indebtedness	<u>-</u>	<u>(3,000,000)</u>
	<u>14,707,935</u>	<u>9,027,536</u>



**COUNTY OF STETTLER #6**

**SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2011 \$	2010 \$
BALANCE, BEGINNING 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>
Excess (deficiency) of revenues over expenses	2,170,981	-	-	2,170,981	6,566,804
Unrestricted funds designated for future use	(635,520)	635,520	-	-	-
Restricted funds used for operations	585,500	(585,500)	-	-	-
Restricted funds used for tangible capital assets	-	(321,479)	321,479	-	-
Current year funds used for tangible capital assets	(5,017,655)	-	5,017,655	-	-
Disposal of tangible capital assets	(55,460)	307,979	(252,519)	-	-
Annual amortization expense	3,198,042	-	(3,198,042)	-	-
Long term debt repaid	<u>(13,986)</u>	<u>-</u>	<u>13,986</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>231,902</u>	<u>36,520</u>	<u>1,902,559</u>	<u>2,170,981</u>	<u>6,566,804</u>
BALANCE, END OF YEAR	<u>2,789,589</u>	<u>12,232,979</u>	<u>79,382,134</u>	<u>94,404,702</u>	<u>92,233,721</u>

**COUNTY OF STETTLER #6**

**SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>								
BALANCE - BEGINNING OF YEAR	707,221	92,275	2,488,499	130,023,998	10,859,337	5,327,835	149,499,165	142,619,007
Acquisition of tangible capital assets	235,789	-	46,269	1,279,047	904,041	342,474	2,807,620	7,370,539
Construction in progress	-	-	-	2,531,514	-	-	2,531,514	1,459,405
Disposal of tangible capital assets	-	-	-	(132,252)	(1,384,337)	(300,817)	(1,817,406)	(1,949,786)
BALANCE - END OF YEAR	<u>943,010</u>	<u>92,275</u>	<u>2,534,768</u>	<u>133,702,307</u>	<u>10,379,041</u>	<u>5,369,492</u>	<u>153,020,893</u>	<u>149,499,165</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE - BEGINNING OF YEAR	-	46,195	632,216	64,393,122	4,612,316	2,321,755	72,005,604	70,130,974
Annual amortization	-	3,764	51,013	1,982,097	844,589	316,579	3,198,042	3,167,643
Accumulated amortization on disposals	-	-	-	(99,189)	(1,173,915)	(291,783)	(1,564,887)	(1,293,013)
BALANCE - END OF YEAR	<u>-</u>	<u>49,959</u>	<u>683,229</u>	<u>66,276,030</u>	<u>4,282,990</u>	<u>2,346,551</u>	<u>73,638,759</u>	<u>72,005,604</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>943,010</u>	<u>42,316</u>	<u>1,851,539</u>	<u>67,426,277</u>	<u>6,096,051</u>	<u>3,022,941</u>	<u>79,382,134</u>	<u>77,493,561</u>
2010 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>	

**COUNTY OF STETTLER #6**

**SCHEDULE 3 – PROPERTY AND OTHER TAXES**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget \$ (Unaudited)	2011 \$	2010 \$
<b>TAXATION</b>			
Real property taxes	4,763,736	5,833,810	5,673,889
Linear property taxes	12,885,557	11,792,484	12,002,780
Special assessments and local improvement taxes	<u>19,479</u>	<u>19,477</u>	<u>19,477</u>
	<u>17,668,772</u>	<u>17,645,771</u>	<u>17,696,146</u>
<b>REQUISITIONS</b>			
Seniors' Lodges	372,478	372,478	360,395
Alberta School Foundation Fund	<u>4,027,887</u>	<u>4,020,202</u>	<u>3,893,337</u>
	<u>4,400,365</u>	<u>4,392,680</u>	<u>4,253,732</u>
<b>NET MUNICIPAL TAXES</b>	<u>13,268,407</u>	<u>13,253,091</u>	<u>13,442,414</u>

**COUNTY OF STETTLER #6**

**SCHEDULE 4 – GOVERNMENT TRANSFERS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget \$ (Unaudited)	2011 \$	2010 \$
<b>TRANSFER FOR OPERATING:</b>			
Provincial government	829,284	806,196	775,614
Other local government	<u>64,415</u>	<u>56,617</u>	<u>50,920</u>
	<u>893,699</u>	<u>862,813</u>	<u>826,534</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal government	1,518,500	809,048	894,381
Provincial government	<u>4,455,930</u>	<u>3,894,296</u>	<u>5,705,663</u>
	<u>5,974,430</u>	<u>4,703,344</u>	<u>6,600,044</u>
	<u>6,868,129</u>	<u>5,566,157</u>	<u>7,426,578</u>

**COUNTY OF STETTLER #6**

**SCHEDULE 5 –CONSOLIDATED EXPENDITURES BY OBJECT**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget \$ (Unaudited)	2011 \$	2010 \$
<b>EXPENDITURES</b>			
Salaries, wages and benefits	5,784,405	5,777,490	5,176,615
Contracted and general services	3,341,014	2,644,962	2,872,491
Materials, goods, supplies and utilities	5,004,284	5,648,577	3,684,626
Interest on long-term debt	173,662	77,246	84,339
Bank charges and short term interest	70,000	164,119	93,327
Transfers to other governments, boards and agencies	1,326,838	1,122,888	1,069,153
Amortization of tangible capital assets	3,138,343	3,198,042	3,167,643
Loss on disposal of tangible capital assets	<u>-</u>	<u>10,027</u>	<u>332,666</u>
<b>TOTAL EXPENDITURES</b>	<u><b>18,838,546</b></u>	<u><b>18,643,351</b></u>	<u><b>16,480,860</b></u>

**COUNTY OF STETTLER #6**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

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 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, 2011**

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, 2011**

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, 2011**

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, 2011**

2. CASH AND SHORT-TERM INVESTMENTS

	2011	2010
	\$	\$
Cash	<u>14,750,481</u>	<u>12,215,631</u>
Included in cash are the following restricted amounts:		
Received from Provincial or Federal grants and held exclusively for capital projects (Note 7)	<u>42,546</u>	<u>188,095</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2011	2010
	\$	\$
Current	202,319	336,552
Arrears	81,497	55,002
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	<u>283,816</u>	<u>391,554</u>

4. TRADE AND OTHER RECEIVABLES

	2011	2010
	\$	\$
Receivable from other governments	2,084,535	3,322,091
Trade and other receivables	1,130,387	786,084
Reserve for property acquired	<u>15,603</u>	<u>14,593</u>
	<u>3,230,525</u>	<u>4,122,768</u>

Included in trade receivables is \$78,000 (2010 – \$104,000) due from road cost sharing. This receivable is repayable in five annual payments of \$26,000 each.

5. LOAN RECEIVABLE

	2011	2010
	\$	\$
County of Stettler Housing Authority	<u>1,163,341</u>	<u>1,258,001</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, 2011**

6. EMPLOYEE BENEFIT OBLIGATIONS

	2011	2010
	\$	\$
Vacation and wage accruals	<u>177,751</u>	<u>168,968</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

	2011	2010
	\$	\$
Municipal Sustainability Initiative	44,473	184,584
Street improvement grant	-	3,511
Rural development fund	150	150
Prepaid local improvement charges	<u>23,768</u>	<u>22,078</u>
	<u>68,391</u>	<u>210,323</u>

Funding in the amount of \$42,546 (2010 - \$188,095) 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 2012. Cash of \$42,546 (2010 - \$188,095) held exclusively for these projects supports unexpended funds related to the advance. (Note 2)

**COUNTY OF STETTLER #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

8. CALLABLE-TERM DEBT

	2011	2010
	\$	\$
Gravel loan	<u>3,484,162</u>	<u>          -</u>
Principal repayments are due as follows:		
	Principal	
	\$	
2012	370,008	
2013	370,008	
2014	370,008	
2015	370,008	
2016	370,008	
Thereafter	<u>1,634,122</u>	
	<u>3,484,162</u>	

The callable-term debt was borrowed for the purpose of acquiring a long term supply of gravel.

Callable debt is repayable at \$30,834 per month plus interest at 4.37% per annum, and matures in 2021. Callable debt is issued on the credit and security of the municipality.

9. 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 tonne 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, 2011**

10. LONG-TERM DEBT

	2011	2010
	\$	\$
Self supported debentures	-	13,986
Debentures held on behalf of County of Stettler Housing Authority	<u>1,163,341</u>	<u>1,258,001</u>
	<u>1,163,341</u>	<u>1,271,987</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
	\$	\$	\$
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
2016	128,456	45,739	174,195
Thereafter	<u>592,777</u>	<u>102,058</u>	<u>694,835</u>
	<u>1,163,341</u>	<u>402,470</u>	<u>1,565,811</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 6.5% per annum, and mature in periods 2019 through 2021. The average annual interest rate is 6.3% for 2011. Debenture debt is issued on the credit and security of the municipality.

Interest on long-term debt amounted to \$77,246 (2010 - \$84,339). The County's total cash payments for interest in 2011 was \$206,028 (2010 - \$87,748).

**COUNTY OF STETTLER #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

11. 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:

	2011 \$	2010 \$
Total debt limit	24,166,482	24,671,430
Total debt	<u>4,647,503</u>	<u>1,271,987</u>
Amount total debt limit available	<u><u>19,518,979</u></u>	<u><u>23,399,443</u></u>
Service on debt limit	4,027,747	4,111,905
Service on debt	<u>689,050</u>	<u>189,545</u>
Amount service on debt limit available	<u><u>3,338,697</u></u>	<u><u>3,922,360</u></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, 2011**

12. RESERVES

Reserves for operating and capital activities changed as follows:

	2010	Increases	Decreases	2011
	\$	\$	\$	\$
Operating reserves:				
Public Trust	100,656	1,174	-	101,830
General	3,795,882	-	275,000	3,520,882
General – Legal	200,000	-	200,000	-
Disaster projects	175,000	-	-	175,000
Bridges	250,000	62,835	-	312,835
Digital services	125,000	-	72,500	52,500
Road plan registration	100,000	-	-	100,000
Agricultural services	27,500	2,500	-	30,000
Planning and development	110,000	13,500	-	123,500
Rural development fund	6,100	64,690	-	70,790
Doctor recruitment	38,000	-	38,000	-
F.C.S.S.	17,110	-	-	17,110
Recreation	53,112	-	-	53,112
Recreation – Special Projects	403,949	75,000	-	478,949
	<u>5,402,309</u>	<u>219,699</u>	<u>585,500</u>	<u>5,036,508</u>
Capital reserves:				
Public works	2,912,817	270,000	13,500	3,169,317
Water/Sewer projects	2,963,684	-	-	2,963,684
Administration	312,229	-	-	312,229
Fire	605,420	145,821	-	751,241
	<u>6,794,150</u>	<u>415,821</u>	<u>13,500</u>	<u>7,196,471</u>
Total	<u>12,196,459</u>	<u>635,520</u>	<u>599,000</u>	<u>12,232,979</u>

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2011	2010
	\$	\$
Tangible capital assets (Schedule 1)	79,382,134	77,493,561
Capital long-term debt (Note 10)	-	(13,986)
	<u>79,382,134</u>	<u>77,479,575</u>

**COUNTY OF STETTLER #6**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

14. 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:

		Benefits	2011	2010
	Salary(1)	Allowances(2&3)	Total	Total
	\$	\$	\$	\$
<b>Elected Officials</b>				
Byemoor-Endiang Leslie Stulberg	-	-	-	36,362
Byemoor-Endiang Lawrence Wilkie	34,938	3,329	38,267	7,244
Big Valley - Dave Grover	-	-	-	29,010
Big Valley - Terry Schiffner	31,104	3,329	34,433	6,778
Erskine South - Warden				
Earl Marshall	-	-	-	31,591
Erskine South – Warden				
James Nibourg	33,269	4,416	37,685	6,700
Stettler - Blake Chapman	26,915	3,983	30,898	29,790
Botha-Gadsby Vic Carey	-	-	-	21,771
Botha-Gadsby Gregory Jackson	36,060	4,187	40,247	7,144
Erskine - Buffalo Lake				
Joe Gendre	35,210	4,173	39,383	35,924
Donalda-Red Willow				
Wayne Nixon	44,237	3,329	47,566	37,761
<b>Chief Administrative Officer</b>				
Tim Fox	173,921	27,872	201,793	185,944
<b>Other Designated Officers</b>				
	77,575	18,447	96,022	53,357

- (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, 2011**

**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 206,249 people and 421 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 9.49% of pensionable earnings up to the CPP maximum pensionable earnings and 13.13% of any excess earnings.

Total current and past service contributions by the County of Stettler #6 to the Local Authorities Pension Plan in 2011 were \$428,079 (2010 - \$369,988). Total current and past service contributions by the employees of the County of Stettler #6 to the Local Authorities Pension Plan in 2011 were \$387,782 (2010 - \$332,987).

Employees of the County of Stettler are required to make current service contributions of 8.49% of pensionable salary up to the year's maximum pensionable salary and 12.13% on salary above this amount.

At December 31, 2010, the Plan disclosed an actuarial deficiency of \$4.6 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.

**17. COMMITMENT**

The County is committed to the following purchases subsequent to year end:

Fire trucks - \$692,876 US dollars

**COUNTY OF STETTLER #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

18. 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, 2011 the municipality had a short-term bank line of credit aggregating \$215,838 (2010 - \$3,000,000) of which \$NIL (2010 - \$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.

19. COMPARATIVE AMOUNTS

Certain 2010 comparative figures have been reclassified in order to conform with the financial statement presentation for 2011.

20. BUDGET AMOUNTS

Budget figures for the year ended December 31, 2011 were approved by Council on May 11, 2011 and are for information purposes. These amounts have not been audited.

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements