

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31

Financial Statements

For the year ended December 31, 2009

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31

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Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To: The Reeve and Council of
the Municipal District of Foothills No. 31

We have audited the consolidated statement of financial position of the Municipal District of Foothills No. 31 as at December 31, 2009, the consolidated statement of financial operations, the consolidated statement of change in net financial assets and the consolidated statement of cash flow for the year then ended. These financial statements are the responsibility of the municipal administration. 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 management, 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 Municipal District of Foothills No. 31 as at December 31, 2009 and the results of its financial operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Lethbridge, Alberta

May 12, 2010

Young Parkyn McNab LLP

Chartered Accountants

MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the Municipal District of Foothills No. 31.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipal District maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Municipal District's assets are properly accounted for and adequately safeguarded.

The elected Council of the Municipal District of Foothills No. 31 are responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out their responsibility principally through the Finance and Administration and General Services committees.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Young Parkyn McNab LLP, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Municipal District. Young Parkyn McNab LLP has full and free access to the Council.



W. J. (Bill) Robinson, CGA
Treasurer

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2009

	2009	2008 (Restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 6,088,504	\$ 16,023,608
Taxes and grants in place of taxes receivable (note 3)	1,799,445	1,535,020
Trade and other receivables	2,476,187	3,319,331
Land held for resale	1,464,881	1,464,673
Investments	19,486	19,771
	11,848,503	22,362,403
Liabilities		
Accounts payable and accrued liabilities	3,479,646	3,332,708
Employee benefit obligations (note 4)	625,383	611,443
Deposits	1,923,258	2,798,910
Provision for gravel pit reclamation	698,668	712,928
Deferred revenue (note 5)	2,330,051	8,505,852
Long-term debt (note 6)	4,750,256	5,376,098
	13,807,262	21,337,939
Net financial (debt) assets	(1,958,759)	1,024,464
Non-financial assets		
Prepaid expenses	235,209	210,409
Inventory for consumption	3,120,131	2,683,036
Tangible capital assets (schedule 1)	170,204,082	172,141,290
	173,559,422	175,034,735
Accumulated surplus (note 7)	\$ 171,600,663	\$ 176,059,199

Commitments and contingencies (note 17)

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2009

	Budget (Unaudited)	2009	2008 (Restated)
Revenue			
Net municipal taxes (note 8)	\$ 19,983,688	\$ 20,026,554	\$ 19,255,676
User fees and sales of goods	856,925	1,216,258	1,081,988
Government transfers for operating (note 9)	2,514,948	2,155,021	9,424,286
Investment income	450,000	126,637	372,180
Penalties and costs of taxes	501,100	481,242	528,086
Licenses and permits	1,030,000	837,647	1,034,775
Gain on disposal of capital assets	-	-	160,994
Rental	153,681	176,787	150,591
Other	2,382,368	4,298,284	4,654,656
	<u>27,872,710</u>	<u>29,318,430</u>	<u>36,663,232</u>
Expenditures (note 10)			
Legislative	651,065	690,308	627,276
Administration	3,938,526	4,275,975	3,963,843
Protective services	1,620,074	2,348,486	1,978,303
Ambulance services and first aid	371,048	339,319	887,410
Roads, streets, walks, lighting	19,999,545	28,642,151	31,949,608
Airport	14,000	93,897	82,545
Wastewater treatment and disposal	754,145	1,099,235	1,072,488
Waste management	119,857	120,071	109,396
Family and community support services	337,756	380,808	417,577
Cemeteries and crematoriums	1,210	31,000	-
Land use planning, zoning and development	1,531,717	1,779,558	1,565,028
Economic and agricultural development	659,367	570,510	626,904
Recreation boards	847,200	752,477	753,961
Parks and recreation	51,362	848,060	66,887
Culture - libraries, museums, halls	138,941	138,941	138,941
	<u>31,035,813</u>	<u>42,110,796</u>	<u>44,240,167</u>
Deficiency of revenue over expenditures before other	(3,163,103)	(12,792,366)	(7,576,935)
Other			
Government transfers for capital (note 9)	5,262,157	8,333,830	2,828,614
Deficiency of revenue over expenditures	2,099,054	(4,458,536)	(4,748,321)
Accumulated surplus, beginning of year			
As previously stated	176,059,199	54,986,946	50,006,357
Prior period adjustments (note 11)	-	121,072,253	130,801,163
As restated	176,059,199	176,059,199	180,807,520
Accumulated surplus, end of year	<u>\$ 178,158,253</u>	<u>\$ 171,600,663</u>	<u>\$ 176,059,199</u>

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
For the year ended December 31, 2009

	Budget	2009	2008
Deficiency of revenue over expenditures	\$ 2,099,054	\$ (4,458,536)	\$ (4,748,321)
Acquisition of tangible capital assets	(6,598,100)	(11,455,127)	(7,495,731)
Amortization of tangible capital assets	-	12,747,719	12,276,886
Loss (gain) on disposal of tangible capital assets	-	155,489	(160,994)
Proceeds on disposal of tangible capital assets	-	489,127	619,327
	(6,598,100)	1,937,208	5,239,488
Net change in supplies inventory	-	(437,095)	(673,052)
Net change in prepaid expense	-	(24,800)	(13,830)
	-	(461,895)	(686,882)
Decrease in net financial assets	(4,499,046)	(2,983,223)	(195,715)
Net financial assets, beginning of year	1,024,464	1,024,464	1,220,179
Net financial assets (debt), end of year	\$ (3,474,582)	\$ (1,958,759)	\$ 1,024,464

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2009

	2009	2008 (Restated)
Operating transactions		
Deficiency of revenue over expenditures	\$ (4,458,536)	\$ (4,748,321)
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	155,489	(160,994)
Amortization of tangible capital assets	12,747,719	12,276,886
	8,444,672	7,367,571
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(264,425)	120,435
Trade and other receivables	843,144	3,634,994
Land held for resale	(208)	(605,179)
Investments	285	(237)
Inventory for consumption	(437,095)	(673,050)
Prepaid expenses	(24,800)	(13,830)
Accounts payable and accrued liabilities	146,938	51,388
Employee benefit obligations	13,940	145,087
Deposits	(875,652)	(72,355)
Provision for gravel pit reclamation	(14,260)	(29,487)
Deferred revenue	(6,175,801)	3,812,825
Cash provided by operating transactions	1,656,738	13,738,162
Capital transactions		
Proceeds on disposal of tangible capital assets	489,127	619,327
Acquisition of tangible capital assets	(11,455,127)	(7,495,731)
Cash applied to capital transactions	(10,966,000)	(6,876,404)
Financing transactions		
Repayment of long-term debt	(625,842)	(592,857)
(Decrease) increase in cash and temporary investments	(9,935,104)	6,268,901
Cash and temporary investments, beginning of year	16,023,608	9,754,707
Cash and temporary investments, end of year	\$ 6,088,504	\$ 16,023,608

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

1. Significant accounting policies

The consolidated financial statements of the Municipal District of Foothills No. 31 are the representations of management prepared in accordance with generally accepted accounting principles for local government established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipal District are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Municipal District and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for 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. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(d) Investments

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

1. Significant accounting policies, continued

(e) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(f) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(g) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

1. Significant accounting policies, continued

(i) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	25
Buildings	25-40
Engineered structures	20-70
Machinery and equipment	10-20
Vehicles	8-20

Amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(v) Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

2. Cash and temporary investments

	2009	2008
Cash	\$ 1,555,146	\$ 1,580,365
Temporary investments	4,533,358	14,443,243
	\$ 6,088,504	\$ 16,023,608

The temporary investments are comprised of GICs, term deposits, government bonds and corporate bonds with interest rates ranging between 0.51% and 1.75% and mature between February 2010 and April 2010. The carrying value of the temporary investments approximates fair value.

Under its credit facility with TD Canada Trust, the Municipal District holds a line of credit to a maximum of \$500,000. The line of credit is due on demand and bears interest at the prime rate less 0.25%. As at December 31, 2009 the line of credit was undrawn.

3. Taxes and grants in place of taxes receivable

	2009	2008
Taxes and grants in place of taxes receivable	\$ 1,321,106	\$ 1,198,023
Arrears	478,339	339,080
Allowance for uncollectible taxes	-	(2,083)
	\$ 1,799,445	\$ 1,535,020

4. Employee benefit obligations

	2009	2008
Vacation	\$ 400,887	\$ 412,671
Post employment benefits	224,496	198,772
	\$ 625,383	\$ 611,443

Vacation

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

Post-employment benefits

The Municipal District provides a service recognition benefit for its employees. Retiring employees over the age of 55 with over 10 years of service to the Municipal District are eligible to receive 1% of the salary for each year of employment.

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

5. Deferred revenue

	2009	2008 (Restated)
Alberta Municipal Infrastructure Program	\$ 281,522	\$ 4,082,587
Municipal Sustainability Initiative	1,159,084	4,096,266
Prepaid Road Repairs	75,000	75,000
New Deal for Canadian Municipalities	675,614	185,069
Street Improvement Program	1,157	13,743
Super Net Grant	4,000	4,000
Municipal Sponsorship grant	131,845	48,107
Blackie Prepaid Local Improvements	1,829	1,080
	\$ 2,330,051	\$ 8,505,852

Municipality Sustainability Initiative

Funding in the amount of \$477,780 (2008 - \$7,060,330) was received in the current year from the Municipality Sustainability Initiative. The use of these funds is restricted to eligible municipal infrastructure projects that receive approval under the Municipality Sustainability Initiative, which are scheduled for completion in future.

6. Long-term debt

	2009	2008
Aldersyde shop	\$ 3,429,094	\$ 3,558,513
Aldersyde water	35,884	67,923
Water plant upgrades	16,263	31,977
Heavy equipment	1,030,911	1,409,122
Okotoks fire hall	71,880	91,950
High River Ag Society	65,742	90,186
Blackie water	31,888	38,440
Cayley sewage	49,142	55,134
Cayley sewage	19,452	21,845
Blackie water/sewer	-	11,008
Tax supported debentures	\$ 4,750,256	\$ 5,376,098
Current portion	\$ 648,557	\$ 625,842

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

6. Long-term debt, continued

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2010	\$ 648,557	\$ 225,470	\$ 874,027
2011	627,309	191,346	818,655
2012	424,071	159,915	583,986
2013	176,563	143,455	320,018
2014	176,112	134,279	310,391
Thereafter	2,697,644	859,203	3,556,847
	\$ 4,750,256	\$ 1,713,668	\$ 6,463,924

Debenture debt is repayable to Alberta Capital Finance Authority and is issued on the credit and security of the Municipal District of Foothills No. 31 at large. The average annual interest rate is 4.86% for 2009 (2008 - 4.86%).

The Agriculture Society loan is considered to be an operating loan.

Interest on long-term debt amounted to \$254,266 (2008 - \$285,290).

The Municipal District's total cash payments for interest in 2009 were \$258,927 (2008 - \$290,387).

7. Accumulated surplus

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

	2009	2008
Unrestricted surplus (deficit)	\$ (320,162)	\$ (111,569)
Internally restricted surplus (reserves) (note 12)	6,401,257	9,315,390
Equity in tangible capital assets (note 13)	165,519,568	166,855,378
	\$ 171,600,663	\$ 176,059,199

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

8. Net municipal property taxes

	Budget (Unaudited)	2009	2008
Taxation			
Real property taxes	\$ 25,855,303	\$ 25,841,347	\$ 24,629,461
Commercial/industrial property taxes	4,604,256	4,618,871	4,374,757
Farmland property taxes	1,331,148	1,364,478	1,378,132
Power, pipe, cable t.v. and railway	4,444,392	4,458,501	4,399,473
Federal grants in place of property taxes	20,924	15,692	16,549
Provincial grants in place of property taxes	4,276	4,276	3,889
	<u>36,260,299</u>	<u>36,303,165</u>	<u>34,802,261</u>
Requisitions			
Alberta School Foundation Fund	14,426,975	14,426,975	13,806,010
Separate School Board	1,327,748	1,327,748	1,250,700
Seniors' Foundation	521,888	521,888	489,875
	<u>16,276,611</u>	<u>16,276,611</u>	<u>15,546,585</u>
	<u>\$ 19,983,688</u>	<u>\$ 20,026,554</u>	<u>\$ 19,255,676</u>

9. Government transfers

	Budget (Unaudited)	2009	2008 (Restated)
Transfers for operating:			
Provincial government	\$ 2,514,948	\$ 2,155,021	\$ 9,344,905
Local government	-	-	79,381
	<u>2,514,948</u>	<u>2,155,021</u>	<u>9,424,286</u>
Transfers for capital			
Provincial government	5,262,157	8,333,830	2,828,614
	<u>\$ 7,777,105</u>	<u>\$ 10,488,851</u>	<u>\$ 12,252,900</u>

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

10. Expenditures by object

	Budget (Unaudited)	2009	2008 (Restated)
Salaries, wages and benefits	\$ 10,703,891	\$ 11,694,639	\$ 10,374,606
Contracted and general services	9,154,315	6,036,451	9,255,655
Materials, goods, supplies and utilities	7,767,000	7,173,026	8,311,141
Bank charges and short term interest	37,750	34,522	35,594
Interest on long term debt	93,216	254,266	285,289
Other expenditures	1,193,722	1,276,255	889,288
Transfers to organizations and others	1,024,141	1,682,684	1,324,037
Purchases from other governments	1,061,778	1,055,746	1,487,671
Amortization of tangible capital assets	-	12,747,719	12,276,886
Loss on disposal of tangible capital assets	-	155,488	-
	\$ 31,035,813	\$ 42,110,796	\$ 44,240,167

11. Prior period adjustments

The Municipal District 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:

Adjustments to January 1, 2008 accumulated surplus:

As previously reported	\$ 50,006,357
Adjustment to net book value of tangible capital assets	131,173,836
Adjustment to deferred revenue	(372,673)

As restated **\$ 180,807,520**

Adjustments to deficiency of revenue over expenditures for the year ended December 31, 2008:

As previously reported	\$ 455,653
Tangible capital assets recorded but previously expensed	5,863,986
Amortization	(12,276,886)
Proceeds on disposal of capital assets	(619,327)
Gain on disposal of capital assets	160,994
Decrease in deferred revenue	35,514
Expenses capitalized under new tangible capital asset policies	1,631,745

As restated **\$ (4,748,321)**

Adjustments to tangible capital assets as at December 31, 2008:

As previously reported	\$ 50,731,879
Adjustments to historical cost of tangible capital assets	262,316,815
Accumulated amortization recorded	(140,907,404)

As restated **\$ 172,141,290**

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

12. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenditures.

Public reserve

Funds in this reserve are acquired through sale of public reserve land or through cash in lieu of land payments. Under the Municipal Government Act, certain subdivisions are required to contribute land for school and recreational purposes.

Public transportation

This reserve consists of unexpended public transportation grant funds. These funds are intended to assist in the provision of transportation of seniors and disabled residents.

Fire operating

This reserve is the result of a surplus in the fire operating account. This reserve can be used at the discretion of Council to offset future deficits in the fire operations or for any other fire related purpose.

FCSS reserve

This reserve is the result of unexpended grant funds that will be used at the discretion of Council under the recommendation of the FCSS board to fund future Family and Community Support Services projects.

Mill rate stabilization

These funds have been set aside as a contingency reserve to be used at the discretion of Council to offset mill rate increases or to cover unexpected expenditures.

Blackie water and sewer

This reserve was transferred from the Village of Blackie and will be used to fund future water and sewer improvements in the former Village.

Cayley water system

This reserve consists of off site levies and profit from the development and sale of lots in Cayley. Funds will be used for future water supply upgrades.

Provincial 75th Anniversary grant

In 1980 the Province of Alberta gave each municipality a grant as part of the Provincial 75th anniversary celebration. Council at that time set up funds as a reserve. The funds from this grant are used to fund operations during the year and reduce the requirement for borrowing until taxes are collected. Excess funds are invested and the interest income is recorded as general revenue.

Calgary annexation compensation

Funds in this reserve came from the compensation paid by the City of Calgary for lost revenue from land annexed into the City of Calgary in 2005. These funds will be used to fund future projects as determined by Council.

Blackie cemetery

In 2002, a donation that is to be used for improvements and maintenance at the Blackie cemetery was received from a Blackie business.

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

12. Reserves, continued

Aldersyde water system

These funds are being set aside for future upgrades as required to the Aldersyde water system.

Reserves for operating and capital activities changed as follows:

	2009	2008
Public reserve	\$ 1,639,657	\$ 2,701,774
Public transportation	26,236	25,947
Fire operating	13,067	13,067
FCSS reserve	6,985	6,985
Mill rate stabilization	-	1,833,406
Blackie water and sewer	7,500	4,000
Cayley water system	285,899	308,298
Provincial 75th Anniversary grant	3,111,430	3,111,430
Blackie cemetery	3,748	3,748
Aldersyde water system	6,735	6,735
Calgary annexation compensation	1,300,000	1,300,000
	\$ 6,401,257	\$ 9,315,390

13. Equity in tangible capital assets

	2009	2008
Tangible capital assets (schedule 1)	\$ 321,980,983	\$ 313,048,694
Accumulated amortization (schedule 1)	(151,776,901)	(140,907,404)
Long-term debt (note 6)	(4,750,256)	(5,376,098)
Operating debt (note 6)	65,742	90,186
	\$ 165,519,568	\$ 166,855,378

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

14. 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 Municipal District be disclosed as follows:

	2009	2008
Total debt limit	\$ 43,863,077	\$ 54,994,848
Total debt	4,750,256	5,376,098
	\$ 39,112,821	\$ 49,618,750
Debt servicing limit	\$ 7,310,513	\$ 9,165,808
Debt servicing	874,027	884,769
	\$ 6,436,486	\$ 8,281,039

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 which 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.

15. Local authorities pension plan

The Municipal District of Foothills No. 31 participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

Employees of the Municipal District of Foothills No. 31 participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 189,000 people and about 411 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Municipal District of Foothills No. 31 is required to make current service contributions to the Plan of 8.46% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% on pensionable earnings above this amount. Employees of the Municipal District of Foothills No. 31 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 pensionable salary above this amount.

Total current service contributions by the Municipal District of Foothills No. 31 to the Local Authorities Pension Plan in 2009 were \$584,232 (2008 - \$473,256). Total current service contributions by the employees of the Municipal District of Foothills No. 31 to the Local Authorities Pension Plan in 2009 were \$522,311 (2008 - \$418,201).

At December 31, 2008, the Plan disclosed an actuarial deficiency of \$4,414 million.

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

16. Salary and benefits disclosure

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

	(1)	(2)	2009	2008
	Salary	Benefits & allowances		
Council				
Division 1	\$ 64,329	\$ 6,053	\$ 70,382	\$ 64,362
Division 2	80,180	4,166	84,346	81,144
Division 3	79,316	4,166	83,482	77,871
Division 4	80,060	3,200	83,260	84,519
Division 5	93,417	4,166	97,583	88,458
Division 6	83,853	6,145	89,998	76,697
Division 7	76,393	4,166	80,559	72,338
Chief Administrative Officers - 2	293,727	44,395	338,122	310,843
Designated Officers - 4	\$ 377,112	\$ 66,239	\$ 443,351	\$ 405,386

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the 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.

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

17. Commitments and contingencies

a. The Municipal District of Foothills No. 31 is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements.

Under the terms of membership, the Municipal District 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.

b. In 2007 the Municipal District entered into an agreement with Lafarge Canada Inc. Under this agreement Lafarge Canada Inc. will have unrestricted use (subject to bans and speed limits imposed) of a designated haul road and the Municipal District will be responsible for the road's upkeep. In consideration of the cost involved to maintain the road, Lafarge Canada Inc. has agreed to pay through gravel the equivalent of \$1,300,000 or 1 million tonnes of gravel, over 25 years.

c. The Municipal District has entered into a operating lease for a Caterpillar motor grader. The Municipal District's total remaining obligation under this lease is \$210,546

18. Financial instruments

The Municipal District of Foothills No. 31's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Municipal District is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Municipal District of Foothills No. 31 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 Municipal District provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

19. Comparative figures

Where necessary the comparative figures for the prior year, have been reclassified to conform with the current year financial statement presentation. The changes do not affect prior year earnings.

20. Budget amounts

The 2009 budget for the Municipal District was approved by Council on April 30, 2009 (capital and operating) and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

Schedule of tangible capital assets

		Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	2009	2008 (restated)
Cost:									
Balance, beginning of year	\$	3,050,981	444,547	12,494,697	271,175,430	17,507,508	8,375,531	\$ 313,048,694	\$ 306,844,018
Acquisition of tangible capital assets		851,877	-	997,277	7,013,666	1,554,767	871,280	11,288,867	7,495,731
Construction-in-progress		-	-	3,154	163,106	-	-	166,260	-
Disposal of tangible capital assets		-	-	-	(1,350,649)	(940,149)	(232,040)	(2,522,838)	(1,291,055)
Balance, end of year		3,902,858	444,547	13,495,128	277,001,553	18,122,126	9,014,771	321,980,983	313,048,694
Accumulated amortization:									
Balance, beginning of year		-	90,164	2,089,920	129,204,015	5,955,152	3,568,152	140,907,404	129,463,240
Annual amortization		-	18,164	346,403	10,530,582	1,150,288	702,281	12,747,718	12,276,886
Accumulated amortization on disposals		-	-	-	(1,350,649)	(359,787)	(167,785)	(1,878,221)	(832,722)
Balance, end of year		-	108,328	2,436,323	138,383,948	6,745,653	4,102,648	151,776,901	140,907,404
Net book value of tangible capital assets	\$	3,902,858	336,219	11,058,805	138,617,605	11,376,473	4,912,123	\$ 170,204,082	\$ 172,141,290

2008 net book value of tangible capital assets (restated) \$ 3,050,981 \$ 354,383 \$ 10,404,777 \$ 141,971,415 \$ 11,552,355 \$ 4,807,379 \$ 172,141,290

MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

Schedule of changes in the components of accumulated surplus
Schedule 2

	Unrestricted surplus	Internally restricted surplus	Equity in tangible capital assets	Accumulated surplus
As at December 31, 2008	\$ (111,569)	\$ 9,315,390	\$ 166,855,378	\$ 176,059,199
Excess of expenditures over revenue	(4,458,536)			(4,458,536)
Net transfer from reserves to operating	2,914,133			
Purchase of tangible capital assets	(11,455,127)	(2,914,133)		
Amortization of tangible capital assets	12,747,719		11,455,127	
Repayment of long-term debt (capital)	(601,398)		(12,747,719)	
Proceeds on disposal of tangible capital assets	489,127		601,398	
Loss on disposal of tangible capital assets	155,489		(489,127)	
			(155,489)	
As at December 31, 2009	\$ (320,162)	\$ 6,401,257	\$165,519,568	\$171,600,663