

**BRAZEAU COUNTY**

**DRAYTON VALLEY, ALBERTA**

**FINANCIAL STATEMENTS**

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

# Hawkings Epp Dumont LLP

**Chartered Accountants**

Mayfield Square I  
10476 Mayfield Road  
Edmonton, Alberta  
T5P 4P4

Telephone: 780-489-9606  
Toll Free: 1-877-489-9606  
Fax: 780-484-9689  
Email: hed@hed-edm.com

## AUDITORS' REPORT

To the Members of Brazeau County Council  
Drayton Valley, Alberta

We have audited the statement of financial position of Brazeau County (the "County") as at December 31, 2009, and the statements of operations, and changes in financial position for the year then ended. These financial statements are the responsibility of the County's 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 the County's administration, as well as evaluating the overall financial statement presentation.

In our opinion, these 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 and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Edmonton, Alberta  
March 19, 2010

HAWKINGS EPP DUMONT LLP  
Chartered Accountants

**Stony Plain Office**  
Suite 101, 5300 - 50 Street  
PO Box 3188 Stn Main  
Stony Plain, Alberta T5Z 1T8

Telephone: 780-963-2727  
Fax: 780-963-1294  
Email: email@hawkings.com

**MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL REPORTING**

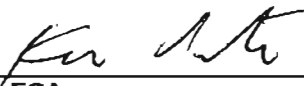
To His Worship the Reeve and Members of Council of Brazeau County  
Drayton Valley, Alberta

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are the responsibility of management, prepared in accordance with Canadian generally accepted accounting principles. They necessarily include some amounts that are based on the best estimates and judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by County Council to express an opinion on the County's financial statements.



  
\_\_\_\_\_  
Ken Porter, FCA  
County Manager

  
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Ruth Boden  
Director of Corporate Services

**BRAZEAU COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u> (Restated) (Note 18)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 10,544,808	\$ 16,268,674
Accounts receivable (Note 3)	3,165,108	4,089,940
Debt charges recoverable	<u>-</u>	<u>9,686</u>
	<u>13,709,916</u>	<u>20,368,300</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	2,147,626	2,832,646
Deposit liabilities	213,847	89,126
Deferred revenue (Note 7)	1,284,328	1,741,762
Long-term debt (Note 8)	<u>2,613,666</u>	<u>3,290,394</u>
	<u>6,259,467</u>	<u>7,953,928</u>
<b>NET FINANCIAL ASSETS</b>	<u>7,450,449</u>	<u>12,414,372</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 5)	96,792,783	83,787,696
Inventory for consumption (Note 4)	1,977,017	2,064,139
Prepaid expenses	<u>105,297</u>	<u>121,323</u>
	<u>98,875,097</u>	<u>85,973,158</u>
<b>ACCUMULATED SURPLUS (NOTE 9)</b>	<u>\$108,325,546</u>	<u>\$ 98,387,530</u>
Contingencies (Note 12)		

**ON BEHALF OF THE COUNTY COUNCIL:**

  
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**BRAZEAU COUNTY**

**STATEMENT OF OPERATIONS**

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

	<u>2009</u> (Budget) (Note 20)	<u>2009</u> (Actual)	<u>2008</u> (Actual) (Restated) (Note 18)
<b>REVENUE</b>			
Net taxation (Schedule 2)	\$ 21,852,610	\$ 21,670,925	\$ 20,379,861
Government transfers for operating (Schedule 3)	1,189,244	2,602,733	1,204,285
Sales of goods and services	300,056	293,817	290,068
Licenses and permits	175,000	179,745	196,054
Interest	308,258	128,414	670,117
Rentals	83,347	87,135	88,440
Fines	71,500	77,890	57,578
Penalties on taxes	55,855	67,649	55,111
Local improvements	35,580	35,580	45,595
Sales to other governments	10,510	18,737	19,984
Other	8,000	12,360	360
Insurance proceeds	1,000	-	-
	<u>24,068,760</u>	<u>25,374,955</u>	<u>23,007,451</u>
<b>EXPENSES</b>			
Roads, streets, walks and lighting	6,821,744	11,878,871	5,160,185
General and administration	2,358,895	2,228,408	2,120,943
Common equipment pool	1,786,498	1,812,631	1,801,030
Land use planning, zoning and development	754,922	790,884	572,358
Economic and agricultural development	876,826	781,107	737,166
Parks and recreation	762,525	692,826	741,238
Firefighting services	663,498	573,799	488,785
Culture - libraries	445,454	405,371	489,062
Wastewater treatment and disposal	342,180	334,403	190,413
Waste management	409,091	320,292	344,721
Council	254,768	245,106	239,684
Policing	232,548	241,739	178,508
Family and community support services	222,986	223,989	225,063
Water supply and distribution	183,163	129,522	143,533
Ambulance and first aid	81,071	81,071	244,886
Disaster and emergency measures	2,860	17,652	2,842
Bylaw enforcement	15,000	10,861	10,324
Cemeteries	5,500	3,675	420
Amortization of tangible capital assets	-	3,450,181	5,090,413
	<u>16,199,525</u>	<u>24,222,385</u>	<u>18,759,352</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME</b>	<u>7,869,235</u>	<u>1,152,600</u>	<u>4,248,099</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 3)	11,860,062	6,185,062	6,110,866
Contributed tangible capital assets	-	633,030	-
Cash in lieu of parks	-	68,325	116,531
Other	-	-	13,333
Gain (loss) on disposal of tangible capital assets	281,065	(101,001)	(825,601)
	<u>12,141,147</u>	<u>6,785,416</u>	<u>5,414,929</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>20,010,382</u>	<u>7,938,016</u>	<u>9,663,028</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	98,387,530	57,487,327	42,733,886
<b>CHANGES IN ACCOUNTING POLICIES (NOTE 18)</b>	-	40,900,203	45,990,616
<b>ACCUMULATED SURPLUS, AS RESTATED</b>	-	98,387,530	88,724,502
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 118,397,912</u>	<u>\$ 106,325,546</u>	<u>\$ 98,387,530</u>

**BRAZEAU COUNTY**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>2009</u> (Budget) (Note 20)	<u>2009</u> (Actual)	<u>2008</u> (Actual)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 20,010,382	\$ 7,938,016	\$ 9,663,028
Acquisition of tangible capital assets	(29,870,777)	<b>(16,824,431)</b>	(14,166,416)
Proceeds on disposal of tangible capital assets	281,065	<b>268,162</b>	497,810
Amortization of tangible capital assets	-	<b>3,450,181</b>	5,090,413
Gain (loss) on disposal of tangible capital assets	-	<b>101,001</b>	<u>825,601</u>
	<u>(29,589,712)</u>	<u>(13,005,087)</u>	<u>(7,752,592)</u>
Acquisition of supplies inventory	-	<b>87,122</b>	(126,669)
Acquisition of prepaid expenses	-	<b>16,026</b>	<u>(27,144)</u>
	<u>-</u>	<u>103,148</u>	<u>(153,813)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(9,579,330)	<b>(4,963,923)</b>	1,756,623
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>12,414,372</u>	<u>12,414,372</u>	<u>10,657,749</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ <u>2,835,042</u>	\$ <u>7,450,449</u>	\$ <u>12,414,372</u>

**BRAZEAU COUNTY**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u> (Restated) (Note 18)
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 7,938,016	\$ 9,663,028
Non-cash items included in excess of revenue over expenses		
Loss on disposal of tangible capital assets	101,001	825,601
Amortization of tangible capital assets	3,450,181	5,090,413
Change in non-cash working capital balances		
Accounts receivable	924,832	(618,409)
Prepaid expenses	16,026	(27,144)
Accounts payable and accrued liabilities	(685,020)	1,938,906
Deferred revenue	(457,434)	(844,504)
Inventories for consumption	87,122	(126,669)
Deposit liabilities	<u>124,721</u>	<u>(28,916)</u>
	<u>11,499,445</u>	<u>15,872,306</u>
<b>INVESTING ACTIVITIES</b>		
Debt charges received	9,688	47,283
Acquisition of tangible capital assets	<u>(16,824,431)</u>	<u>(14,166,416)</u>
	<u>(16,814,745)</u>	<u>(14,119,133)</u>
<b>FINANCING ACTIVITIES</b>		
Debt issued	-	1,996,118
Debt principal repaid	(676,728)	(332,058)
Proceeds on disposal of tangible capital assets	<u>268,162</u>	<u>497,810</u>
	<u>(408,566)</u>	<u>2,161,870</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>		
	(5,723,866)	3,915,043
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
	<u>18,268,874</u>	<u>12,353,631</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
	<u>\$ 10,544,808</u>	<u>\$ 16,268,674</u>

**BRAZEAU COUNTY**  
**SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**SCHEDULE 1**

	<u>2009</u>	<u>2008</u>
<b>BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	<b>\$ 41,670,924</b>	<b>\$ 30,412,593</b>
Changes in Accounting Policies (Note 18)	<u>38,836,064</u>	<u>44,053,146</u>
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<b>80,506,988</b>	<b>74,465,739</b>
Acquisition of Tangible Capital Assets	<b>16,824,431</b>	14,166,416
Cost of Tangible Capital Assets Disposed of	<b>(742,517)</b>	(1,323,411)
Accumulated Amortization of Tangible Capital Assets Disposed of	<b>373,353</b>	-
Amortization of Tangible Capital Assets	<b>(3,450,181)</b>	(5,090,413)
Long-term debt issued	-	(1,996,118)
Long-term debt repayments	<u>667,043</u>	<u>284,775</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 94,179,117</u></b>	<b><u>\$ 80,506,988</u></b>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible capital assets (Note 5)	\$ 96,792,783	\$ 83,787,696
Long-term debt	<u>(2,613,666)</u>	<u>(3,280,708)</u>
	<b><u>\$ 94,179,117</u></b>	<b><u>\$ 80,506,988</u></b>



**BRAZEAU COUNTY**

**SCHEDULE 2**

**SCHEDULE OF PROPERTY TAXES**

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

	<u>2009</u> (Budget) (Note 20)	<u>2009</u> (Actual)	<u>2008</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 11,058,144	\$ 11,118,265	\$ 10,453,114
Linear property taxes	19,564,757	19,575,622	18,796,504
Government grants in lieu of property taxes	<u>6,990</u>	<u>6,991</u>	<u>6,521</u>
	<u>30,629,891</u>	<u>30,698,878</u>	<u>29,256,139</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	(8,522,080)	(8,484,849)	(8,621,777)
Brazeau Seniors Foundation	<u>(255,201)</u>	<u>(343,104)</u>	<u>(254,501)</u>
	<u>(8,777,281)</u>	<u>(8,827,953)</u>	<u>(8,876,278)</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 21,852,610</u>	<u>\$ 21,870,925</u>	<u>\$ 20,379,861</u>

**BRAZEAU COUNTY**

**SCHEDULE 3**

**SCHEDULE OF GOVERNMENT TRANSFERS**

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

	<u>2009</u> (Budget) (Note 20)	<u>2009</u> (Actual)	<u>2008</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 1,158,639	\$ 2,590,702	\$ 1,190,196
Local governments	<u>10,605</u>	<u>12,031</u>	<u>14,089</u>
	<u>1,169,244</u>	<u>2,602,733</u>	<u>1,204,285</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>11,860,082</u>	<u>6,185,062</u>	<u>6,110,666</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 13,029,326</u>	<u>\$ 8,787,795</u>	<u>\$ 7,314,951</u>

BRAZEAU COUNTY

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2009

	General Administration	Parks and Recreation	Protective Services	Roads Streets, Walks and Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 1,723,362	\$ 414,874	\$ 896,609	\$ 5,180,028	\$ 690,582	\$ 12,965,470	\$ 21,870,925
Government transfers	198,681	251,093	-	375,480	-	1,777,479	2,602,733
All other	296,524	-	-	253	15,410	208,188	520,375
Sales and user charges	7,581	4,400	-	158,670	78,224	44,942	293,817
Rentals	-	-	-	-	-	87,135	87,135
	<u>2,226,148</u>	<u>670,367</u>	<u>896,609</u>	<u>5,714,431</u>	<u>784,216</u>	<u>15,083,214</u>	<u>25,374,985</u>
<b>EXPENSES</b>							
Materials, goods, and contracted and general services	914,159	13,594	147,389	3,185,961	548,727	8,052,221	12,862,051
Salaries, wages, and benefits	1,153,087	62,475	200,400	2,402,784	184,676	1,597,264	5,580,686
Transfers to other governments	-	569,901	370,668	-	65,935	236,584	1,243,088
Transfers to local boards and organizations	-	-	137,967	-	-	518,068	656,035
Insurance	99,203	-	9,369	-	-	32,696	141,268
Interest on long term debt	-	-	-	118,560	4,878	-	123,438
Repairs and maintenance	16,465	24,397	25,894	-	-	12,414	79,170
Utilities	43,234	-	4,922	7,126	-	31,186	86,468
	<u>2,226,148</u>	<u>670,367</u>	<u>896,609</u>	<u>5,714,431</u>	<u>784,216</u>	<u>10,480,433</u>	<u>20,772,204</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE AMORTIZATION</b>	-	-	-	-	-	4,602,781	4,602,781
Amortization of tangible capital assets	25,502	23,240	119,388	3,099,982	100,657	81,412	3,450,181
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (25,502)</u>	<u>\$ (23,240)</u>	<u>\$ (119,388)</u>	<u>\$ (3,099,982)</u>	<u>\$ (100,657)</u>	<u>\$ 4,521,369</u>	<u>\$ 1,152,600</u>

BRAZEAU COUNTY

SCHEDULE 5

SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Administration	Parks and Recreation	Protective Services	Roads Streets, Walks and Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 1,819,076	\$ 728,975	\$ 587,297	\$ 4,493,565	\$ 595,285	\$ 12,155,663	\$ 20,379,861
Government transfers	47,118	8,000	161,341	496,913	-	490,913	1,204,285
All other	245,892	-	161,341	205	5,153	632,206	1,044,797
Sales and user charges	8,856	4,263	-	169,501	78,230	29,218	290,068
Rentals	-	-	-	-	-	88,440	88,440
	<u>2,120,942</u>	<u>741,238</u>	<u>909,979</u>	<u>5,160,184</u>	<u>678,668</u>	<u>13,396,440</u>	<u>23,007,451</u>
<b>EXPENSES</b>							
Materials, goods, and contracted and general services	1,179,571	15,905	103,157	3,015,233	431,975	1,768,807	6,514,648
Salaries, wages, and benefits	781,943	85,700	118,947	2,061,619	170,418	1,379,866	4,598,493
Transfer to other governments	-	597,165	338,604	-	67,917	426,053	1,429,739
Transfer to local boards and organizations	-	-	318,333	-	-	401,591	719,924
Insurance	94,007	-	8,133	-	-	27,474	129,614
Repairs and maintenance	16,615	42,468	20,323	-	-	28,261	107,667
Interest on long term debt	-	-	-	77,302	8,358	-	85,660
Utilities	48,806	-	2,482	6,030	-	25,876	83,194
	<u>2,120,942</u>	<u>741,238</u>	<u>909,979</u>	<u>5,160,184</u>	<u>678,668</u>	<u>4,057,928</u>	<u>13,668,939</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE AMORTIZATION</b>							
Amortization of tangible capital assets	48,806	17,484	2,482	4,838,286	87,772	95,583	5,090,413
	-	-	-	-	-	9,338,512	9,338,512
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (48,806)</u>	<u>\$ (17,484)</u>	<u>(2,482)</u>	<u>\$ (4,838,286)</u>	<u>\$ (87,772)</u>	<u>\$ 9,242,929</u>	<u>\$ 4,248,099</u>

**BRAZEAU COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements are the representations of the County's management prepared in accordance with Canadian generally accepted accounting principles. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

These consolidated financial statements include the assets, liabilities, revenue and expenditures and changes in equity balances and in financial position of the County. This entity is comprised of all the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenue in the period in which 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.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Inventories for Consumption

Inventories for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

(d) 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 their estimated useful lives as follows:

Buildings	40 years
Engineered structures	
Roadways	
Top	20 years
Base	40 years
Bridges	Variable
Wastewater systems	75 years
Water systems	45 & 75 years
Machinery and equipment	5 - 20 years
Vehicles	10 years

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

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

**BRAZEAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2009**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Prepaid Local Improvements**

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the County.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on the straight-line basis over the remaining term of the related borrowings. In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

**(f) Excess Collections and Under-levies**

Excess collections 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 excess collection is accrued as a liability and shown as an "other" operating expenditure.

In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and reflected as operating revenue.

Requisitions tax-rates in the subsequent year are adjusted for any excess collections or under-levies of the prior year. Amounts previously accrued for excess collections are included in "other" operating revenue.

**(g) Post Employment Benefits**

Upon full retirement, after the age of fifty-five (55), County employees are entitled to be paid out for a maximum of twenty-five per cent (25%) of their remaining accumulated sick leave days. The cost of this post employment benefit is recognized as an expense as the employees provide service.

**(h) Use of Estimates**

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

**BRAZEAU COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2009**

**2. CASH AND CASH EQUIVALENTS**

	<u>2009</u>	<u>2008</u>
Cash	\$ 10,544,808	\$ 10,789,555
Term deposits	<u>                  -</u>	<u>5,499,119</u>
	<b><u>\$ 10,544,808</u></b>	<b><u>\$ 16,288,674</u></b>

**3. ACCOUNTS RECEIVABLE**

	<u>2009</u>	<u>2008</u>
Receivable from other governments	\$ 2,241,781	\$ 2,968,187
Taxes and grants in lieu	488,185	298,411
Trade and other	<u>435,142</u>	<u>825,342</u>
	3,165,108	4,089,940
Less: Allowance for doubtful taxes	<u>                  -</u>	<u>                  -</u>
	<b><u>\$ 3,165,108</u></b>	<b><u>\$ 4,089,940</u></b>

**4. INVENTORY FOR CONSUMPTION**

	<u>2009</u>	<u>2008</u>
Gravel	\$ 1,754,199	\$ 1,719,594
Parts, chemicals, and other	<u>222,818</u>	<u>344,545</u>
	<b><u>\$ 1,977,017</u></b>	<b><u>\$ 2,064,139</u></b>

**BRAZEAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2009**

**5. TANGIBLE CAPITAL ASSETS**

	<u>2009</u> Net Book Value	<u>2008</u> Net Book Value
Engineered structures		
Roadways	\$ 59,308,271	\$ 58,467,375
Wastewater systems	5,417,528	4,825,003
Water systems	2,482,569	1,830,822
Other	<u>1,237,123</u>	<u>173,483</u>
	<b>68,445,491</b>	<b>65,296,683</b>
Machinery and equipment	7,029,495	6,403,917
Vehicles	521,706	506,989
Buildings	10,150,015	1,587,081
Land	<u>10,648,078</u>	<u>10,013,048</u>
	<b>\$ 96,792,783</b>	<b>\$ 83,787,698</b>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineering structures					
Roadways	\$ 159,981,474	\$ 3,490,784	\$ -	\$ -	\$ 163,472,238
Wastewater systems	5,885,980	662,954	-	-	6,348,934
Water systems	2,177,354	681,975	-	-	2,859,329
Other	<u>218,408</u>	<u>1,079,942</u>	<u>-</u>	<u>-</u>	<u>1,298,350</u>
	168,063,216	5,915,635	-	-	173,978,851
Machinery and equipment	8,986,106	1,545,425	(710,588)	-	9,800,943
Vehicles	741,358	78,819	(31,929)	-	788,248
Buildings	2,118,923	8,851,522	-	-	10,770,445
Land	<u>10,013,046</u>	<u>633,030</u>	<u>-</u>	<u>-</u>	<u>10,646,076</u>
	<b>\$ 189,902,649</b>	<b>\$ 16,824,431</b>	<b>\$ (742,517)</b>	<b>\$ -</b>	<b>\$ 205,984,563</b>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 101,514,099	\$ 2,849,868	\$ -	\$ -	\$ 104,163,967
Wastewater systems	860,977	70,429	-	-	931,406
Water systems	346,532	30,228	-	-	376,760
Other	<u>44,945</u>	<u>16,282</u>	<u>-</u>	<u>-</u>	<u>61,227</u>
	102,766,553	2,766,807	-	-	105,533,360
Machinery, equipment, and furnishings	2,562,189	553,358	(344,099)	-	2,771,448
Vehicles	234,369	81,427	(29,254)	-	266,542
Buildings	551,842	68,588	-	-	620,430
Land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>\$ 106,114,953</b>	<b>\$ 3,450,180</b>	<b>\$ (373,353)</b>	<b>\$ -</b>	<b>\$ 109,191,780</b>

The cost of tangible capital assets includes \$10,447,212 of work in progress for which no amortization has been provided.



**BRAZEAU COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2009**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2009</u>	<u>2008</u>
Trade and other accounts payable	\$ 1,928,091	\$ 2,638,306
Accrued vacation pay	186,208	164,156
Post employment benefits (Note 1 (m))	<u>33,329</u>	<u>30,184</u>
	<u>\$ 2,147,626</u>	<u>\$ 2,832,646</u>

**7. DEFERRED REVENUE**

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2009</u>	<u>2008</u>
Provincial government conditional transfers	<u>\$ 1,284,328</u>	<u>\$ 1,741,762</u>

**8. LONG-TERM DEBT**

	<u>2009</u>	<u>2008</u>
Supported by general tax levies	\$ 2,543,029	\$ 3,207,030
Supported by special levies	<u>70,637</u>	<u>83,364</u>
	<u>\$ 2,613,666</u>	<u>\$ 3,290,394</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 691,767	\$ 88,018	\$ 779,785
2011	717,459	62,326	779,785
2012	737,341	35,625	772,966
2013	426,654	12,199	438,853
2014	3,105	2,325	5,430
Thereafter	<u>37,340</u>	<u>11,535</u>	<u>48,875</u>
	<u>\$ 2,613,666</u>	<u>\$ 212,028</u>	<u>\$ 2,825,694</u>

Debenture debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 3.046% to 9.750% per annum and matures in years 2012 through 2023.

Interest on long-term debt amounted to \$123,438 (2008 - \$85,660).

The County's total cash payments for interest in 2009 were \$113,349 (2008 - \$71,334).

**BRAZEAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2009**

**9. ACCUMULATED SURPLUS**

	<u>2009</u>	<u>2008</u>
Unrestricted surplus	\$ 2,314,142	\$ 2,314,139
Restricted surplus		
Operating reserves (Note 10)	4,584,588	6,311,578
Capital reserves (Note 10)	5,267,721	9,254,825
Equity in tangible capital assets (Schedule 1)	<u>94,179,117</u>	<u>80,506,988</u>
	<u>\$ 106,325,546</u>	<u>\$ 98,387,530</u>

**10. RESERVES**

	<u>2009</u>	<u>2008</u>
Operating Reserves		
General operating	\$ 3,000,000	\$ 3,000,000
Resource road reserve	1,419,359	1,711,578
Overlay	<u>145,207</u>	<u>1,600,000</u>
	<u>4,564,566</u>	<u>6,311,578</u>
Capital Reserves		
Roads	3,870,149	3,000,000
Equipment replacement	740,337	583,758
Cash in lieu of parks	241,952	197,475
Utilities	220,682	145,682
Fire equipment	100,102	212,173
Administration building renovations	94,499	94,499
Breton fire station	-	575,000
Administration building construction	<u>-</u>	<u>4,446,238</u>
	<u>6,267,721</u>	<u>9,254,825</u>
	<u>\$ 9,832,287</u>	<u>\$ 15,566,403</u>

**11. COMMITMENTS**

Under a cost-sharing agreement with the Town of Drayton Valley dated September 20, 2007, the County has agreed to pay the Town of Drayton Valley a grant of \$73.64 per capita for operating costs of the Town recreation facilities (Omni-plex and swimming pool). The grant is to be adjusted annually, beginning in 2008, by the annual increase in the Alberta Consumer Price Index as supplied by Statistics Canada. The term of the agreement is four years, commencing January 1, 2007.

**12. CONTINGENCIES**

(a) Guarantee

The County has provided its financial institution with a continuing guarantee in the amount of \$76,438 in favour of the Pembina Education Society.

(b) Insurance Exchange

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

**BRAZEAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2009**

**13. TRUST FUNDS**

Trust funds result when proceeds from property sales exceed the outstanding tax arrears at the time of sale, plus the return on those funds. At December 31, 2009 \$981 (2008 - \$975) was held in a segregated trust account and may be payable, on application, to the previous owner. These trust funds are not included on the balance sheet.

**14. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

The County is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The County is exposed to the credit risk associated with fluctuations in the oil and gas industry as a significant portion of the property taxes outstanding at December 31, 2009 relate to linear property and are receivable from companies in the oil and gas industry. The large number and diversity of customers minimizes the County's credit risk.

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

**15. REMUNERATION AND BENEFITS DISCLOSURE**

Disclosure of remuneration and benefits for elected municipal officials, the County Manager and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>2009</u>	<u>2008</u>
	<u>Remuneration</u>	<u>Benefits and Allowances</u>
	<u>Total</u>	<u>Total</u>
Reeve and Councillors		
W. Tweedle (Reeve)	\$ 40,475	\$ 10,545
B. Kitching	28,355	5,728
A. Heinrich	24,190	4,429
D. Konelsky	28,190	6,601
M. Schwab	26,815	4,920
P. Montelth	24,325	5,690
P. Vos	<u>15,360</u>	<u>-</u>
	<u>\$ 183,710</u>	<u>\$ 37,913</u>
County Manager	<u>\$ 135,000</u>	<u>\$ 2,400</u>
	<u>\$ 221,623</u>	<u>\$ 131,330</u>

Remuneration includes regular base pay, gross honoraria and any other direct cash remuneration.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees, and the employer's share of the costs of any additional taxable benefits. Benefits and allowances for the County Manager includes a \$2,400 travel allowance.

**BRAZEAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2009**

**16. LOCAL AUTHORITIES PENSION PLAN**

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. The LAPP 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 County is required to make current service contributions to the LAPP 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 County are required to make current service contributions of 7.46% of pensionable earnings up to the year's maximum pensionable earnings and 10.66% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2009 were \$125,537 (2008 - \$97,778). Total current service contributions by the employees of the County to the LAPP in 2009 were \$111,696 (2008 - \$85,840).

At December 31, 2008 the Plan disclosed an actuarial deficit of \$4,413.9 million (2007 - \$1,183.3 million).

**17. 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 County be disclosed as follows:

	<u>2009</u>	<u>2008</u>
Total debt limit	\$ 38,062,478	\$ 34,511,177
Total debt	<u>2,613,666</u>	<u>3,290,394</u>
Amount of debt limit unused	<u>\$ 35,448,812</u>	<u>\$ 31,220,783</u>
Service on debt limit	\$ 6,343,746	\$ 5,751,863
Service on debt	<u>779,785</u>	<u>398,839</u>
Amount of debt servicing limit unused	<u>\$ 5,563,961</u>	<u>\$ 5,353,024</u>

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits 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 County. Rather, the financial statements must be interpreted as a whole.

**BRAZEAU COUNTY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2009**

**18. CHANGES IN ACCOUNTING POLICIES**

Effective January 1, 2009 the County adopted *Public Sector Accounting Standard 3150 - Tangible Capital Assets* and commenced amortizing its tangible capital assets. Additionally, prior to 2009, the County included inventories for consumption as a component of the equity in tangible capital assets and reported the change in Inventories for consumption strictly by adjusting equity rather than adjusting the excess of revenue over expenses. Effective in 2009, the County discontinued this practice and commenced reporting the change in the inventory for consumption balance in excess of revenue over expenses.

Comparative figures have been restated to reflect this change.

The effect on the financial statements has been to reduce 2008 excess of revenue over expenses by \$4,963,744 (\$5,090,413 decrease for amortization expense and \$126,669 increase for change in inventory) increase tangible capital assets, equity in tangible capital assets, and accumulated surplus by \$44,053,146.

**19. SEGMENTED INFORMATION**

The County provides a wide range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 4).

**20. BUDGET FIGURES**

Budget figures are presented for information purposes only and are unaudited.

**21. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council.