

TOWN OF REDCLIFF
Financial Statements
December 31, 2010

Management's Responsibility

To the Mayor and Council of the Town of Redcliff:

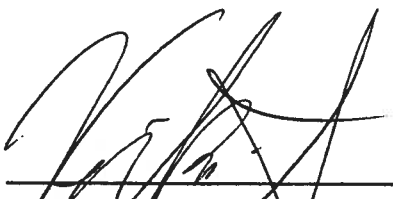
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles (PSAAB). This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed entirely of Councilors who are neither management nor employees of the Town. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Town's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the councilors to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

April 25, 2011



Municipal Treasurer



Municipal Manager

AUDITORS' REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Town of Redcliff, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Town of Redcliff as at December 31, 2010, the results of its' operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Meyers Norris Penny LLP

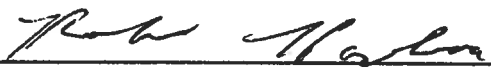
Medicine Hat, Alberta
April 25, 2011

Chartered Accountants

TOWN OF REDCLIFF

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010

	2010	2009 (Restated)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	6,926,448	6,268,525
Receivables		
Taxes and grants in place of taxes (Note 3)	303,528	277,114
Trade and other receivables	1,635,960	1,736,141
Loan receivable (Note 4)	486,754	490,588
Land for resale inventory	1,607,087	1,701,306
Debt charges recoverable (Note 5)	81,399	102,199
	<u>11,041,176</u>	<u>10,575,873</u>
LIABILITIES		
Accounts payable and accrued liabilities	993,720	1,150,726
Deferred revenue	195,013	164,349
Employee benefit obligations (Note 6)	163,418	173,233
Long-term debt (Note 7)	5,604,401	5,900,378
	<u>6,956,552</u>	<u>7,388,686</u>
NET FINANCIAL ASSETS	<u>4,084,624</u>	<u>3,187,187</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	72,133,816	71,924,909
Inventory for consumption	105,159	130,762
Prepaid expenses	104,957	47,687
	<u>72,343,932</u>	<u>72,103,358</u>
ACCUMULATED SURPLUS (Schedule 1, Note 10)	<u>76,428,556</u>	<u>75,290,545</u>
Contingencies – See Note 14		



MAYOR

TOWN OF REDCLIFF

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010	2009 (Restated)
REVENUE			
Net municipal taxes (Schedule 3)	4,685,500	4,625,425	4,496,448
User fees and sales of goods	5,024,650	3,973,979	3,377,561
Government transfers for operating (Schedule 4)	630,920	603,453	489,616
Investment income	26,800	63,675	54,236
Penalties and costs of taxes	51,900	77,161	55,873
Rentals	44,550	54,932	36,691
Other	48,500	110,179	46,554
Total Revenue	<u>10,512,820</u>	<u>9,508,804</u>	<u>8,556,979</u>
EXPENSES			
Legislative	110,400	136,544	104,371
Administration	1,640,600	1,444,036	1,490,934
Protective services	1,162,125	1,169,793	976,662
Transportation services	882,050	2,749,378	2,599,570
Water, wastewater and waste management	1,902,000	2,505,728	2,272,101
Public health and welfare	392,900	242,521	249,428
Planning and development	764,200	604,979	409,546
Recreation and culture	910,550	889,470	922,966
Loss on disposal of capital assets	-	309,187	97,137
Total Expenses	<u>7,764,825</u>	<u>10,051,636</u>	<u>9,122,715</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES – BEFORE OTHER	<u>2,747,995</u>	<u>(542,832)</u>	<u>(565,736)</u>
OTHER			
Contributed assets	-	78,451	3,997
Government transfers for capital (Schedule 4)	2,065,980	1,602,392	2,167,154
	<u>2,065,980</u>	<u>1,680,843</u>	<u>2,171,151</u>
EXCESS OF REVENUE OVER EXPENSES	<u>4,813,975</u>	<u>1,138,011</u>	<u>1,605,415</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>75,290,545</u>	<u>75,290,545</u>	<u>73,685,130</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>80,104,520</u>	<u>76,428,556</u>	<u>75,290,545</u>

TOWN OF REDCLIFF

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010	2009 (Restated)
EXCESS OF REVENUE OVER EXPENSES	<u>4,813,975</u>	<u>1,138,011</u>	<u>1,605,415</u>
Acquisition of tangible capital assets	(8,482,730)	(2,878,217)	(3,382,971)
Contributed tangible capital assets	-	(78,451)	(147,985)
Proceeds on disposal of tangible capital assets	-	1,000	13,375
Amortization of tangible capital assets	-	2,437,575	2,323,660
Loss on sale of tangible capital assets	<u>-</u>	<u>309,187</u>	<u>97,137</u>
	<u>(8,482,730)</u>	<u>(208,907)</u>	<u>(1,096,784)</u>
Acquisition of supplies inventories	(130,000)	(105,159)	(130,762)
Acquisition of prepaid assets	(47,000)	(104,957)	(47,687)
Use of supplies inventories	130,000	130,762	151,965
Use of prepaid assets	<u>47,000</u>	<u>47,687</u>	<u>50,973</u>
	<u>-</u>	<u>(31,667)</u>	<u>24,489</u>
INCREASE (DECREASE) IN NET ASSETS	(3,668,755)	897,437	(533,120)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>3,187,187</u>	<u>3,187,187</u>	<u>2,654,067</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>(481,568)</u>	<u>4,084,624</u>	<u>3,187,187</u>

TOWN OF REDCLIFF

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	1,138,011	1,605,415
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	2,437,575	2,323,661
Loss on disposal of tangible capital assets	309,187	97,137
Tangible capital assets received as contributions	-	(4,000)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(26,414)	(49,735)
Decrease (increase) in trade and other receivables	100,181	(687,268)
Decrease (increase) in land held for resale	94,219	(31,452)
Decrease (increase) in inventory for consumption	25,603	21,203
Decrease (increase) in prepaid expenses	(57,270)	3,285
Increase (decrease) in accounts payable and accrued liabilities	(157,006)	(442,377)
Decrease (increase) in loans receivable	24,634	30,956
Increase (decrease) in deferred revenue	30,664	76,767
Increase (decrease) in employee benefit obligations	(9,815)	23,540
	3,909,569	2,967,132
CAPITAL		
Acquisition of tangible capital assets	(2,956,668)	(3,530,956)
Sale of tangible capital assets	1,000	13,375
	(2,955,668)	(3,517,581)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	-	-
Decrease (increase) in investments	-	-
	-	-
Cash provided by (applied to) investing transactions	-	-
FINANCING		
Long-term debt issued	538,810	253,472
Long-term debt repaid	(834,788)	(812,897)
	(295,978)	(559,425)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	657,923	(1,105,874)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,268,525	7,374,399
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 2)	6,926,448	6,268,525

Town of Redcliff
Statement of Changes in Accumulated Surplus
For the Year Ended December 31, 2010
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2010 \$	2009 \$
Balance, beginning of year, as previously stated	1,862,190	7,301,625	66,126,730	76,220,506	74,615,091
Correction (Note 15)	-	-	-	(929,961)	(929,961)
Balance, beginning of year, as restated	1,862,190	7,301,625	66,126,730	75,290,545	73,685,130
Excess of revenues over expenses	1,138,011	-	-	1,138,011	1,605,415
Unrestricted funds designated for future use	(3,610,877)	3,610,877	-	-	-
Restricted funds used for operations	1,131,471	(1,131,471)	-	-	-
Restricted funds used for tangible capital assets	-	(1,815,974)	1,815,974	-	-
Current year funds used for tangible capital assets	(523,431)	-	523,431	-	-
Contributed tangible capital assets	(78,451)	-	78,451	-	-
Disposal of tangible capital assets	310,187	-	(310,187)	-	-
Annual amortization expense	2,437,575	-	(2,437,575)	-	-
Long term debt repaid	(813,989)	-	813,989	-	-
Change in accumulated surplus	(9,504)	663,432	484,083	1,138,011	1,605,415
Balance, end of year	1,852,686	7,965,057	66,610,813	76,428,556	75,290,545

TOWN OF REDCLIFF
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2010
Schedule 2

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2010	2009
Cost:									
Balance, beginning of year	8,157,661	5,019,390	116,335	4,683,449	76,880,644	2,942,210	1,531,620	99,331,329	96,142,019
Acquisition of tangible capital assets	497,664	78,451	-	1,568,541	492,582	232,915	86,515	2,956,668	6,615,213
Construction completed	(2,838,190)	-	206,838	794,650	1,789,344	47,358	-	-	(3,084,257)
Disposal of tangible capital assets	-	(141,083)	-	-	(201,953)	-	(20,060)	(363,096)	(341,646)
Balance, end of year	5,817,155	4,956,758	323,173	7,046,640	78,960,617	3,222,483	1,598,075	101,924,901	99,331,329
Accumulated Amortization:									
Balance, beginning of year	-	-	48,180	2,226,573	23,364,513	1,041,490	725,664	27,406,420	25,313,893
Annual amortization	-	-	8,821	114,168	2,103,920	116,587	94,079	2,437,575	2,323,660
Accumulated amortization on disposals	-	-	-	-	(32,849)	-	(20,060)	(52,909)	(231,133)
Balance, end of year	-	-	57,001	2,340,741	25,435,584	1,158,077	799,683	29,791,086	27,406,420
Net book value of tangible capital assets	5,817,155	4,956,758	266,172	4,705,899	53,525,033	2,064,406	798,392	72,133,815	71,924,909
2009 net book value of tangible capital assets	8,157,681	5,019,390	68,155	2,456,876	53,516,131	1,900,720	805,956	71,924,909	

TOWN OF REDCLIFF

SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2010 SCHEDULE 3

	Budget (Unaudited)	2010	2009
TAXATION			
Real property taxes	6,040,600	6,017,239	5,761,778
Linear property taxes	105,000	105,487	103,406
Local improvement taxes	444,500	406,669	399,881
Other revenues	-	3,079	2,716
	<u>6,590,100</u>	<u>6,532,474</u>	<u>6,267,781</u>
REQUISITIONS			
Alberta School Foundation Fund	1,771,500	1,773,934	1,702,178
Cypress View Foundation	<u>133,100</u>	<u>133,115</u>	<u>69,155</u>
	<u>1,904,600</u>	<u>1,907,049</u>	<u>1,771,333</u>
NET MUNICIPAL TAXES	<u>4,685,500</u>	<u>4,625,425</u>	<u>4,496,448</u>

TOWN OF REDCLIFF

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2010 SCHEDULE 4

	Budget (Unaudited)	2010	2009
TRANSFERS FOR OPERATING:			
Federal Government	1,000	1,000	1,000
Provincial Government	585,740	578,273	464,436
Other Local Governments	44,180	24,180	24,180
	<u>630,920</u>	<u>603,453</u>	<u>489,616</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	2,065,980	1,602,392	2,167,154
Federal Governments	-	-	-
	<u>2,065,980</u>	<u>1,602,392</u>	<u>2,167,154</u>
TOTAL GOVERNMENT TRANSFERS	<u>2,696,900</u>	<u>2,205,845</u>	<u>2,656,770</u>

TOWN OF REDCLIFF

SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2010 SCHEDULE 5

	Budget (Unaudited)	2010	2009
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	2,744,600	2,745,157	2,639,675
Contracted and general services	1,900,925	1,686,973	1,448,356
Materials, goods and utilities	2,467,500	2,256,637	1,986,134
Provision for allowances	3,100	59,719	5,782
Transfers to boards and organizations	259,250	289,780	323,595
Bank charges	3,050	3,182	2,716
Interest on long-term debt	386,400	263,426	295,659
Amortization of tangible capital assets	-	2,437,575	2,323,661
Loss of disposal of tangible capital assets	-	309,187	97,137
	<u>7,764,825</u>	<u>10,051,636</u>	<u>9,122,715</u>

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Redcliff are the representations of management prepared in accordance with Canadian generally accepted accounting standards for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town of Redcliff are as follows:

A) REPORTING ENTITY

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and changes in fund balances and 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. Interdepartmental and organizational transactions and balances are eliminated.

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 revenues in the period that the events that gave rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

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

C) 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.

D) TEMPORARY INVESTMENTS

Temporary investments consisting of a T-Bill mutual fund, are recorded at the lesser of cost and fair market value. At December 31, 2010 market value equals cost (2009 – market value equals cost).

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

E) DEBT CHARGES RECOVERABLE

Debt charges recoverable consist of amounts that are recoverable from other entities or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or 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) INVENTORIES FOR RESALE

Land held for resale is recorded at the lower of cost or 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 wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

G) 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.

H) 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.

I) PREPAID LOCAL IMPROVEMENT CHARGES

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

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

J) 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:

	<u>YEARS</u>
Land improvements	20
Buildings	25-50
Engineered structures	
Roadway system	15-40
Water system	45-75
Wastewater system	45-75
Machinery and equipment	5-25
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and 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 expense as incurred.

iv. Inventories

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

v. Cultural and Historical Capital Assets

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

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

2. CASH AND TEMPORARY INVESTMENTS

	2010	2009
Cash	778,218	176,606
Temporary investments	<u>6,148,230</u>	<u>6,091,919</u>
	<u>6,926,448</u>	<u>6,268,525</u>

Temporary investments consist of T-Bill mutual funds totaling \$6,106,311 (\$6,050,000 in 2009) and \$41,919 of other non-interest bearing temporary investments (\$41,919 in 2009).

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	2010	2009
Current taxes and grants in place of taxes	232,053	213,509
Arrears taxes	<u>71,475</u>	<u>63,605</u>
	<u>303,528</u>	<u>277,114</u>

4. LOANS RECEIVABLE

The Town has loaned the Redcliff Cypress Regional Waste Management Authority \$306,495 (2009 - \$306,495) to assist in the funding of a capital project. The Town provides administrative services and operates the Authority with Cypress County through a joint agreement. The loan is unsecured, bearing interest at the posted 10-year rate set by the Alberta Capital Finance Authority Lending Rules of 3.213% (3.636% at December 31, 2009), with no specified terms of repayment. As of December 31, 2010, \$7,505 has been repaid.

Loans receivable also includes \$180,259 (2009 - \$184,093) loaned to the Cypress View Foundation to assist in their facility expansion. The loan is unsecured, with semi-annual payments of \$3,477 plus interest at 5.5%, due in 2034.

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

5. DEBT CHARGES RECOVERABLE

	2010	2009
Current debt charges recoverable	21,847	20,799
Non-current debt charges recoverable	<u>59,552</u>	<u>81,400</u>
	<u><u>81,399</u></u>	<u><u>102,199</u></u>

The Town has provided financing for a development project with the Redcliff Riverview Golf Course. The Town assumed long-term financing totaling \$200,000 in 2004; however, all financing plus interest at 5% is recoverable from the Redcliff Riverview Golf Course with respect to this financing. Amounts are recoverable in annual blended installments of \$25,627, and mature June 15, 2014.

	Principal	Interest	Total
2011	21,847	3,780	25,627
2012	22,947	2,680	25,627
2013	24,102	1,525	25,627
2014	<u>12,503</u>	<u>311</u>	<u>12,814</u>
	<u><u>81,399</u></u>	<u><u>8,296</u></u>	<u><u>89,695</u></u>

6. EMPLOYEE BENEFITS OBLIGATIONS

	2010	2009
Liability for vacation benefits	<u>163,418</u>	<u>173,233</u>

The vacation and overtime liability is comprised of the vacation and overtime that the 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.

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

7. LONG-TERM DEBT

	2010	2009
Tax supported debentures	222,019	260,903
Self supported debentures	<u>5,382,382</u>	<u>5,639,475</u>
	5,604,401	5,900,378
Less current portion:	<u>(807,977)</u>	<u>(834,788)</u>
	<u>4,796,424</u>	<u>5,065,590</u>

Principal and interest repayments are estimated as follows:

	Principal	Interest	Total
2011	807,977	257,706	1,065,683
2012	841,750	223,933	1,065,683
2013	877,067	188,616	1,065,683
2014	297,494	155,314	452,808
2015	283,661	139,315	422,976
Thereafter	<u>2,496,452</u>	<u>692,299</u>	<u>3,188,751</u>
	<u>5,604,401</u>	<u>1,657,183</u>	<u>7,261,584</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 3.046% to 11.250% per annum, before Provincial subsidy, and mature in periods 2013 through 2035. The average annual interest rate is 4.58% for 2010 (4.78% for 2009). Debenture debt is issued on the credit and security of the Town of Redcliff at large.

Interest on long-term debt amounted to \$263,426 (2009 - \$295,659).

The Town's total cash payment for interest in 2010 was \$275,544 (2009 - \$307,186).

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta 255/00 regulation for the Town of Redcliff be disclosed as follows:

	2010	2009
Total debt limit	14,263,205	12,233,315
Total debt	<u>(5,604,401)</u>	<u>(5,900,378)</u>
Amount of debt limit unused	<u>8,658,804</u>	<u>6,332,937</u>
Debt servicing limit	2,377,201	2,038,886
Debt servicing	<u>(1,065,862)</u>	<u>(1,110,331)</u>
Amount of debt servicing unused	<u>1,311,339</u>	<u>928,555</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 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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2010	2009
Tangible capital assets (Schedule 2)	101,924,901	99,331,329
Accumulated amortization (Schedule 2)	<u>(29,791,086)</u>	<u>(27,406,420)</u>
Long-term debt (Note 7)	<u>(5,604,401)</u>	<u>(5,900,378)</u>
Debt charges recoverable	<u>81,399</u>	<u>102,199</u>
	<u>66,610,813</u>	<u>66,126,730</u>

10. ACCUMULATED SURPLUS

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

	2010	2009 (Restated)
Unrestricted surplus	1,852,686	1,862,190
Restricted surplus		
Operating	2,045,151	2,273,975
Capital	5,919,906	5,027,650
Equity in tangible capital assets	<u>66,610,813</u>	<u>66,126,730</u>
	<u>76,428,556</u>	<u>75,290,545</u>

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

11. SALARY AND BENEFITS DISCLOSURE

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

	2010			2009
	Salary ¹	Benefits & allowance ²	Total	Total
Mayor - Hazelaar	\$ 16,500	\$ 9,789	\$ 26,289	\$ 18,261
Councillor – Brown	9,706	4,330	14,036	12,230
Councillor – Kilpartrick	8,806	5,616	14,422	12,379
Councillor – Nagel	5,303	1,989	7,292	12,227
Councillor – Nunweiler	7,264	4,665	11,929	11,846
Councillor – Solberg	11,056	4,397	15,453	12,230
Councillor – Steinke	10,231	5,154	15,385	13,866
Councillor – Crozier	2,068	722	2,790	-
Councillor – Reimer	2,068	672	2,740	-
Town Manager	104,531	15,118	119,649	108,769
Designated Officers (5 positions)	340,223	69,505	409,728	333,213

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Redcliff participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 133,000 people and 389 employers. 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 Town of Redcliff is required to make current service contributions to the LAPP Plan of 9.06% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.53% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.06% of pensionable salary up to the year's maximum pensionable salary and 11.53% on pensionable salary above this amount.

Total current service contributions by the Town of Redcliff to the Local Authorities Pension Plan in 2010 were \$181,290 (2009 - \$154,917). Total current service contributions by the employees of the Town of Redcliff to the Local Authorities Pension Plan in 2010 were \$163,960 (2009 - \$137,763).

At December 31, 2009, the Plan disclosed an actuarial deficiency of \$1.3 billion in 2009 (\$4.4 billion in 2008).

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

13. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town 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 town 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.

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

14. CONTINGENCIES

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

15. CORRECTION

During the year, it was determined that land acquired in prior years was recorded as land held for resale, as well as also recorded as a tangible capital asset upon the adoption of new Canadian Public Sector Accounting Standards. As such, the retroactive restatement resulted in a \$929,961 decrease to land held for resale and accumulated surplus.

16. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.