

**Municipal District of Brazeau No. 77**  
**Consolidated Financial Statements**  
For the year ended December 31, 2001

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## Auditors' Report

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**To the Reeve and Council of  
Municipal District of Brazeau No. 77**

We have audited the consolidated balance sheet of Municipal District of Brazeau No. 77 as at December 31, 2001 and the consolidated statement of reserves, the statement of equity in physical assets and the consolidated statements of revenue and expenditures and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Municipality. 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 Municipality as at December 31, 2001 and the results of its financial activities and changes in its financial position for the year then ended in accordance with accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

We do not express an opinion on the budgeted information included with these consolidated financial statements.

*BDO Dunwoody LLP*

Chartered Accountants

Edmonton, Alberta  
February 14, 2002



**BDO Dunwoody LLP**  
Chartered Accountants  
and Consultants

1000 First Edmonton Place  
10665 Jasper Avenue  
Edmonton Alberta Canada T5J 3S9  
Telephone: (780) 423-4353  
Telefax: (780) 424-2110

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## Auditors' Report

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**To the Reeve and Council of  
Municipal District of Brazeau No. 77**

We have audited the consolidated balance sheet of Municipal District of Brazeau No. 77 as at December 31, 2001 and the consolidated statement of reserves, the statement of equity in physical assets and the consolidated statements of revenue and expenditures and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Municipality. Our responsibility is to express an opinion on these financial statements based on our audit.

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We do not express an opinion on the budgeted information included with these consolidated financial statements.

Chartered Accountants

Edmonton, Alberta  
February 14, 2002

**Municipal District of Brazeau No. 77**  
**Consolidated Balance Sheet**

**December 31** **2001** **2000**

**Assets**

**Financial assets**

Cash	\$ 1,572,562	\$ 1,238,165
Investments	3,287,480	4,425,166
Accounts receivable (Note 1)	2,238,061	1,705,526
Prepaid expenses	41,211	9,686
Recoverable costs	62,196	119,196
Debt charges recoverable (Note 2)	290,607	322,376

**7,492,117** **7,820,115**

**Physical assets (Note 3)**

**40,206,771** **51,951,633**

**\$ 47,698,888** **\$ 59,771,748**

**Liabilities and Municipal Position**

**Accounts payable and other liabilities**

\$ 1,755,199 \$ 981,249

**Deferred revenue**

105,026 247,825

**Unexpended grants**

- 8,134

**Debentures payable (Note 4)**

1,720,626 838,718

**3,580,851** **2,075,926**

**Municipal position**

Capital fund (Schedule 1) 90,845 35,001

Operating fund (Schedule 2) 462,045 457,520

Equity in physical assets 36,917,016 50,113,538

Reserves 6,648,131 7,089,763

**44,118,037** **57,695,822**

**\$ 47,698,888** **\$ 59,771,748**

On behalf of Council:

\_\_\_\_\_ Councillor

\_\_\_\_\_ Councillor

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**Municipal District of Brazeau No. 77**  
**Consolidated Statement of Reserves**

<b>For the year ended December 31</b>	<b>2001</b>	<b>2000</b>
<b>Balance, beginning of year</b>	<b>\$ 7,089,763</b>	<b>\$ 5,530,817</b>
<b>Add (deduct)</b>		
Transfer to capital fund	(912,591)	(408,378)
Transfer from operating surplus	-	252,301
Transfer from (to) operations	(67,025)	1,738,291
Reclassified from (to) equity in physical assets	537,984	(23,268)
<b>Balance, end of year (Note 5)</b>	<b>\$ 6,648,131</b>	<b>\$ 7,089,763</b>

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these consolidated financial statements.

**Municipal District of Brazeau No. 77**  
**Statement of Equity in Physical Assets**

<b>For the year ended December 31</b>	<b>2001</b>	<b>2000</b>
<b>Balance, beginning of year</b>	<b>\$ 50,113,538</b>	<b>\$ 45,276,633</b>
<b>Add (deduct)</b>		
Physical asset additions	7,047,095	5,293,977
Debt issued on physical assets	(1,035,000)	-
Debt principal repaid on debentures issued on physical assets	121,323	246,820
Net change in inventory for the year	537,983	(23,268)
Cost of physical assets disposed	(644,501)	(703,892)
Cost of provincial highways no longer under the responsibility of the Municipality (Note 3)	(18,685,439)	-
Reclassified from (to) reserves	(537,983)	23,268
<b>Balance, end of year</b>	<b>\$ 36,917,016</b>	<b>\$ 50,113,538</b>
<b>Consists of</b>		
Capital assets	\$ 38,347,035	\$ 50,629,880
Inventory	1,859,736	1,321,753
Debentures payable for the acquisition of physical assets	(1,430,019)	(516,342)
	38,776,752	51,435,291
Less gravel inventory adjustment reserve	(1,859,736)	(1,321,753)
	<b>\$ 36,917,016</b>	<b>\$ 50,113,538</b>

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these consolidated financial statements.

**Municipal District of Brazeau No. 77**  
**Consolidated Statement of Revenue and Expenditures**

<b>For the year ended December 31</b>	<b>2001 Budget</b>	<b>2001 Actual</b>	<b>%</b>	<b>2000 Actual</b>
<b>Revenue</b>				
Taxes and grants in lieu	\$ 17,361,621	\$ 17,662,712	126.63	\$ 18,615,178
Return on investments	375,000	403,127	2.89	532,944
Sales of goods and services	182,370	240,783	1.73	183,911
Penalties on taxes	71,550	65,237	0.47	74,973
Provincial and federal government grants	2,302,161	2,551,771	18.29	2,590,567
Other	239,426	500,680	3.59	452,773
Proceeds on disposition of physical assets	310,000	344,045	2.47	438,460
Cash in lieu of parks	-	63,718	0.46	5,809
	<b>20,842,128</b>	<b>21,832,073</b>	<b>156.53</b>	<b>22,894,615</b>
<b>Less requisitions</b>				
School Foundation Program	(7,706,283)	(7,706,283)	(55.25)	(9,302,817)
Brazeau Seniors Foundation	(178,000)	(177,041)	(1.27)	(177,660)
	<b>12,957,845</b>	<b>13,948,749</b>	<b>100.01</b>	<b>13,414,138</b>
<b>Expenditures</b>				
Capital (Schedule 1)	6,493,306	7,047,097	44.65	5,357,699
Operating (Schedule 2)	8,518,897	8,734,576	55.35	6,655,882
	<b>15,012,203</b>	<b>15,781,673</b>	<b>100.00</b>	<b>12,013,581</b>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>(2,054,358)</b>	<b>(1,832,924)</b>		<b>1,400,557</b>
<b>Net transfers from (to) reserves</b>	<b>1,180,208</b>	<b>979,616</b>		<b>(1,329,913)</b>
<b>Debt issued on physical assets</b>	<b>950,000</b>	<b>1,035,000</b>		<b>-</b>
<b>Principal repaid on debentures issued on physical assets</b>	<b>(75,850)</b>	<b>(121,323)</b>		<b>(246,820)</b>
<b>Transfer of operating surplus to reserves</b>	<b>-</b>	<b>-</b>		<b>(252,301)</b>
<b>Increase (decrease) in fund balances for the year</b>	<b>\$ -</b>	<b>\$ 60,369</b>		<b>\$ (428,477)</b>

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these consolidated financial statements.



**Municipal District of Brazeau No. 77**  
**Consolidated Statement of Changes in Financial Position**

<b>For the year ended December 31</b>	<b>2001</b>	<b>2000</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	\$ (1,832,924)	\$ 1,400,557
Changes in non-cash working capital balances		
Accounts receivable	(532,535)	(107,448)
Prepaid expenses	(31,525)	16,831
Accounts payable and other liabilities	773,951	(269,119)
Deferred revenue	(142,799)	204,762
Unexpended grants	(8,134)	-
	<u>(1,773,966)</u>	<u>1,245,583</u>
<b>Investing activities</b>		
Debt charges received	31,770	-
Payments received on debt charges recoverable	-	30,016
Recoverable costs received	57,000	629
	<u>88,770</u>	<u>30,645</u>
<b>Financing activities</b>		
Debt issued	1,035,000	-
Debenture principal repaid	(153,093)	(276,835)
	<u>881,907</u>	<u>(276,835)</u>
<b>Increase (decrease) in cash and investments during the year</b>	<b>(803,289)</b>	<b>999,393</b>
<b>Cash position, beginning of year</b>	<b>5,663,331</b>	<b>4,663,938</b>
<b>Cash position, end of year</b>	<b>\$ 4,860,042</b>	<b>\$ 5,663,331</b>
<b>Represented by</b>		
Cash	\$ 1,572,562	\$ 1,238,165
Investments	3,287,480	4,425,166
	<u>\$ 4,860,042</u>	<u>\$ 5,663,331</u>

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these consolidated financial statements.

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## **Municipal District of Brazeau No. 77 Summary of Significant Accounting Policies**

**December 31, 2001**

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These consolidated financial statements are the representations of the Municipality's management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

<b>Reporting Entity</b>	These consolidated financial statements include the assets, liabilities, revenue and expenditures, changes in equity balances and in financial position of the Municipality. This entity is comprised of all the organizations that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.
<b>Fund Accounting</b>	<p>For reporting purposes, established funds consist of the operating fund and the capital fund. Transfers between funds are recorded as adjustments to the appropriate equity account. Capital fund debt principal and interest payments are recorded as operating fund expenditures. Proceeds from sales of land held for resale are recorded as operating fund revenue.</p> <p>The operating and capital funds are further segregated by functions which relate to specific areas of activity.</p> <p>These consolidated financial statements include the consolidated results of the operating, capital and reserve funds. Gross recoveries representing internal operating charges between functions for the provision of goods or services are excluded from these consolidated financial statements.</p>
<b>Pension Expenditures</b>	The Municipality participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan. Under this method, contributions for current and past service pension benefits are recorded as expenditures in the year they become due.
<b>Government Transfers</b>	Government transfers are recognized in these consolidated financial statements as revenue in the period that the events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met by the Municipality and reasonable estimates of the amounts can be made.
<b>Investments</b>	Investments are recorded at cost.
<b>Inventory</b>	Gravel inventory is recorded at cost.

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## **Municipal District of Brazeau No. 77 Summary of Significant Accounting Policies**

**December 31, 2001**

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<b>Physical Assets</b>	<p>Physical assets are reported as expenditures in the period they are acquired and are recorded at cost.</p> <p>Government grants for the acquisition of physical assets are recorded as revenue in the capital fund and do not reduce the related physical asset cost.</p> <p>No amortization is recorded on physical assets.</p>
<b>Debt Charges Recoverable</b>	<p>Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures pursuant to joint capital undertakings. The recoveries are recorded at a value that equals the offsetting portion of the unmatured debenture.</p>
<b>Prepaid Local Improvements</b>	<p>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 Municipality.</p> <p>Where a ratepayer 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.</p>
<b>Allowances for Operating and Physical Assets</b>	<p>Allowances for asset valuations are recorded as liabilities and are segregated between operating and capital purposes. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenue in the respective operating and capital funds.</p>
<b>Reserves for Future Expenditures</b>	<p>Reserves are established at the discretion of Council to set aside amounts for future operating and capital expenditures. Transfers to and/or from reserves are reflected as adjustments to the respective fund.</p>
<b>Equity in Physical Assets</b>	<p>Equity in physical assets represents the Municipality's net investment in its total physical assets after deducting the portion financed by third parties through debentures and other capital liabilities.</p>
<b>Capital Fund</b>	<p>The capital fund consists of any revenue received or amounts transferred to the capital fund but unexpended at year end, reduced by any capital expenditures incurred but not financed at year end and any amounts transferred out of the capital fund.</p>

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## **Municipal District of Brazeau No. 77 Summary of Significant Accounting Policies**

**December 31, 2001**

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### **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.

Requisition mill-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.

### **Use of Estimates**

The preparation of 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 revenue and expenditures during the reporting period. Where measurement uncertainty exists, these consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates as additional information becomes available in the future.

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## Municipal District of Brazeau No. 77

### Notes to Consolidated Financial Statements

**December 31, 2001**

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**1. Accounts Receivable**

	2001	2000
Taxes and grants in lieu	\$ 547,432	\$ 480,027
Trade and other	85,258	161,397
Receivable from other governments	1,605,371	1,064,102
	\$ 2,238,061	\$ 1,705,526

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**2. Debt Charges Recoverable**

	2001	2000
Current debt charges recoverable	\$ 33,626	\$ 31,770
Non-current debt charges recoverable	256,981	290,606
	\$ 290,607	\$ 322,376

The Municipality has undertaken a joint landfill development project with the Town of Drayton Valley. In 1999, the Municipality assumed additional long-term financing totalling \$74,856, however the full amount plus interest at 6.25% is recoverable from the Drayton Valley Regional Sanitary Landfill Authority. The amount is recoverable in annual payments of \$10,291 including interest and matures October 15, 2009. During 1998, the Municipality assumed long-term financing totalling \$300,612. The full amount plus interest at 5.75% is also recoverable from the Drayton Valley Regional Sanitary Landfill Authority. The amount is recoverable in annual payments of \$40,361 including interest and matures December 15, 2008.

Principal and interest payments due in each of the next five years and thereafter are as follows:

Year	Principal	Interest	Total
2002	\$ 33,626	\$ 17,026	\$ 50,652
2003	35,591	15,061	50,652
2004	37,672	12,981	50,653
2005	39,874	10,779	50,653
2006	42,204	8,448	50,652
Thereafter	101,640	9,956	111,596
	\$ 290,607	\$ 74,251	\$ 364,858

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## Municipal District of Brazeau No. 77

### Notes to Consolidated Financial Statements

December 31, 2001

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#### 3. Physical Assets

	2001	2000
<b>Capital assets</b>		
Land	\$ 503,708	\$ 503,708
Buildings	1,529,779	1,529,779
Engineering structures	29,672,542	42,136,805
Machinery, equipment and furnishings	5,481,234	5,214,662
Vehicles	1,159,772	1,244,926
	38,347,035	50,629,880
<b>Inventory</b>	1,859,736	1,321,753
	\$ 40,206,771	\$ 51,951,633

In 2001, the province assumed responsibility for provincial highways previously maintained by the Municipality. As a result engineering structures have been reduced by \$18,685,439.

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#### 4. Debentures Payable

	2001	2000
Tax-supported debentures	\$ 1,567,061	\$ 669,252
Self-supported debentures	153,565	169,466
	\$ 1,720,626	\$ 838,718

Principal and interest payments due in each of the next five years and thereafter are as follows:

Year	Principal	Interest	Total
2002	\$ 133,797	\$ 106,018	\$ 239,815
2003	142,237	92,577	234,814
2004	117,531	88,564	206,095
2005	111,622	80,703	192,325
2006	118,401	73,924	192,325
Thereafter	1,097,038	538,337	1,635,375
	\$ 1,720,626	\$ 980,123	\$ 2,700,749

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 5.25% to 12.0%, before provincial subsidy, and matures in years 2003 through 2023. The interest rate on certain debenture debt has been reduced by interest stabilization subsidies from the Province of Alberta. The Municipality received a rebate of \$1,035 (2000 - \$24,912) under the provincial government's interest stabilization program which has been included in operating revenue. Debenture debt is issued on the credit and security of the Municipality at large.

Expenditures include interest expense related to the debentures of \$54,845 (2000 - \$74,536).

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## Municipal District of Brazeau No. 77 Notes to Consolidated Financial Statements

December 31, 2001

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### 5. Reserves

	2001	2000
<b>Operating reserves</b>		
General operating	\$ 3,320,260	\$ 3,411,280
Family and community support services	62,703	90,378
Senior citizens' transportation grant	12,661	17,993
Rural addressing	299,524	379,311
Geographic Information System	-	53,541
Crushing	-	398,630
Annexation	-	100,000
Highway 22 area structure	-	6,000
Highway corridor study	-	30,000
TWP 494 - HWY 22 to Westbank	-	448,000
Breton library	30,000	-
	<b>3,725,148</b>	<b>4,935,133</b>
<b>Capital reserves</b>		
Equipment replacement	778,844	712,192
Fire equipment	175,000	75,000
Cash in lieu of parks	109,403	45,685
Gravel inventory adjustment	1,859,736	1,321,753
	<b>2,922,983</b>	<b>2,154,630</b>
<b>Total reserves</b>	<b>\$ 6,648,131</b>	<b>\$ 7,089,763</b>

These reserves represent amounts set aside for future operating and capital expenditures.

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### 6. Commitments

Under various cost sharing agreements, the Municipality is responsible for an agreed share (based on usage by the residents) of the operating deficit of various agencies in order to secure the right to the use of the facilities for the Municipality's residents. These agreements provide for the reimbursement of the operating deficit for each fiscal period within a specified time period after the fiscal period end. The Municipality records the liability for its share of the operating deficit of each agency when the amounts become due rather than accruing these amounts over the agencies' fiscal periods.

The Municipality has guaranteed a capital loan from Alberta Treasury Branches to the Pembina Education Society. This guarantee amount will be reviewed annually and reduced accordingly in relation to the amount paid on the principal portion of the loan.

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### 7. 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, 2001, \$6,599 (2000 - \$6,323) 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.

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## Municipal District of Brazeau No. 77 Notes to Consolidated Financial Statements

December 31, 2001

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### 8. Honouraria and Benefits Disclosure

Name <sup>1</sup>	2001		2000	
	Salary <sup>2</sup>	Benefits and Allowances <sup>3</sup>	Total	Total
B. Guyon	\$ 17,035	\$ 809	\$ 17,844	\$ 14,111
J. Starling	16,065	68	16,133	15,985
A. Heinrich	20,655	549	21,204	21,570
M. Schwab	15,400	701	16,101	18,625
D. Ellis	18,800	538	19,338	20,067
R. Sekura	5,205	195	5,400	-
Manager	76,781	2,400	79,181	75,680
	<b>\$ 169,941</b>	<b>\$ 5,260</b>	<b>\$ 175,201</b>	<b>\$ 166,038</b>

<sup>1</sup> Reeve - B. Guyon (2000 - A. Heinrich)  
Deputy Reeve - J. Starling (2000 - David Ellis) (9 month term - rotates among councillors)  
Others are councillors.

<sup>2</sup> Honourari includes gross honouraria and any other direct cash remuneration.

<sup>3</sup> Benefits and allowances for councillors include employers share of all payments made on behalf of the councillors including CPP and health care. Benefits and allowances for the manager includes a \$2,400 travel allowance.

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### 9. Pension Costs

Employees of the Municipality participate in the Local Authorities Pension Plan (the "Plan"), which is covered by the Public Sector Pension Plans Act. The Plan serves about 125,000 people and approximately 396 employers. It is financed by employer and employee contributions and investment earnings of the Plan.

The Municipality is required to make current service contributions to the Plan of 5.025% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 6.9% for the excess.

Total current service contributions by the Municipality to the Plan in 2001 were \$37,800 (2000 - \$39,500). Total current service contributions by the employees of the Municipality to the Plan in 2001 were \$30,400 (2000 - \$31,700).

At December 31, 2000, the Plan disclosed an actuarial surplus of \$883.8 million.

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## Municipal District of Brazeau No. 77

### Notes to Consolidated Financial Statements

December 31, 2001

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#### 10. Debt Limits

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

Total debt limit	\$ 18,454,259
Total debt	<u>1,720,626</u>
Excess of debt limit over total debt	<u>\$ 16,733,633</u>
Service on debt limit	\$ 3,075,710
Service on debt	<u>239,814</u>
Excess of service on debt limit over service on debt	<u>\$ 2,835,896</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.

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#### 11. Financial Instruments

The Municipality's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

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## **Municipal District of Brazeau No. 77**

### **Notes to Consolidated Financial Statements**

**December 31, 2001**

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#### **12. Subsequent Events**

Subsequent to year end, the Municipality negotiated a draft settlement agreement with the Town of Drayton Valley (the "Town"). Under the terms of the draft agreement, the Town will annex approximately 34 acres from the Municipality.

Management estimates that this will result in a \$200,000 decrease in annual property tax revenue. This will be offset, all or in part, by an undetermined reduction in maintaining and servicing the infrastructure of the annexed area. As compensation, the Town has agreed to pay the Municipality \$10,000 a year from 2002 to 2009 inclusive.

Under the terms of the draft agreement, the Town will acquire the underlying assets and assume the \$1,035,000 debenture currently owed by the Municipality.

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#### **13. Comparative Figures**

Comparative figures have been reclassified to conform with the current year's financial statement presentation.

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**Municipal District of Brazeau No. 77**  
**Schedule 1 - Capital Fund Activities**

<b>For the year ended December 31</b>	<b>2001 Budget</b>	<b>2001</b>	<b>2000</b>
<b>Revenue</b>			
Provincial and federal grants	\$ 1,401,131	\$ 1,592,385	\$ 1,388,616
Proceeds on disposition of physical assets	310,000	344,045	438,460
Cash in lieu of parks	-	63,718	5,809
Other	-	135,184	71,341
	<b>1,711,131</b>	<b>2,135,332</b>	<b>1,904,226</b>
<b>Expenditures</b>			
General administration	5,000	5,614	-
Enforcement	-	-	7,627
Firefighting services	100,000	32,730	288,448
Roads, streets, lights, etc.	5,377,256	5,832,576	4,583,203
Water supply and distribution	955,000	1,169,933	-
Water waste treatment and disposal	50,000	-	425,787
Economic and agricultural development	6,050	6,244	46,455
Parks and recreation	-	-	6,179
	<b>6,493,306</b>	<b>7,047,097</b>	<b>5,357,699</b>
<b>Deficiency of revenue over expenditures for the year</b>	<b>(4,782,175)</b>	<b>(4,911,765)</b>	<b>(3,453,473)</b>
<b>Net interfund transfers</b>			
From reserves	921,122	912,591	408,378
From operating fund	2,911,053	3,020,018	2,613,302
<b>Debt issued on physical assets</b>	<b>950,000</b>	<b>1,035,000</b>	<b>-</b>
<b>Increase (decrease) in fund balance for the year</b>	<b>-</b>	<b>55,844</b>	<b>(431,793)</b>
<b>Fund balance, beginning of year</b>	<b>-</b>	<b>35,001</b>	<b>466,794</b>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ 90,845</b>	<b>\$ 35,001</b>

**Municipal District of Brazeau No. 77**  
**Schedule 2 - Operating Fund Activities**

<b>For the year ended December 31</b>	<b>2001 Budget</b>	<b>2001</b>	<b>2000</b>
<b>Revenue</b>			
Taxes and grants in lieu	\$ 17,361,621	\$ 17,662,712	\$ 18,615,178
Return on investments	375,000	403,127	532,944
Sales of goods and services	182,370	240,783	183,911
Penalties on taxes	71,550	65,237	74,973
Provincial, federal and local government grants	901,030	959,386	1,201,951
Other	239,426	365,496	381,432
	<b>19,130,997</b>	<b>19,696,741</b>	<b>20,990,389</b>
<b>Less requisitions</b>			
School Foundation Program	(7,706,283)	(7,706,283)	(9,302,817)
Brazeau Seniors Foundation	(178,000)	(177,041)	(177,660)
	<b>11,246,714</b>	<b>11,813,417</b>	<b>11,509,912</b>
<b>Expenditures</b>			
Council	122,122	119,752	99,254
General and administration	1,323,294	1,079,577	915,014
Enforcement	87,650	75,069	76,351
Firefighting services	260,406	253,494	241,712
Bylaw enforcement and disaster services	106,598	902,245	71,760
Roads, streets, lights, etc.	4,486,878	4,411,761	3,621,969
Water supply and distribution	97,921	115,516	63,802
Waste water treatment and disposal	114,732	105,546	103,567
Waste management	317,460	314,900	299,364
Family and community support services	158,761	153,305	169,426
Economic and agricultural development	501,116	431,309	426,957
Land use planning, zoning and development	365,218	249,404	254,600
Parks and recreation	217,490	348,388	188,877
Culture - libraries	359,251	174,310	123,229
	<b>8,518,897</b>	<b>8,734,576</b>	<b>6,655,882</b>
<b>Excess of revenue over expenditures for the year</b>	<b>2,727,817</b>	<b>3,078,841</b>	<b>4,854,030</b>
<b>Net interfund transfers</b>			
To capital fund	(2,911,053)	(3,020,018)	(2,613,302)
From (to) reserves	259,086	67,025	(1,738,291)
<b>Principal repaid on debentures issued on physical assets</b>	<b>(75,850)</b>	<b>(121,323)</b>	<b>(246,820)</b>
<b>Increase (decrease) in fund balance for the year</b>	<b>-</b>	<b>4,525</b>	<b>255,617</b>
<b>Fund balance, beginning of year</b>	<b>457,520</b>	<b>457,520</b>	<b>454,204</b>
<b>Transfer to reserves</b>	<b>-</b>	<b>-</b>	<b>(252,301)</b>
<b>Fund balance, end of year</b>	<b>\$ 457,520</b>	<b>\$ 462,045</b>	<b>\$ 457,520</b>