### **MUNICIPAL DISTRICT OF FOOTHILLS NO. 31**

**Consolidated Financial Statements** 

For the year ended December 31, 2013

### **MUNICIPAL DISTRICT OF FOOTHILLS NO. 31**

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For the year ended December 31, 2013

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## Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Municipal District of Foothills No. 31 which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations, change in net financial debt and cash flow 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 the Municipal District of Foothills No. 31 as at December 31, 2013 and the results of its operations, changes in its net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

June 25, 2014

Chartered Accountants

Young Parkyn M. Mals LLP

### MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Municipal District of Foothills No. 31.

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

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

The elected Council of the Municipal District of Foothills No. 31 is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Audit committee.

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

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

Director of Corporate Services

### MUNICIPAL DISTRICT OF FOOTHILLS NO. 31 CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at December 31, 2013

		2013		2012
Financial assets				
Cash and temporary investments (note 2)		\$ 22,208,890	\$	21,599,750
Taxes and grants in place of taxes receivable (	note 3)	1,881,933		1,812,100
Trade and other receivables		11,301,790		16,138,648
Land held for resale		754,429		754,429
Investments		 17,183		19,932
		36,164,225	_	40,324,859
Liabilities				
Accounts payable and accrued liabilities		12,575,134		6,152,576
Employee benefit obligations (note 4)		617,260		548,355
Deposits		3,311,174		3,481,025
Provision for gravel pit reclamation		806,044		762,035
Deferred revenue (note 5)		1,668,529		5,684,111
Long-term debt (note 6)		 23,647,766	_	27,245,811
		42,625,907		43,873,913
Net financial debt		(6,461,682)		(3,549,054)
Non-financial assets				
Prepaid expenses		274,193		240,291
Inventory for consumption		2,717,373		2,501,215
Tangible capital assets (schedule 2)		 204,377,948	_	191,729,109
		207,369,514		194,470,615
Accumulated surplus (note 7)		\$ 200,907,832	\$	190,921,561
Commitments and contingencies (note 16)				
Approved on behalf of Council:				
Councillor	Councillor			

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### MUNICIPAL DISTRICT OF FOOTHILLS NO. 31 CONSOLIDATED STATEMENT OF OPERATIONS For the year ended December 31, 2013

<u> </u>	 Budget (Unaudited)		2013		2012
Revenue					
Net municipal taxes (note 8)	\$ 26,525,179	\$	26,533,583	\$	23,532,189
User fees and sales of goods	1,759,575		1,831,884		2,125,256
Government transfers for operating (note 9)	1,365,962		4,865,434		22,147,495
Investment income	250,000		286,107		112,862
Penalties and costs of taxes	452,300		413,201		588,714
Licenses and permits	1,334,500		1,375,774		1,884,273
Rental	175,886		98,750		127,497
Other	616,463		1,842,751		532,112
Fines	150,000		60,387		114,916
	32,629,865		37,307,871		51,165,314
Expenses (note 10)					
Legislative	706,517		731,312		678,685
Administration	6,457,432		6,378,191		5,062,351
Protective services	3,911,245		5,356,631		3,730,751
Ambulance services and first aid	200,779		200,779		184,884
Roads, streets, walks, lighting	26,234,348		22,165,117		40,923,597
Airport	91,800		140,917		91,676
Water supply and distribution	1,040,868		1,374,188		1,463,375
Wastewater treatment and disposal	322,004		359,197		256,798
Waste management	217,332		231,891		188,000
Family and community support services	477,799		381,528		418,233
Cemeteries and crematoriums	179,302		151,325		134,186
Land use planning, zoning and development	2,032,764		1,834,886		1,399,676
Economic and agricultural development	654,953		710,138		675,999
Recreation boards	1,229,860		1,160,696		1,265,045
Parks and recreation	459,819		558,079		105,230
Culture - libraries, museums, halls	323,040		305,138		194,809
	44,539,862		42,040,013		56,773,295
Deficiency of revenue over expenses before other	(11,909,997)		(4,732,142)		(5,607,981)
Other					
Government transfers for capital (note 9)	7,940,887		12,519,845		15,871,290
Contributed assets	7,340,007		2,198,568		1,668,590
Continuated assets				_	
	7,940,887	_	14,718,413		17,539,880
Excess of revenue over expenses	(3,969,110)		9,986,271		11,931,899
Accumulated surplus, beginning of year	190,921,561		190,921,561		178,989,662
Accumulated surplus, end of year	\$ 186,952,451	\$	200,907,832	\$	190,921,561

# MUNICIPAL DISTRICT OF FOOTHILLS NO. 31 CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT For the year ended December 31, 2013

7-11-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	Budget (Unaudited)	2013	2012
Excess of revenue over expenses	\$ (3,969,110) \$	9,986,271 \$	11,931,899
Acquisition of tangible capital assets Amortization Contributed assets Loss on disposal of tangible capital assets	(17,446,705) 12,850,200	(25,746,577) 12,392,873 (2,198,568) 2,522,114	(27,175,593) 12,510,371 (1,668,590) 1,381,595
Proceeds on disposal of tangible capital assets	188,000 (4,408,505)	381,322 (12,648,836)	473,335 (14,478,882)
Net change in inventory for consumption  Net change in prepaid expense	(#) (#)	(216,161) (33,902)	711,366 2,871
Decrease in net financial debt Net financial debt, beginning of year	(8,377,615) (3,549,054)	(250,063) (2,912,628) (3,549,054)	714,237 (1,832,746) (1,716,308)
Net financial debt, end of year	\$(11,926,669)	\$ (6,461,682)	\$ (3,549,054)

## MUNICIPAL DISTRICT OF FOOTHILLS NO. 31 CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31, 2013

34	2013	2012
Operating transactions		
Excess of revenue over expenses	\$ 9,986,271 \$	11,931,899
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	2,522,114	1,381,595
Amortization	12,392,873	12,510,371
Contributed assets	 (2,198,568)	(1,668,590)
	22,702,690	24,155,275
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(69,833)	157,679
Trade and other receivables	4,836,859	(841,907)
Land held for resale	₩.	(40,590)
Investments	2,749	(2,912)
Inventory for consumption	(216,161)	711,366
Prepaid expenses	(33,902)	2,871
Accounts payable and accrued liabilities	6,422,558	2,559,506
Employee benefit obligations	68,905	(55,152)
Deposits	(169,851)	4,764
Deferred revenue	(4,015,582)	(4,141,865)
Provision for gravel pit reclamation	44,009	78,985
Cash provided by operating transactions	 29,572,441	22,588,020
Capital transactions		
Proceeds on disposal of tangible capital assets	381,322	473,335
Acquisition of tangible capital assets	(25,746,577)	(27,175,593)
Cash applied to capital transactions	(25,365,255)	(26,702,258)
Financing transactions		
Proceeds of long-term debt	-	17,500,000
Repayment of long-term debt	(3,598,046)	(1,157,311)
Cash applied to financing transactions	(3,598,046)	16,342,689
Increase in cash and temporary investments	609,140	12,228,451
Cash and temporary investments, beginning of year	21,599,750	9,371,299
Cash and temporary investments, end of year	\$ 22,208,890 \$	21,599,750

### 1. Significant accounting policies

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

### (a) Reporting entity

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

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

### (b) Basis of accounting

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

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

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

### (c) Inventories for resale

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

### (d) Investments

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

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### 1. Significant accounting policies, continued

### (e) Debt charges recoverable

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

### (f) Government transfers

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

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

### (g) Requisition over-levy and under-levy

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

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

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

### (h) Use of estimates

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

### (i) Non-financial assets

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

### MUNICIPAL DISTRICT OF FOOTHILLS NO. 31

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2013

### 1. Significant accounting policies, continued

### (i) Non-financial assets, continued

### (i) Tangible capital assets, continued

(	Years	
Land improvements	25	
Buildings	25-40	
Engineered structures	5-70	
Machinery and equipment	10-20	
Vehicles	8-20	

Amortization is charged at 50% in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

### (ii) Contributions of tangible capital assets

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

### (iii) Leases

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

### (iv) Inventories

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

### (v) Cultural and historical tangible capital assets

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

### 2. Cash and temporary investments

	2013		2012
Cash	\$ 20,263,680	\$	
Temporary investments	1,945,210	-	1,923,092
	\$ 22,208,890	\$	21,599,750

The temporary investments are comprised of guaranteed investment certificates, term deposits, government bonds and corporate bonds with interest rates ranging between 1.10% and 4.78% and maturity dates between March 2014 and June 2023. The carrying value of the temporary investments approximates fair value.

Under its credit facility with TD Canada Trust, the Municipal District holds a line of credit to a maximum of \$500,000. The line of credit is due on demand and bears interest at the prime rate less 0.25%. As at December 31, 2013 the line of credit was undrawn.

### 3. Taxes and grants in place of taxes receivables

( <del>1</del>		2013	2012
Taxes and grants in place of taxes receivable Arrears	-	1,403,604 \$ 478,329	1,368,352 443,748
	\$	1,881,933 \$	1,812,100

### 4. Employee benefit obligations

	 2013	2012
Vacation	\$ 504,977 \$	414,387
Post employment benefits	 112,283	133,968
	\$ 617,260 \$	548,355
to the second se		

### **Vacation**

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

### Post-employment benefits

The Municipal District provides a service recognition benefit for its employees. Retiring employees over the age of 55 with over 10 years of service to the Municipal District are eligible to receive 1% of salary for each year of employment. Councillors who have served more than two terms (six years) receive 1% of salary for each year served.

### 5. Deferred revenue

	2013	2012
Municipal Sustainability Initiative	\$ 352,811 \$	3,772,137
Disaster Recovery Grants	285,914	
The Calgary Foundation - Arena Projects	250,000	750,000
Industrial Lands Project Grant	250,000	250,000
Street Improvement Program	236,003	236,003
Bridge Grants	85,881	85,881
Municipal Sponsorship program	76,911	81,576
Prepaid Road Repairs	75,000	75,000
Flood donations	51,168	5
Prepaid Arena Rentals	3,825	-
Blackie Prepaid Local Improvement	1,016	1,220
Alberta Municipal Infrastructure Program		247,738
Water For Life - Cayley Water Line	250	137,738
Municipal Intern Program Grant	<b>3</b> 5	43,000
Administration Building Rent	表記	3,778
Prepaid Workshop Enrollment Fee	 	40
	\$ 1,668,529 \$	5,684,111

Funding in the amount of \$11,630,958 (2012 - \$12,430,095) was received in the current year from various provincial grant programs. The use of these funds is restricted to eligible projects under the various programs.

### 6. Long-term debt

2001-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	2013	2012
Regional Fieldhouse and Seaman Arena	\$ 10,885,523 \$	13,500,000
Charles Clark Medical Centre	4,807,531	4,905,490
Heritage Pointe fire hall	3,837,158	3,946,556
Aldersyde shop	2,846,887	3,002,731
498 Avenue	1,243,800	1,843,447
Cayley sewage	19,270	27,729
Cayley sewage	7,597	10,944
Blackie water		8,914
	\$ 23,647,766 \$	27,245,811
Current portion	\$ 3,661,396 \$	3,598,046

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### 6. Long-term debt, continued

Principal and interest repayments are due as follows:

	Principal	 Interest	Total
2014	\$ 3,661,396	\$ 616,369 \$	4,277,765
2015	3,735,386	542,382	4,277,768
2016	3,151,004	470,527	3,621,531
2017	3,211,411	410,120	3,621,531
2018	441,447	359,637	801,084
Thereafter	 9,447,122	 3,509,116	12,956,238
	\$ 23,647,766	\$ 5,908,151 \$	29,555,917

Debenture debt is repayable to Alberta Capital Finance Authority and is issued on the credit and security of the Municipal District of Foothills No. 31 at large. The average annual interest rate is 2.69% for 2013 (2012 - 2.53%).

The Charles Clark Medical Centre loan is considered to be an operating loan.

Interest on long-term debt amounted to \$683,695 (2012 - \$467,275).

The Municipal District's total cash payments for interest in 2013 were \$690,385 (2012 - \$457,858).

### 7. Accumulated surplus

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

	 2013	2012
Unrestricted surplus	\$ 728,187	\$ 975,346
Internally restricted surplus (reserves) (note 12)	14,641,932	20,557,427
Equity in tangible capital assets (note 13)	 185,537,713	169,388,788
	\$ 200,907,832	\$ 190,921,561

Net municipal property taxes				
	Budget (Unaudited)	2013		201
Taxation				
Real property taxes	\$ 32,820,754	\$ 32,820,754	\$	31,029,73
Commercial/industrial property taxes	6,554,110	6,562,513	•	5,835,46
Farmland property taxes	1,579,438	1,579,438		1,549,85
Power, pipe, cable t.v. and railway	5,232,639	5,232,639		4,981,08
Federal grants in place of property taxes	31,304	31,304		26,93
Provincial grants in place of property taxes	2,905	 2,905		5,06
	46,221,150	46,229,553		43,428,13
Requisitions				
Alberta School Foundation Fund	17,070,233	17,070,233		17,248,5
Separate School Board	1,642,308	1,642,308		1,645,7
Seniors' Foundation	 983,430	983,429		1,001,7
	19,695,971	19,695,970		19,895,95
	\$ 26,525,179	\$ 26,533,583	\$	23,532,18
Government transfers				
Government transfers	Budget	2013		20°
Government transfers	Budget (Unaudited)	2013		201
Government transfers  Transfers for operating:		2013		20
	\$	\$ 2013	\$	
Transfers for operating:	\$ (Unaudited)	\$	\$	20 <sup>2</sup> 22,002,98 144,51
Transfers for operating: Provincial government	\$ (Unaudited) 1,047,770	\$ 4,458,010	\$	22,002,98 144,51
Transfers for operating: Provincial government	\$ (Unaudited) 1,047,770 318,192	\$ 4,458,010 407,424	\$	22,002,98
Transfers for operating: Provincial government Local government	\$ (Unaudited) 1,047,770 318,192	\$ 4,458,010 407,424	\$	22,002,98 144,51

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### 10. Expenses by object

		Budget (Unaudited)		2013	2012
Salaries, wages and benefits	\$	14,121,745	\$	13,107,096 \$	10,867,383
Contracted and general services	•	4,077,668	•	6,430,306	25,123,744
Materials, goods, supplies and utilities		8,178,988		2,281,822	1,552,407
Bank charges and short-term interest		35,250		35,991	40,950
Interest on long-term debt		689,346		683,695	467,276
Other expenses		1,260,206		1,313,775	1,264,277
Transfers to organizations and others		2,276,529		2,277,558	2,171,547
Purchases from other governments		1,049,930		994,783	1,393,745
Amortization of tangible capital assets		12,850,200		12,392,873	12,510,371
Loss on disposal of tangible capital assets				2,522,114	1,381,595
	\$	44,539,862	\$	42,040,013 \$	56,773,295

### 11. Contributed assets

During the year, the Municipal District assumed control of roads and infrastructure in subdivisions built by developers in the area. The transaction has been recorded at the fair market value at the date of assumption and the contribution has been recognized as revenue during the year.

### 12. Reserves

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

### Public reserve

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

### **Public transportation**

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

### Fire operating

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

### Family and Community Support Services (FCSS) reserve

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

### 12. Reserves, continued

### Blackie water and sewer

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

### Cayley water system

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

### Provincial 75th Anniversary grant

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

### Blackie cemetery

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

### Aldersyde water system

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

### Calgary annexation compensation

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

### Foothills cemetery

In 2010, the M.D. of Foothills assumed responsibility for the operations of the Foothills cemetery. The reserves include provisions for future operating expenditures, future capital construction, perpetual maintenance and columbarium construction. These reserves can only be used for the Foothills cemetery upon approval of the cemetery Board.

### Reserve for future expenses:

A reserve has been set up to cover future costs on projects not completed in 2013 and to cover debenture and interest charges on projects financed through grants where all grant money has been received.

### 12. Reserves, continued

	2013	2012
Public reserve	\$ 1,213,681	\$ 1,679,529
Public transportation	26,875	26,691
Fire operating	13,067	13,067
FCSS reserve	6,985	6,985
Blackie water and sewer	11,000	11,000
Cayley water system	314,612	313,522
Provincial 75th Anniversary grant	3,111,430	3,111,430
Blackie cemetery	3,748	3,748
Aldersyde water system	6,735	6,735
Calgary annexation compensation reserve	1,300,000	1,300,000
Foothills cemetery	470,078	345,317
Reserve for future expenses	8,163,721	13,739,403
	\$ 14,641,932	\$ 20,557,427

### 13. Equity in tangible capital assets

Semi-one of the semi-one of th	2013	2012
Tangible capital assets (schedule 2)	\$ 392,686,418	\$ 373,064,035
Accumulated amortization (schedule 2)	(188,308,470)	(181,334,926)
Long-term debt (note 6)	(23,647,766)	(27,245,811)
Operating debt (note 6)	4,807,531	4,905,490
	\$ 185,537,713	\$ 169,388,788

### 14. Debt limits

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

	2013		2012
Total debt limit Total debt	\$ 55,961,808 23,647,766	\$	76,747,973 27,245,811
	\$ 32,314,042	\$	49,502,162
Dahi aanisiaa Kusit	0.000.000	•	40
Debt servicing limit Debt servicing	\$ 9,326,968 4,277,765	\$	12,791,329 4,287,393
	\$ 5,049,203	\$	8,503,936

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

### 15. Local authorities pension plan

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

Employees of the Municipal District of Foothills No. 31 participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 223,000 people and 428 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Municipal District of Foothills No. 31 is required to make current service contributions to the Plan of 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the Municipal District of Foothills No. 31 are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the Municipal District of Foothills No. 31 to the Local Authorities Pension Plan in 2013 were \$857,104 (2012 - \$767,940). Total current service contributions by the employees of the Municipal District of Foothills No. 31 to the Local Authorities Pension Plan in 2013 were \$783,073 (2012 - \$698,342).

At December 31, 2012, the Plan disclosed an actuarial deficiency of \$4.98 billion.

### 16. Commitments and contingencies

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

Under the terms of membership, the Municipal District could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

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

The Municipal District has entered into an operating lease for a Road Reclaimer. Quarterly lease payments are required for five years of \$24,010 each until 2016. The Municipal District's total remaining obligation under this lease is \$360,141.

The Municipal District has entered into an operating lease for a John Deere motor grader. Monthly lease payments are required for five years of \$4,401 each until 2015. The Municipal District's total remaining obligation under this lease is \$74,817.

### 17. Salary and benefits disclosure

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

...

	(1)	(2)		
	. ,	Benefits &		
***	 Salary	allowances	2013	2012
Council				
Division 1	\$ 70,270 \$	6,423 \$	76,693 \$	72,448
Division 2	74,234	6,821	81,055	76,671
Division 3	92,385	5,183	97,568	86,935
Division 4	89,903	6,993	96,896	85,908
Division 5	81,212	4,584	85,796	85,046
Division 6	84,857	6,974	91,831	90,358
Division 7	81,920	4,590	86,510	80,052
Chief Administrative Officers - 1				
(2012 - 2)	190,390	8,467	198,857	365,291
Designated Officers - 6 (2012 - 4)	\$ 592,814 \$	103,356 \$	696,170 \$	409,556

### 17. Salary and benefits disclosure, continued

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.
- (3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

### 18. Financial instruments

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

The Municipal District of Foothills No. 31 is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipal District provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

### 19. Budget amounts

The 2013 budget for the Municipal District was approved by Council on April 10, 2013 (capital and operating) and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions, proceeds on long term debt and proceeds on disposal as revenue or expenses. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted	deficit per financial statements	\$ (3,969,110)
Less:	Capital expenditures	(17,446,705)
	Long-term debt repayments	(3,598,045)
Add:	Amortization	12,850,200
	Proceeds on disposal of tangible capital assets	188,000
	Transfers from reserves	11,975,660
Equals: b	alanced budget	\$ -

### 20. Segmented disclosure

The Municipal District provides a range of services to its ratepayers. 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 financial statements as disclosed in Note 1.

Refer to the schedule of segmented disclosure (schedule 3).

### 21. Approval of financial statements

These financial statements were approved by Council and Management.

### 22. Comparative figures

Where necessary the comparative figures for the 2012 year have been reclassified to conform with 2013 financial statement presentation.

### 23. Flood event

On June 20, 2013, the Municipal District experienced a major flood event and a State of Local Emergency (SOLE) was declared within the Municipal District. The flood caused significant damage to the Municipal District's tangible capital assets. While the Municipal District has completed a substantial portion of the work to restore conditions to pre-flood, it is expected that remediation and mitigation efforts will continue into 2014 and beyond.

The Municipal District holds various insurance policies with multiple insurance providers which have been and will be used to fund a portion of the remediation and recovery efforts. The insurance related capital expenditures and operating related expenses are funded by cash advances received from the insurance providers, with the remainder being funded internally until the insurance claims are processed and finalized.

The Municipal District has also applied to the Province of Alberta Disaster Recovery Program ("DRP") to recover eligible capital costs related to the flood event. The Municipal District received cash advances of \$3,481,521 during 2013. The Municipal District has incurred \$3,281,429 in DRP related expenses, the total of which has been funded by the DRP advanced.

Costs incurred as a result of remediation or mitigation efforts are capitalized or expensed in accordance with the accounting policies in note 1. Only costs that represent a betterment, enhancement or new asset are capitalized, with repairs and maintenance being expensed. All operating expenses are recognized in the current year consolidated statement of operations.

Cash advances from the Province in the amount of \$200,092 which are not spent at the end of the year are recorded as deferred revenue in accordance with accounting policies in Note 1.

Due to significant uncertainty in measurement, as well as significant uncertainty of collectability, the Municipal District has not recognized accounts receivable or revenue for Provincial or Insurance related proceeds that it expects to receive in the future related to remediation or mitigation costs. These amounts will be recorded as revenue in the fiscal year received.

Schedule of changes in acc	umı	ilated surplu	8				Schedule 1
	U	nrestricted		Internally restricted	uity in tangible apital assets	 2013	2012
Balance, beginning of year	\$	975,346	\$	20,557,427	\$ 169,388,788	\$ 190,921,561 \$	178,989,662
Excess of revenue over							
expenses		9,986,271		*	-	9,986,271	11,931,899
Unrestricted funds							
designated for future use		(4,638,004)		4,638,004	-	-	:= 5
Restricted funds used for							
operations		10,553,499		(10,553,499)	-	-	570.0
Current year funds used for							
tangible capital assets		(25,746,577)		*	25,746,577	: e:	90
Contributed tangible capital							
assets		(2,198,568)		42	2,198,568	-	-
Disposal of tangible capital							
assets		2,522,114		. <del></del>	(2,522,114)	350	25
Annual amortization expense		12,392,873		-	(12,392,873)	-	-
Long term debt repaid		(3,500,089)		*	3,500,089	360	·
Proceeds on disposal of							
tangible capital assets		381,322			 (381,322)	 	
Change in accumulated surplus		(247,159)		(5,915,495)	16,148,925	9,986,271	11,931,899
Balance, end of year	\$	728,187	\$	14,641,932	\$ 185,537,713	\$ 200,907,832 \$	190,921,561

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Schedule of tangible capital assets									Schedule 2
		Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	2013	2012
Cost: Balance, beginning of year Acquisitions Construction-in-progress Disposals	₩	5,142,691	\$ 828,663	\$ 24,479,074 9,315,277 3,131,813 (119,883)	\$ 315,043,774 17,596,799 (4,322,479) (7,043,925)	\$ 17,863,032 \$ 1,216,670 (732,509)	9,706,802 ( 638,024 30,351 (426,445)	\$ 373,064,035 \$ 29,066,770 (1,121,625) (8,322,762)	350,883,812 19,489,977 9,354,206 (6,663,960)
Balance, end of year		5,442,691	867,353	36,806,281	321,274,169	18,347,193	9,948,732	392,686.418	373,064,035
Accumulated amortization: Balance, beginning of year Annual amortization Disposals		3 1 15	176,720 29,186	3,574,695 595,580 (24,280)	162,400,982 9,913,479 (4,641,865)	9,442,751 1,122,375 (496,177)	5,739,779 732,253 (257,007)	181,334,926 12,392,873 (5,419,329)	173,633,587 12,510,371 (4,809,032)
Balance, end of year			205,906	4,145,995	167,672,596	10,068,949	6,215,025	188,308,470	181,334,926
Net book value	49	5,442,691 \$	661,447	\$ 32,660,286	32,660,286 \$ 153,601,573	\$ 8,278,244 \$	3,733,707	3,733,707 \$ 204,377,948 \$ 191,729,109	191,729,109
2012 net book value	₩	5,142,691 \$	651,943	\$ 20,904,379	20,904,379 \$ 152,642,792	\$ 8,420,281 \$	3,967,023	3,967,023 \$ 191,729,109	

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Schedule of segmented disclosure								Schedule 3
	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue Net municipal taxes	\$ 26 533 583	e	•	ε	6	ن	ú	000 000 000
User fees and sales of goods	32,233,363		610 043	000000			0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2 20.000,000
Government transfers for operating	904.00	267,701	540,810	032,828	21,410	940.048	250,843	1,831,884
Investment income	200,098	3,290,276	n		563,260	211.359	٠.	4,865,434
Denaities and costs of taxes	442,004			20° -		•	a.	786,107
Liberton and rounding	413,201	a i	190	(16)	(4)	(2)	€IL	413,201
Dones and permits	55,896	Đ	*.	(a)		1,319,878	æ	1,375,774
Kental	89,568	*	6,440	(MI	•	2,742	( <b>:</b> ♥(;	98,750
Other	1,662,112	100	180,639	<b>*</b> 11 '	*	ř		1,842,751
		bU,38/			•	•		60,387
	29,873,485	3,518,395	806,122	693,828	584,670	1,574,528	256.843	37,307,871
Expenses								
Salaries, wages and benefits	4,056,009	1.928.288	4.716.321	472,897	45 174	1 795 917	92 490	13 107 096
Contracted and general services	1319319	1 599 402	2 409 271	412 985	55,527	607.036	24.706	6 430 306
Materials, goods, supplies and utilities	101,581	651 437	1 175 614	111 422	23,007	118 736	99 216	2 281 822
Bank charges and short term interest	35,991	100			2		2	35,021
Interest on long term debt	176,506	121,940	177.828	3 289	6	î î	204 132	683.695
Other expenditures	1,082,248	2,197	194,958	31 592	(828)	,	3,608	1 313 775
Transfers to organizations and others	•	216 484	72 815	111 826	405 600	5 000	1 465 833	2 277 558
Purchases from other governments	45.416	663,977	2	277.083	200,001	30, a	200.	000, 12,2
Amortization of tangible capital assets	292,432	373,685	11.037.113	543 183	3 404	9,30	133 928	12 392 873
Loss on disposal of tangible capital assets	**	×	2,522,114		5	) 5 (4	200	2.522,114
	7,109,502	5,557,410	22,306,034	1,965,277	532,853	2,545,024	2,023,913	42.040.013
Deficiency of revenue over expenses before other	22,763,983	(2,039,015)	(21,499,912)	(1,271,449)	51.817	(970,496)	(1,767,070)	(4.732.142)
Other Government transfers for capital	6	30,350	2,797,889	991,606	*	<b>3</b>	8,700,000	12,519,845
Contributed assets		74	2,198,568		•	i)	10	2.198,568
	2)	30,350	4,996,457	991,606	*		8.700.000	14.718.413
Excess of revenue over expenses	\$ 22,763,983	\$ (2,008,665)	\$(16,503,455)	\$ (279,843)	\$ 51.817	\$ (970,496)	\$ 6.932.930	\$ 9.986.271
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