

**Town of Sundre  
Financial Statements  
For the year ended December 31, 2006**

**Contents**

---

<b>Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities and Changes in Fund Balances	4
Consolidated Statement of Changes in Financial Position	5
Notes to Financial Statements	12- 19

	<u>Schedule</u>	<u>Pages</u>
Schedule of Operating Fund Financial Activities and Change in Fund Balance	1	6-7
Capital Fund Financial Activities and Change in Fund Balance	2	8
Schedule of Reserve Fund Financial Activities and Change in Fund Balance	3	9
Schedule of Equity in Capital Assets	4	10
Schedule of Taxes Levied	5	11
Schedule of Consolidated Expenditures by Object	6	11



**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

1900, 801 - 6 Avenue S W  
Calgary Alberta Canada T2P 3W2  
Telephone: (403) 266-5608  
Fax: (403) 233-7833  
www.bdo.ca

---

**Auditors' Report**

---

**To the Mayor and Council  
Town of Sundre**

We have audited the consolidated statement of financial position of Town of Sundre as at December 31, 2006 and the consolidated statements of financial activities with change in fund balances and consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the municipal administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2006 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

**Chartered Accountants**

Calgary, Alberta  
March 15, 2007

**Town of Sundre**  
**Consolidated Statement of Financial Position**

**December 31**

**2006**

**2005**

**Financial Assets**

Cash (Note 2)	<b>\$ 4,951,361</b>	\$ 2,824,445
Receivables:		
Taxes and grants in place of taxes	<b>66,743</b>	70,341
Trade and other	<b>780,033</b>	1,258,459
Prepaid expenses	<b>55,333</b>	53,473
Investments (Note 3)	<b>1,165,993</b>	1,930,526
	<u><b>7,019,463</b></u>	<u>6,137,244</u>

**Physical Assets:**

Inventory of materials and supplies	<b>27,499</b>	26,191
Capital Assets (Note 4)	<b>21,141,870</b>	17,187,786
	<u><b>21,169,369</b></u>	<u>17,213,977</u>
	<u><b>\$28,188,832</b></u>	<u>\$23,351,221</u>

**Liabilities and Municipal Equity**

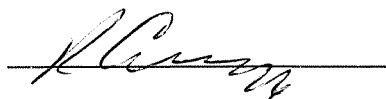
**Liabilities**

Accounts payable and accrued liabilities	<b>\$ 797,931</b>	\$ 404,182
Deposit liabilities	<b>25,403</b>	27,909
Deferred revenue (Note 5)	<b>3,610</b>	38,368
Builder's deposit	<b>120,000</b>	-
Long-term debt (Note 6)	<b>2,531,537</b>	958,170
	<u><b>3,478,481</b></u>	<u>1,428,629</u>

**Municipal Equity**

Fund Balances		
Operating Fund (Schedule 1)	<b>2,082,348</b>	2,478,525
Capital Fund (Schedule 2)	<b>-</b>	-
Reserve Fund (Schedule 3)	<b>4,017,670</b>	3,214,451
	<u><b>6,100,018</b></u>	<u>5,692,976</u>
Equity in capital assets (Schedule 4)	<b>18,610,333</b>	16,229,616
	<u><b>24,710,351</b></u>	<u>21,922,592</u>
	<u><b>\$28,188,832</b></u>	<u>\$23,351,221</u>

On behalf of the Council:

  
\_\_\_\_\_

**Town of Sundre**

**Consolidated Statement of Financial Activities and Changes in Fund Balances**

<b>For the year ended December 31</b>	Budget (Unaudited)	2006	2005
<b>Revenues</b>			
<b>Net municipal property taxes (Schedule 5)</b>	\$1,404,032	<b>\$1,413,579</b>	\$1,206,081
<b>User fees:</b>			
General Administration	10,300	<b>23,392</b>	17,990
Protective services	21,995	<b>29,327</b>	121,414
Roads, streets, walks, and lighting	52,000	<b>194,915</b>	207,548
Water supply and distribution	423,393	<b>451,109</b>	435,485
Wastewater treatment and disposal	277,308	<b>304,366</b>	280,022
Waste management	165,840	<b>168,643</b>	158,732
F.C.S.S.	29,274	<b>14,429</b>	23,238
Subdivision land and development	289,800	<b>996,869</b>	689,859
Parks and recreation	163,266	<b>333,029</b>	279,622
Culture – libraries and museums	89,927	<b>205,616</b>	45,197
Gas production and distribution	1,875,620	<b>1,865,249</b>	2,045,332
Penalties and costs on taxes	32,000	<b>26,839</b>	26,713
Licenses and permits	62,750	<b>101,068</b>	-
Fines	36,700	<b>42,464</b>	-
Investment income	48,900	<b>197,177</b>	105,255
Rentals	59,492	<b>51,181</b>	40,953
Provincial government transfers	68,022	<b>610,466</b>	598,632
Local government transfers	110,988	<b>110,985</b>	-
Other revenue	39,767	<b>191,845</b>	-
Ambulance stabilization	-	-	37,657
	<u>5,261,374</u>	<u><b>7,332,548</b></u>	<u>6,319,730</u>
<b>Expenditures (Schedule 6)</b>			
Legislative	113,486	<b>107,439</b>	107,632
Administration	278,848	<b>293,332</b>	277,199
Protective services	205,889	<b>236,683</b>	287,847
Roads, streets, walks, and lighting	446,563	<b>377,777</b>	381,437
Airport	1,000	<b>1,000</b>	1,000
Water supply and distribution	271,294	<b>278,442</b>	228,798
Wastewater treatment and disposal	275,039	<b>205,589</b>	182,735
Waste management	149,014	<b>148,462</b>	149,959
F.C.S.S.	98,274	<b>83,429</b>	91,490
Subdivision land and development	408,190	<b>226,483</b>	677,486
Parks and recreation	599,067	<b>555,588</b>	453,523
Culture – libraries and museums	158,235	<b>104,212</b>	67,258
Gas production and distribution	1,778,142	<b>1,792,679</b>	1,996,997
Other	6,471	<b>11,333</b>	10,398
	<u>4,789,512</u>	<u><b>4,422,448</b></u>	<u>4,913,759</u>
<b>Excess of revenues over expenditures (Change in fund balances)</b>	<b>\$ 471,862</b>	<b>\$2,910,100</b>	<b>\$1,405,971</b>

**Town of Sundre**  
**Consolidated Statement of Changes in Financial Position**

<b>For the year ended December 31</b>	<b>2006</b>	<b>2005</b>
<b>Cash Flows from Operating Activities</b>		
Excess of revenues over expenditures	<b>\$2,910,100</b>	\$1,405,971
Adjustment for:		
Amortization of gas system	<b>27,391</b>	24,220
Deferred revenue	<b>(34,758)</b>	17,023
Appropriated surplus	<b>(122,342)</b>	-
	<b>2,780,391</b>	1,447,214
Changes in non-cash working capital balances		
Receivables:		
Taxes and grants in place of taxes receivable	<b>3,598</b>	24,240
Trade and other receivables	<b>478,426</b>	(493,614)
Inventory of materials and supplies	<b>(1,308)</b>	10,647
Land held for resale	-	506,846
Prepaid expenses	<b>(1,860)</b>	(21,900)
Accounts payable and accrued liabilities	<b>393,749</b>	80,984
Builder's deposit	<b>120,000</b>	-
Deposit liabilities	<b>(2,506)</b>	1,520
	<b>3,770,490</b>	1,555,937
<b>Cash flows used for investing activities:</b>		
Purchase of capital assets	<b>(3,981,474)</b>	(598,729)
Investment in short-term deposits	<b>764,533</b>	(772,826)
	<b>(3,216,941)</b>	(1,371,555)
<b>Cash flows used for financing activities:</b>		
Long-term debt repaid	<b>(150,419)</b>	(184,123)
Long-term debt issued	<b>1,723,786</b>	420,918
	<b>1,573,367</b>	236,795
<b>Increase in cash during year</b>	<b>2,126,916</b>	421,177
	-	
<b>Cash, beginning of year</b>	<b>2,824,445</b>	2,403,268
<b>Cash, end of year (Note 2)</b>	<b>\$4,951,361</b>	\$2,824,445

Town of Sundre

**Schedule of Operating Fund Financial Activities and Change in Fund Balance**

For the year ended December 31	Budget (Unaudited)	2006	2005
<b>Revenues</b>			
Net municipal property taxes (Schedule 5)	\$1,404,032	<b>\$1,413,579</b>	\$1,206,081
User fees: General administration	10,300	<b>23,392</b>	17,990
Protective services	21,995	<b>20,506</b>	121,414
Roads, streets, walks and lighting	52,000	<b>58,895</b>	58,984
Water supply and distribution	423,393	<b>451,109</b>	422,941
Wastewater treatment and disposal	277,308	<b>304,366</b>	267,478
Waste management	165,840	<b>168,643</b>	158,732
F.C.C.S.	29,274	<b>14,429</b>	23,238
Subdivision land and development	289,800	<b>996,869</b>	689,859
Parks and recreation	163,266	<b>333,029</b>	249,622
Culture – libraries and museums	89,927	<b>9,999</b>	45,197
Gas production and distribution	1,875,620	<b>1,865,249</b>	2,045,332
Penalties and costs on taxes	32,000	<b>26,839</b>	26,713
Licenses and permits	62,750	<b>101,068</b>	-
Fines	36,700	<b>42,464</b>	-
Investment income	48,900	<b>197,177</b>	105,255
Rentals	59,492	<b>51,181</b>	40,953
Provincial government transfers	68,022	<b>610,466</b>	598,632
Local government transfers	110,988	<b>110,985</b>	-
Other revenue	39,767	<b>191,845</b>	-
	<u>5,261,374</u>	<u><b>6,992,090</b></u>	<u>6,078,421</u>
<b>Expenditures</b>			
Legislative	113,486	<b>107,439</b>	107,632
Administration	278,848	<b>293,332</b>	277,199
Protective services	205,889	<b>236,683</b>	287,847
Roads, streets, walks and lighting	446,563	<b>377,777</b>	381,437
Airport	1,000	<b>1,000</b>	1,000
Water supply and distribution	271,294	<b>278,442</b>	228,798
Wastewater treatment and disposal	275,039	<b>205,589</b>	182,735
Waste management	149,014	<b>148,462</b>	149,959
F.C.S.S.	98,274	<b>83,429</b>	91,490
Subdivision land and development	408,190	<b>226,483</b>	677,486
Parks and recreation	599,067	<b>555,588</b>	453,523
Culture – libraries and museums	158,235	<b>104,212</b>	67,258
Gas production and distribution	1,778,142	<b>1,765,288</b>	1,972,777
Other	6,471	<b>11,333</b>	10,398
	<u>4,789,512</u>	<u><b>4,395,057</b></u>	<u>4,889,539</u>
<b>Excess of revenues over expenditures</b>	471,862	<b>2,597,033</b>	1,188,882

**Town of Sundre**  
**Schedule of Operating Fund Financial Activities and Change in Fund Balance**

---

(Continued)

<b>Excess of revenues over expenditures</b>	471,862	<b>2,597,033</b>	1,188,882
Transfers to reserves	(204,102)	<b>(803,219)</b>	(911,857)
Transfers from (to) capital fund	(15,000)	<b>(1,917,230)</b>	25,840
Debt repayment	(138,511)	<b>(150,419)</b>	(184,123)
Inter-fund transfers	-	<b>322,787</b>	-
Ambulance stabilization	-	-	37,657
<b>Change in fund balances</b>	114,249	<b>48,952</b>	156,399
Fund balance, beginning of year	2,478,525	<b>2,478,525</b>	2,322,126
Surplus appropriations	-	<b>(445,129)</b>	-
<b>Fund Balance, end of year</b>	<u>\$2,592,774</u>	<u><b>\$2,082,348</b></u>	<u>\$2,478,525</u>

**Town of Sundre  
Schedule of Capital Fund Financial Activities and Change in Fund Balance**

	2006	2005
<hr/>		
<b>For the year ended December 31</b>		
<hr/>		
<b>Revenues</b>		
Government transfers	<u>\$ 340,458</u>	<u>\$ 203,652</u>
<b>Expenditures</b>		
Acquisition of capital assets – Schedule 4	<u>(3,981,474)</u>	<u>(598,729)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,641,016)</u>	<u>(395,077)</u>
Transfers (to) from operating fund	1,917,230	(25,840)
Debt issued	<u>1,723,786</u>	<u>420,917</u>
	<u>3,641,016</u>	<u>395,077</u>
<b>Change in fund balance</b>	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>
<hr/>		

**Town of Sundre  
Schedule of Reserve Fund Financial Activities and Change in Fund Balance**

	2006	2005
<b>For the year ended December 31</b>		
<hr/>		
<b>Fund balance, beginning of year</b>	<u><b>\$3,214,451</b></u>	<u><b>\$2,302,594</b></u>
<b>Add (deduct):</b>		
Net increase in operating reserves	<b>126,955</b>	(43,784)
Net increase in capital reserves	<u><b>676,264</b></u>	<u>955,641</u>
<b>Change in reserve fund balance</b>	<u><b>803,219</b></u>	<u>911,857</u>
<b>Fund balance, end of year (Note 7)</b>	<u><b>\$4,017,670</b></u>	<u><b>\$3,214,451</b></u>

---

**Town of Sundre  
Schedule of Equity in Capital Assets**

<b>For the year ended December 31</b>	<b>2006</b>	<b>2005</b>
<hr/>		
<b>Acquisition of Capital Assets</b>		
General administration	\$ 10,000	\$ 371,920
Roads, streets, walks and lighting	1,464,699	11,728
Water supply and distribution	20,672	4,364
Wastewater treatment and disposal	18,806	91
Community services centre	2,151,845	-
Trails	1,700	-
Parks and recreation	218,623	210,626
Gas	95,129	-
	<b>3,981,474</b>	<b>598,729</b>
<b>Expenditures</b>		
Amortization of capital property	<u>(27,390)</u>	<u>(24,220)</u>
<b>Capital Financing</b>		
Capital debt issued	(1,723,786)	(420,918)
Capital debt repaid from operating fund	150,419	184,123
	<b>(1,573,367)</b>	<b>(236,795)</b>
<b>Change in Equity Balance</b>	<b>2,380,717</b>	<b>337,714</b>
<b>Equity Balance, Beginning of Year</b>	<b>16,229,616</b>	<b>15,891,902</b>
<b>Equity Balance, End of Year</b>	<b>\$18,610,333</b>	<b>\$16,229,616</b>

---

**Schedule 5****Town of Sundre  
Schedule of Taxes Levied**

<b>For the year ended December 31</b>	<b>Budget (Unaudited)</b>	<b>2006</b>	<b>2005</b>
<b>Taxation</b>			
Real property taxes	\$2,077,042	<b>2,075,278</b>	\$1,880,003
Linear property taxes	151,506	<b>151,506</b>	130,501
Local improvement taxes	32,795	<b>44,106</b>	44,410
	<u>2,261,343</u>	<u><b>2,270,890</b></u>	<u>2,054,914</u>
<b>Requisitions</b>			
Alberta School Foundation Fund - Basic	520,599	<b>520,599</b>	518,865
Alberta School Foundation Fund - Additional	260,337	<b>260,337</b>	264,709
Senior Lodges – Mount View Foundation	24,134	<b>24,134</b>	22,770
Ambulance	52,241	<b>52,241</b>	42,489
	<u>857,311</u>	<u><b>857,311</b></u>	<u>848,833</u>
<b>Net municipal property taxes</b>	<u>\$1,404,032</u>	<u><b>\$1,413,579</b></u>	<u>\$1,206,081</u>

**Schedule 6****Town of Sundre  
Schedule of Consolidated Expenditures by Object**

<b>For the year ended December 31</b>	<b>Budget (Unaudited)</b>	<b>2006</b>	<b>2005</b>
<b>Expenditures</b>			
Salaries, wages and benefits	\$1,265,475	<b>\$1,255,253</b>	\$1,108,365
Contracted and general services	1,131,535	<b>818,845</b>	742,436
Materials, goods, supplies and utilities	2,012,395	<b>1,898,721</b>	2,742,976
Purchases from other governments	51,000	<b>53,261</b>	-
Provision for allowances	-	-	133
Transfers to other groups	268,196	<b>278,211</b>	247,048
Interest on capital long-term debt	48,911	<b>44,863</b>	38,183
Amortization of gas system	-	<b>27,390</b>	24,220
Other	12,000	<b>45,904</b>	10,398
	<u>\$4,789,512</u>	<u><b>\$4,422,448</b></u>	<u>\$4,913,759</u>
<b>Total expenditures</b>	<u>\$4,789,512</u>	<u><b>\$4,422,448</b></u>	<u>\$4,913,759</u>

**December 31, 2006**

---

## **1. Significant Accounting Policies**

---

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

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and changes in fund balances and changes in financial position of the reporting entity which comprises all the organizations that are accountable for the administration of financial affairs and resources to the council and are owned or controlled by the municipality.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that give rise to the revenues and expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Fund Accounting

Management funds consist of the operating, capital, and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from sales of land are recorded as operating fund revenues.

(d) Government transfers

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

(e) Investments

Investments are recorded at cost.

(f) Taxes and Grants in place of Taxes Receivable

Taxes and grants in place of taxes receivable consist of current tax levies which remain outstanding at December 31.

---

December 31, 2006

---

## 1. Significant Accounting Policies - Continued

---

(g) Inventories

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the average cost method.

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 inventory. When land is sold the inventory balance is reduced with an offsetting entry to expenses.

(h) Capital Assets

Capital assets are recognized at cost except for donated assets, which are recorded at estimated fair value when acquired.

Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset costs.

Capital assets for government are not amortized.

In the gas utility function, capital assets are amortized on a straight line basis over an estimated useful life of 30 years.

(i) Prepaid Local Improvement Charges

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

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

(j) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

(k) Equity in Capital Assets

Equity in capital assets represents the Town of Sundre's net investment in its total capital assets, after deducting work in progress, and the portion financed by third parties through debentures and long-term capital borrowings.

**Town of Sundre**  
**Notes to Consolidated Financial Statements**

**December 31, 2006**

(l) Use of Estimates

The preparation of financial statements in conformity with 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.

<b>2. Cash</b>	<b>2006</b>	2005
Unrestricted:		
Cash on hand	\$ 200	\$ 200
General account	<u>933,491</u>	<u>512,620</u>
Total unrestricted cash	<u>933,691</u>	<u>512,820</u>
Internally restricted:		
General reserve	191,182	95,127
Police reserve	15,915	5,737
Roads reserve	532,055	309,578
Street improvements reserve	261,208	417,281
Sewer reserve	736,443	535,118
Land sale reserve	873,427	3,011
Parks reserve	90,081	92,996
Baseball reserve	8,250	5,725
Arena reserve	136,887	126,530
Fire truck reserve	107,065	103,016
Recreation reserve	12,344	9,401
Outdoor park reserve	5,843	5,432
Greenwood park reserve	24,959	16,829
Library reserve	-	53,261
Trails reserve	37,671	20,893
Gas reserve	11,008	10,629
Alberta Infrastructure	885,461	435,415
Ambulance stabilization	-	37,879
New deals reserve	82,847	-
Solid waste reserve	5,024	-
Second Avenue beautification	-	27,767
Total restricted cash	<u>4,017,670</u>	<u>2,311,625</u>
Total cash	<u>4,951,361</u>	<u>\$2,824,445</u>

**Town of Sundre**  
**Notes to Consolidated Financial Statements**

**December 31, 2006**

<b>3. Investments</b>	<b>2006</b>	<b>2005</b>
Short-term deposits	<b>\$1,138,293</b>	\$1,902,826
Investment in Gas Alberta Inc.		
Shares, at cost	<b>200</b>	200
Debenture	<b>27,500</b>	27,500
	<b><u>\$1,165,993</u></b>	<u>\$1,930,526</u>

Short-term deposits have effective interest rates of 3.10% to 3.50% and mature in less than one year. Included in short-term deposits is \$120,000 which will be used to refund the builder's deposit once they have successfully completed development.

The debenture with Gas Alberta Inc. is non-interest bearing and is due June 30, 2008.

**4. Capital Assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<b>2006 Net Book Value</b>	2005 Net Book Value
Land	\$ 526,230	\$ -	<b>\$ 526,230</b>	\$ 526,230
Buildings	4,149,447	32,857	<b>4,116,590</b>	1,981,360
Distribution systems:				
Water	3,549,728	-	<b>3,549,728</b>	3,529,056
Wastewater	4,226,559	-	<b>4,226,559</b>	4,207,753
Gas	539,329	537,518	<b>1,811</b>	2,588
Other engineering structures	6,888,101	-	<b>6,888,101</b>	5,249,486
Machinery and equipment	1,543,558	-	<b>1,543,558</b>	1,431,610
Vehicles	289,293	-	<b>289,293</b>	259,703
	<b><u>\$21,712,245</u></b>	<b><u>\$ 570,375</u></b>	<b><u>\$21,141,870</u></b>	<u>\$17,187,786</u>

<b>5. Deferred Revenue</b>	<b>2006</b>	<b>2005</b>
Deposit on land sales	<b>\$ -</b>	\$ 26,000
Prepaid local improvement charges	<b>3,610</b>	12,368
	<b><u>\$ 3,610</u></b>	<u>\$38,368</u>

Prepaid local improvement charges are being amortized to revenue in accordance with Note 1(i)

**Town of Sundre**  
**Notes to Consolidated Financial Statements**

**December 31, 2006**

<b>6. Long-term Debt</b>	<b>2006</b>	<b>2005</b>
Tax supported debentures	<b>\$ 817,538</b>	\$ 420,918
Special levies supported debentures	<b>1,404,583</b>	142,895
Utility supported debentures	<b>309,416</b>	394,357
	<b>2,531,537</b>	958,170
Less: current portion	<b>(167,174)</b>	(187,423)
	<b><u>\$2,364,363</u></b>	<u>\$770,747</u>

Principal and interest repayments are due as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$167,174	\$ 108,642	\$ 275,816
2008	174,584	101,232	275,816
2009	182,363	93,453	275,816
2010	179,348	85,287	264,635
2011	162,497	77,680	240,177
Thereafter	<u>1,665,571</u>	<u>364,687</u>	<u>\$2,030,258</u>
	<b><u>\$2,531,537</u></b>	<b><u>\$830,981</u></b>	<b><u>\$3,362,518</u></b>

Debenture debt is repayable to Alberta Capital Finance Authority and ATB Financial bearing interest at rates ranging from 4.267% to 9.5% per annum, before Provincial subsidy, and matures in periods 2006 to 2021. For qualifying debentures, the Province of Alberta rebates interest on certain debentures. Debenture debt is issued on the credit and security of the Town of Sundre at large.

Interest on long-term debt amounted to \$44,863 (2005 - \$38,183).

The Town's total cash payments for interest in 2006 were \$47,004 (2005 - \$47,768)

**Town of Sundre**  
**Notes to Consolidated Financial Statements**

**December 31, 2006**

**7. Reserves**

Reserves for operating and capital activities changed as follows:

	2005	Increase	Decrease	2006
Operating reserves	\$ 64,227	\$ 126,955	\$ -	<b>\$ 191,182</b>
Capital reserves:				
Ambulance stabilization	37,879	39,548	77,427	-
Police	5,737	10,178	-	<b>15,915</b>
Roads	337,345	281,080	86,370	<b>532,055</b>
Alberta Infrastructure	435,415	450,046	-	<b>885,461</b>
Street improvement	417,281	151,195	307,268	<b>261,208</b>
Sewer	535,118	240,049	38,724	<b>736,443</b>
New deals	-	82,847	-	<b>82,847</b>
Solid waste	-	5,024	-	<b>5,024</b>
Land	3,011	991,641	121,225	<b>873,427</b>
Parks	92,996	3,050	5,965	<b>90,081</b>
Baseball	5,725	2,525	-	<b>8,250</b>
Arena	126,530	23,636	13,279	<b>136,887</b>
Fire Truck	133,916	4,049	30,900	<b>107,065</b>
Recreation	9,401	2,943	-	<b>12,344</b>
Outdoor park	5,432	411	-	<b>5,843</b>
Greenwood park	16,829	8,130	-	<b>24,959</b>
Library	956,087	332,915	1,289,002	-
Trails	20,893	16,778	-	<b>37,671</b>
Gas	10,629	379	-	<b>11,008</b>
	<u>3,150,224</u>	<u>2,646,424</u>	<u>1,970,160</u>	<b><u>3,826,488</u></b>
	<u>\$3,214,451</u>	<u>\$2,773,379</u>	<u>\$1,970,160</u>	<b><u>\$4,017,670</u></b>

**8. Debt Limits**

**2006**

2005

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 be calculated. These debt limit calculations are the maximum allowable levels of debt according to the Municipal Government Act and are intended to be an indicator only. Town of Sundre debt limits are disclosed as follows:

Total debt limit	<b>\$10,488,135</b>	\$9,117,861
Total debt	<u><b>2,531,537</b></u>	<u>958,170</u>
Amount of debt limit unused	<u><b>\$7,956,598</b></u>	<u>\$8,159,691</u>
Debt servicing limit	<b>\$1,748,823</b>	\$1,519,643
Debt servicing	<u><b>275,816</b></u>	<u>187,423</u>
Amount of debt servicing limit unused	<u><b>\$1,473,007</b></u>	<u>\$1,332,220</u>

**December 31, 2006**

**9. Salary and Benefits Disclosure**

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

	Salary (1)	Benefits & Allowance (2)	2006	2005
<b>Mayor and Council</b>				
Mayor Cummings	\$10,588	\$ -	<b>\$10,588</b>	\$10,015
Councillor Brosh	8,296	-	<b>8,296</b>	7,538
Councillor Clews	7,896	-	<b>7,896</b>	7,638
Councillor Henze	7,496	-	<b>7,496</b>	6,838
Councillor Savage-Howe	7,196	-	<b>7,196</b>	6,738
Councillor Taylor	7,896	-	<b>7,896</b>	6,315
Councillor Toone	7,896	-	<b>7,896</b>	7,438
Chief Administrative Officer - Current	68,578	10,494	<b>79,072</b>	46,740
Former				8,186

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, 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 retirement pension, health care, group life insurance, accidental disability, long and short-term disability plans, professional memberships.

**10. Financial Instruments**

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

The Town is exposed to concentration of credit risk, as all bank deposits and temporary investments are held in one institution.

**December 31, 2006**

---

**11. Local Authorities Pension Plan**

---

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

The total current service contributions by the Town to the LAPP in 2006 were \$62,256 (2005 - \$47,331). Total current service contributions by the employees of the Town to the LAPP in 2006 were \$54,578 (2005 - \$41,220). The plan disclosed an actuarial deficiency at December 31, 2006 of 0.7467 billion.

---

**12. Approval of Financial Statements**

---

These financial statements were approved by Council and Management.

---

**13. Budget Amounts**

---

The 2006 Budget for the Town of Sundre was approved by Council and has been reported in the financial statements for information purposes only. These budget amounts have not been audited.

---