

# Gitzel Krejci Dand Peterson

CHARTERED ACCOUNTANTS



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## TOWN OF DRUMHELLER

## FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2006**

## AUDITORS' REPORT

TO: The Mayor and Council

Town of Drumheller

We have audited the consolidated statement of financial position of the Town of Drumheller as at December 31, 2006 and the consolidated statements of financial activities with change in fund balances and the consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of 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 administration, 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.

Stettler, Alberta  
May 15, 2007



CHARTERED ACCOUNTANTS

**TOWN OF DRUMHELLER**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2006**

A S S E T S

	2006	2005
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	5,434,339	5,829,425
Taxes and grants in place of taxes receivable (Note 3)	413,386	515,309
Trade and other receivables	4,033,524	3,812,415
Accrued interest receivable	10,958	10,868
Land held for resale	1,284,872	1,609,782
Prepaid expenses	36,046	76,268
Investments (Note 4)	<u>2,255,940</u>	<u>2,153,036</u>
	<u>13,469,065</u>	<u>14,007,103</u>
<b>PHYSICAL ASSETS</b>		
Inventory for consumption	219,633	87,257
Property and equipment (Note 5)	<u>89,274,448</u>	<u>81,637,413</u>
	<u>89,494,081</u>	<u>81,724,670</u>
	<u>102,963,146</u>	<u>95,731,773</u>

**TOWN OF DRUMHELLER**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2006**

LIABILITIES

	2006	2005
	\$	\$
Accounts payable and accrued liabilities	2,209,400	1,675,266
Deferred revenue (Note 13)	3,754,101	4,588,668
Employee benefit obligations (Note 15)	626,077	402,659
Long-term debt (Note 6)	<u>1,190,537</u>	<u>1,096,932</u>
	<u>7,780,115</u>	<u>7,763,525</u>

MUNICIPAL EQUITY

FUND BALANCES

CAPITAL FUND (Schedule 1)	(2,734,473)	(563,583)
OPERATING FUND (Schedule 2)	1,616,421	1,752,915
RESERVE FUND (Schedule 3, Note 7)	<u>7,313,810</u>	<u>5,335,073</u>
	6,195,758	6,524,405

EQUITY IN PROPERTY AND EQUIPMENT  
(Schedule 4, Note 14)

	<u>88,987,273</u>	<u>81,443,843</u>
	<u>95,183,031</u>	<u>87,968,248</u>

	<u>102,963,146</u>	<u>95,731,773</u>
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**TOWN OF DRUMHELLER**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
AND CHANGE IN FUND BALANCES**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget \$ Unaudited	2006 \$	2005 \$
<b>REVENUES</b>			
Net municipal taxes (Schedule 5)	5,312,426	5,413,215	5,030,856
User fees and sales of goods	3,589,393	5,515,109	4,944,236
Government transfers (Schedule 6)	628,596	4,205,911	4,331,592
Investment income	12,500	396,263	53,886
Penalties and costs on taxes	86,000	93,334	94,780
Rentals	245,405	245,823	241,216
Proceeds from disposal of equipment	-	25,464	52,281
Other	<u>1,085,698</u>	<u>1,536,513</u>	<u>1,432,205</u>
<b>TOTAL REVENUE</b>	<u><b>10,960,018</b></u>	<u><b>17,431,632</b></u>	<u><b>16,181,052</b></u>
<b>EXPENDITURES (Schedule 7)</b>			
<b>Operating</b>			
Legislative	162,950	144,732	144,177
Administration	1,023,864	1,092,315	819,081
Protective services	1,764,636	1,944,570	3,389,268
Transportation services	1,087,311	1,701,542	1,799,311
Water and wastewater	1,874,305	1,735,787	1,653,704
Waste management	197,839	200,655	186,543
Planning and development	376,065	1,147,006	1,012,576
Recreation and parks	1,379,559	1,520,146	1,319,325
Other	<u>517,684</u>	<u>612,576</u>	<u>773,535</u>
	<u><b>8,384,213</b></u>	<u><b>10,099,329</b></u>	<u><b>11,097,520</b></u>
<b>Capital</b>			
Administration	-	79,257	59,737
Protective services	-	310,745	102,734
Transportation	-	1,595,980	2,144,054
Water and wastewater	-	5,302,513	2,676,828
Other	<u>-</u>	<u>466,061</u>	<u>591,827</u>
	<u><b>-</b></u>	<u><b>7,754,556</b></u>	<u><b>5,575,180</b></u>
<b>TOTAL EXPENDITURES</b>	<u><b>8,384,213</b></u>	<u><b>17,853,885</b></u>	<u><b>16,672,700</b></u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,575,805</b>	<b>(422,253)</b>	<b>(491,648)</b>
Capital debt issued	-	490,000	-
Appropriated from prior year	-	547,070	380,000
Capital debt repaid	<u>(398,346)</u>	<u>(396,395)</u>	<u>(363,975)</u>
<b>CHANGE IN FUND BALANCES</b>	<u><b>2,177,459</b></u>	<u><b>218,422</b></u>	<u><b>(475,623)</b></u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>6,524,406</b>	<b>6,524,406</b>	<b>7,380,029</b>
Appropriated to Operating Fund	<u>-</u>	<u>(547,070)</u>	<u>(380,000)</u>
	<u><b>6,524,406</b></u>	<u><b>5,977,336</b></u>	<u><b>7,000,029</b></u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><b>8,701,865</b></u>	<u><b>6,195,758</b></u>	<u><b>6,524,406</b></u>

**TOWN OF DRUMHELLER**  
**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
	\$	\$
<b>OPERATING AND CAPITAL ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	(422,253)	(491,648)
Net changes in non-cash current assets and liabilities		
Taxes and grants in place of taxes receivable	101,923	(34,840)
Trade and other receivables	(221,199)	(3,005,218)
Land inventory	324,910	(9,429)
Prepaid expenses	40,222	(40,123)
Accounts payable and accrued liabilities	757,552	704,499
Inventory of supplies	(132,376)	(28,312)
Deferred revenue	(834,566)	4,101,190
Other	-	(402)
Net cash provided by (used in) operating activities	<u>(385,787)</u>	<u>1,195,717</u>
<b>FINANCING ACTIVITIES</b>		
Debt issued	490,000	-
Long-term debt repaid	<u>(396,395)</u>	<u>(363,975)</u>
Net cash provided by (used in) financing activities	<u>93,605</u>	<u>(363,975)</u>
<b>INVESTING ACTIVITIES</b>		
Long-term investments	<u>(102,904)</u>	<u>(63,986)</u>
Net cash provided by (used in) investing activities		
<b>NET CASH INCREASE DURING THE YEAR</b>	<b>(395,086)</b>	<b>767,756</b>
<b>CASH AND TEMPORARY INVESTMENTS</b>		
- BEGINNING OF YEAR	<u>5,829,425</u>	<u>5,061,669</u>
<b>CASH AND TEMPORARY INVESTMENTS</b>		
- END OF YEAR	<u>5,434,339</u>	<u>5,829,425</u>

**TOWN OF DRUMHELLER**

**SCHEDULE 1 – CAPITAL FUND ACTIVITIES AND  
CHANGE IN FUND BALANCES**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget \$ Unaudited	2006 \$	2005 \$ Restated
<b>REVENUES</b>			
Government transfers	-	3,054,629	1,709,280
Proceeds from disposal of property and equipment	-	25,464	52,281
Developers agreements & levies	-	131,135	109,612
Investment income	-	309,965	49,481
Other	-	<u>61,931</u>	<u>122,943</u>
	-	<u>3,583,124</u>	<u>2,043,597</u>
<b>EXPENDITURES</b>			
Administration	-	79,257	59,737
Protective Services	-	310,745	102,734
Transportation services	-	1,595,980	2,144,054
Water and wastewater	-	5,302,513	2,676,828
Recreation and parks	-	414,279	24,596
Other	-	<u>51,782</u>	<u>567,231</u>
	-	<u>7,754,556</u>	<u>5,575,180</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	<u>(4,171,432)</u>	<u>(3,531,583)</u>
<b>Capital Financing and Net Interfund Transfers</b>			
Transfers from operating fund (Schedule 2)	2,012,813	3,521,281	2,466,125
Transfers from (to) reserve fund (Schedule 3)	(2,012,813)	(2,010,739)	298,503
Capital debt issued	-	<u>490,000</u>	-
	-	<u>2,000,542</u>	<u>2,764,628</u>
<b>CHANGE IN CAPITAL FUND BALANCE</b>	-	(2,170,890)	(766,955)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>(563,583)</u>	<u>(563,583)</u>	<u>203,372</u>
<b>FUND BALANCE (OVEREXPENDITURE) AT END OF YEAR</b>	<u>(563,583)</u>	<u>(2,734,473)</u>	<u>(563,583)</u>

**TOWN OF DRUMHELLER**

**SCHEDULE 2 – OPERATING FUND ACTIVITIES  
AND CHANGE IN FUND BALANCES**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget \$ Unaudited	2006 \$	2005 \$
<b>REVENUES</b>			
Net municipal property taxes (Schedule 5)	5,312,426	5,413,215	5,030,856
Sales and user fees	3,589,393	5,515,109	4,944,236
Government transfers	628,596	1,151,282	2,622,312
Investment income	12,500	86,298	4,405
Penalties and costs on taxes	86,000	93,334	94,780
Rentals	245,405	245,823	241,216
Other	<u>1,085,698</u>	<u>1,343,449</u>	<u>1,199,649</u>
	<u>10,960,018</u>	<u>13,848,510</u>	<u>14,137,454</u>
<b>EXPENDITURES</b>			
Legislative	162,950	144,732	144,177
Administration	1,023,864	1,092,315	819,081
Protective services	1,764,636	1,944,570	3,389,268
Transportation services	1,087,311	1,701,542	1,799,311
Water and wastewater	1,874,305	1,735,787	1,653,704
Waste management	197,839	200,655	186,543
Planning and development	376,065	1,147,006	1,012,576
Recreation and parks	1,379,559	1,520,146	1,319,325
Other	<u>517,684</u>	<u>612,576</u>	<u>773,535</u>
	<u>8,384,213</u>	<u>10,099,329</u>	<u>11,097,520</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>2,575,805</u>	<u>3,749,181</u>	<u>3,039,934</u>
<b>Net Interfund Transfers</b>			
Appropriated from prior year surplus	-	547,070	380,000
From (to) capital fund (Schedule 1)	(2,012,813)	(3,521,281)	(2,466,125)
From (to) reserves (Schedule 3)	36,655	32,001	(12,153)
Capital Debt repaid (Schedule 4)	<u>(398,346)</u>	<u>(396,395)</u>	<u>(363,975)</u>
	<u>(2,374,504)</u>	<u>(3,338,605)</u>	<u>(2,462,253)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>201,301</u>	<u>410,576</u>	<u>577,681</u>
<b>OPENING BALANCE</b>	1,752,915	1,752,915	1,555,234
Appropriated to Operating Fund	<u>-</u>	<u>(547,070)</u>	<u>(380,000)</u>
	<u>1,752,915</u>	<u>1,205,845</u>	<u>1,175,234</u>
<b>CLOSING BALANCE</b>	<u>1,954,216</u>	<u>1,616,421</u>	<u>1,752,915</u>