

**MINUTES OF THE REGULAR MEETING OF THE REDCLIFF TOWN COUNCIL
MONDAY, JUNE 28, 2010 – 7:00 P.M.**

PRESENT: Deputy Mayor E. Solberg
Councillors: C. Brown, D. Nunweiler, J. Steinke,

Municipal Manager D. Wolanski
Municipal Secretary S. Simon
Municipal Treasurer V. MacArthur
Manager of Engineering K. Minhas (left at 10:15 p.m.)

Ernie Reimer (arrived at 7:25 p.m., left at 8:12 p.m.)
D. Sackman (left at 7:29 p.m.)

ABSENT: Mayor R. Hazelaar
Councillors D. Kilpatrick
Confidential Secretary C. Cranston

1. GENERAL

Call to Order

A) Deputy Mayor Solberg called the regular meeting to order at 7:05 p.m.

Adoption of Agenda

B) Councillor Brown moved the Agenda be adopted as amended. – Carried.

Accounts Payable

C) Councillor Nunweiler moved the following 85 general vouchers in the amount of \$412,844.89 be received for information. – Carried.

ACCOUNTS PAYABLE JUNE 11 - 17, 2010			
COUNCIL MEETING JUNE 28, 2010			
66289-66383	VOIDED	PRINTER ERROR	\$0.00
66384	HAZELAAR, ROBERT	REIMBURSE FOR LENGTH OF SERVICE AWARDS	\$250.00
66385	TELUS COMMUNICATION INC.	JUNE CELL PHONE, PHONE, RADIO AND PAGER CHARGES	\$38.05
66386	BENCHMARK GEOMATICS INC.	STAKING TRAILS AND 3 ST. N.E.	\$1,470.00
66387	BRANDT TRACTOR LTD.	VARIOUS FILTERS FOR UNITS #135 AND #102	\$339.48
66388	CIBC VISA	SUPPLIES, LICENSES, MEMBERSHIPS, ACCOMMODATIONS	\$9,188.14
66389	CITY OF MEDICINE HAT	VARIOUS UTILITY PAYMENTS	\$22,167.01
66390	COMPUTER CENTRAL CORP.	MAY SERVICE CONTRACT	\$1,147.13
66391	CROZIER, BILL	TRAVEL ADVANCE FOR ABOA CONFERENCE	\$700.44
66392	DB PERKS & ASSOCIATES LTD.	FLOOR GRATE, COVERS AND BASKET	\$598.42
66393	DILLMAN, EVAN	REIMBURSE TRAVEL EXPENSE - POOL OP COURSE	\$579.20
66394	DUCKERINGS TRANSPORT	FREIGHT OF ROAD REPAIR MATERIALS	\$317.94
66395	ENVIRO GEO TESTING	SLOPE REVIEW FOR WESTSIDE	\$1,575.00
66396	EPCOR ENERGY SERVICES INC.	MAY ELECTRIC UTILITY FOR LANDFILL	\$96.33
66397	FOX ENERGY SYSTEMS INC.	RAIN SUIT, SIGN, RECERT FALL PROTECTION HARNESS	\$524.64
66398	GENERAL FASTENERS LTD	VEHICLE TIE DOWNS	\$75.43
66399	GENIVAR CONSULTANTS LP	ENGINEERING SERVICES FOR BOUNDARY RD. S.	\$193.73
66400	REDCLIFF HOME HARDWARE	SCREWS, SPRAYER, WATER TANK, PLANTS, ETC	\$2,368.81
66401	KLEARWATER EQUIPMENT	ISOPAC	\$1,556.10
66402	LAWN SHOP SERVICE	ADJUSTABLE SPRINKLER HEAD	\$206.99
66403	MURRAY CHEV OLDS	EMERGENCY FLASHERS FOR UNIT #118 3 TON	\$38.16
66404	NAPA AUTO PARTS	12V BATTERY FOR UNIT #108 BOBCAT	\$85.95

11 48

66405	OSMOND, ROBERT	REIMBURSE TRAVEL EXPENSE - GFOA CONFERENCE	\$478.05
66406	PARK ENTERPRISES LTD.	MAY IN TOWN PERMITS	\$475.06
66407	PETRO CANADA	DYED DIESEL FOR LANDFILL	\$1,370.95
66408	PLEASURE POOL 2000 LTD.	POOL TREATMENT SUPPLIES	\$2,611.27
66409	THE PRINTER	LANDFILL TICKETS	\$2,097.90
66410	PROVINCIAL TREASURER - LAP	LAPP CONTRIBUTIONS TO JUNE 5, 2010	\$12,613.57
66411	PUROLATOR	FREIGHT OF WATER SAMPLE AND DOCUMENTS	\$55.91
66412	RECEIVER GENERAL	STATUTORY DEDUCTIONS TO JUNE 5, 2010	\$28,113.46
66413	RODEO FORD SALES LTD.	FLOOR MATS FOR NEW UNITS	\$605.40
66414	ROSENAU TRANSPORT LTD	FREIGHT OF TREATMENT SUPPLIES, BIN LIDS, ETC	\$999.88
66415	SANDAU, TROY	REIMBURSE TRAVEL EXPENSE - LEVEL 1 COURSE	\$140.00
66416	SOUTH ROCK LTD	EAST SIDE PHASE #1 PROGRESS PAYMENT	\$43,032.33
66417	TELUS MOBILITY	JUNE CELL PHONE, PHONE, RADIO AND PAGER CHARGES	\$63.53
66418	MULDER BUILDERS	REFUND BUILDING PERMIT FEES	\$1,801.82
66419	SANJEL CORPORATION	REFUND TOWING COSTS FROM STORM POND OVERFLOW	\$157.50
66420	PRO FLOW PLUMBING	CAMERA SEWER LINE @ 628 - 3 ST. S.E.	\$429.98
66421	MUNICIPAL RISK SERVICES	SMALL TOWN BIG RISK WORKSHOP REGISTRATION - BROWN	\$139.00
66422	TOWN OF REDCLIFF	CONTRIBUTIONS TO TOURISM SUPPLY EXPENSES	\$500.00
66423	TOWN OF REDCLIFF	REGULAR PAYROLL TO JUNE 5, 2010 & JUNE COUNCIL PAY	\$74,135.31
66424	TOWN OF REDCLIFF	BBQ SUPPLIES, FREIGHT, TRAVEL LUNCH, CLEANERS, ETC	\$139.32
66425	TRICO LIGHTING PRODUCTS	LIGHT BULBS FOR THE LIBRARY	\$25.17
66426	WESTERN CANADA WELDING	OXYGEN	\$176.22
66427	WESTERN TRACTOR COMPANY	2010 JOHN DEERE MOWER	\$14,477.88
66428	WOLSELEY MECHANICAL GROUP	MAIN STOPS, COUPLER AND SEWER SADDLE	\$335.74
66429	W.R. MEADOWS	PRIMER AND ASPHALT PATCH	\$1,024.27
66430	XEROX CANADA INC.	SERVICE CONTRACTS FOR WC 7655 AND PRO 55	\$1,648.61
66431	TELUS COMMUNICATION INC.	CONSTRUCTION COSTS FOR 4 - 5 ST. NE REBUILD -DRAINAGE	\$3,065.96
66432	A & B STEEL LTD	STEEL POSTS FOR TRAIL SIGNS	\$252.00
66433	AMSC INSURANCE	JULY EMPLOYEE BENEFITS	\$14,267.15
66434	AMRON CONSTRUCTION	REFUND CREDIT ON A/R ACCOUNT	\$1,258.55
66435	AUMA	2009 AUMA CONVENTION REGISTRATIONS	\$4,095.00
66436	BRANDT TRACTOR LTD.	VARIOUS FILTERS FOR UNIT #117 COMPACTOR	\$1,613.05
66437	CITY OF MEDICINE HAT	VARIOUS UTILITY PAYMENTS	\$76,767.94
66438	DB PERKS & ASSOCIATES LTD.	AQUATIC GLOVES AND FINIS	\$282.40
66439	FIREWORKS SPECTACULAR	2010 REDCLIFF DAYS FIREWORKS	\$5,350.00
66440	FOCUS INTEC.	ENGINEERING SERVICES FOR WEST SIDE AND 1 ST NE ROADS	\$918.75
66441	FORTY MILE GAS CO-OP LTD.	MAY GAS UTILITY FOR LANDFILL	\$175.63
66442	FOX ENERGY SYSTEMS INC.	RUBBER BOOTS, INSOLES, VISITOR INFORMATION SIGN	\$1,007.89
66443	JACK N' JILL PARTIES	REDCLIFF DAYS ENTERTAINMENT - CLOWN	\$275.00
66444	KIRK'S MIDWAY TIRE	TIRES FOR UNIT #115 GMC 3500	\$1,253.70
66445	LGAA	2010 MEMBERSHIP FEES FOR WOLANSKI, DAVID	\$125.00
66446	MATTSON, SHELLEY	REDCLIFF DAYS ENTERTAINMENT - AIR BRUSHING	\$275.00
66447	MEDICINE HAT LICENCE CENTRE	TITLE SEARCH	\$8.25
66448	MEDICINE HAT WHOLESALE	FOAM CONTAINERS FOR MEALS ON WHEELS	\$20.11
66449	SHAW CABLE	JULY INTERNET SERVICE FOR FIRE HALL, P/S AND WTP	\$166.80
66450	PETRO CANADA	BULK FUEL FOR P/S SHOP, DYED DIESEL FOR LANDFILL	\$5,017.63
66451	PINNACLE INTERNATIONAL	REISSUE LOST CHEQUE, BRAKE FITTING KIT AND COUPLER	\$345.61
66452	PITNEY BOWES LEASING	3RD QUARTER POSTAGE MACHINE LEASE	\$214.01
66453	PITNEY BOWES	SERVICE FOLDER/STUFFER	\$379.83
66454	PRITCHARD & COMPANY LLP	JOINT POLICY STATEMENT LETTERS	\$108.90
66455	REDCLIFF PUBLIC LIBRARY	JUNE INSTALLMENT OF 2010 ALLOTMENT	\$42,578.00
66456	REDCLIFF ACTION SOCIETY	1ST QUARTER CONTRIBUTION TO ACTION SOCIETY	\$2,050.00
66457	ROCKY MOUNTAIN PHOENIX	COAT, PANTS, GLOVES, ROPES, ROPE BAG, BATTERY PACK	\$3,722.56
66458	ROSENAU TRANSPORT LTD	FREIGHT OF SEWER CAMERA	\$45.47
66459	SIMPLY WATER	WATER FOR AQUATIC CENTER	\$77.50
66460	SOUTH ROCK LTD	SHALE FOR BALL DIAMONDS AND PARKS	\$1,315.91
66461	STATEMENT ENTERPRISES INC	MOVIE IN THE PARK FOR REDCLIFF DAYS	\$4,630.50

66462	TELUS COMMUNICATION INC.	JUNE CELL PHONE, PHONE, RADIO AND PAGER CHARGES	\$107.56
66463	REDCLIFF YOUTH SOCCER	REFUND KEY DEPOSITS	\$225.00
66464	C.E.M. HEAVY EQUIPMENT	HYDRAULIC ACCUMULATORS FOR UNIT #123 LOADER	\$622.17
66465	M2 DESIGNS	GRAPHICS AND DESIGN OF TRAIL SIGNS	\$2,273.25
66466	TOWN OF REDCLIFF - LANDFILL	MAY TONNAGE CHARGES	\$4,757.73
66467	WOOD, DALE	NON-RESTRICTED FIREARMS COURSE INSTRUCTION FEES	\$2,030.00
TOTAL CHEQUES: 85		AMOUNT OF CHEQUES:	\$412,844.89

Bank Summary for May 31, 2010

D) Councillor Steinke moved the Bank Summary for May 31, 2010 be received for information. – Carried.

2. DELEGATIONS

Financial Information Return *
- Auditors Report

A)
i) D. Sackman of Meyers Norris Penny was in attendance to provide a brief presentation on the Town of Redcliff and Redcliff/Cypress Regional Landfill Authority Financial Statements for year ending 2009.

Councillor Steinke moved the Financial Information Return Auditors Report for the year ending 2009 presented by D. Sackman be received for information. – Carried.

Town of Redcliff
- Reports to Council
- Financial Statement

ii) Councillor Nunweiler moved the Auditor's Reports to Council and the Financial Statement for the Town of Redcliff prepared by Meyers Norris Penny for the year ending 2009 be received for information. Further that the Mayor be authorized to sign the Financial Statements for the Town of Redcliff. – Carried.

E. Reimer joined the meeting at 7:25 p.m.

Redcliff / Cypress Regional Landfill Authority
- Reports to Council
- Financial Statements

iii) Councillor Steinke moved the Auditor's Reports to Council and the Financial Statement prepared by Meyers Norris Penny for the Redcliff/Cypress Regional Landfill Authority for the year ending 2009 be received for information. Further that Mayor Hazelaar and Councillor Nunweiler or Councillor Kilpatrick be authorized to sign the Financial Statement for the Redcliff/Cypress Regional Landfill Authority. – Carried.

D. Sackman left the meeting at 7:29 p.m.

3. MINUTES

Council Meeting held June 14, 2010

A) Councillor Brown moved the minutes of the Council Meeting held June 14, 2010 be adopted as presented. – Carried.

With regard to the discussions on LED Signage and direction that in the proposed Land Use Amendment that the maximum size for LED signs be limited to 1.5 m², Municipal

Manager advised that the Towns LED sign on the boulevard coming into Redcliff is 2.5 m². He has suggested that this be incorporated into the Bylaw and presented to Council for consideration.

Subdivision Application 2010 SUB 02
Lots 17-30, Block 108, Plan 1117V
(134 4th Street NE & 127 5th Street NE)
To create separate titles for Lots 17-
20, and Lots 21-30

i) Councillor Brown moved that Subdivision Application 2010 SUB 02 (Lots 17-30, Block 108, Plan 1117V (134 4 Street NE and 127 5 Street NE) be lifted from the table. – Carried.

Councillor Nunweiler moved that Subdivision Application 2010 SUB 02 (Lots 17-30, Block 108, Plan 1117V (134 4 Street NE and 127 5 Street NE) be approved subject to the following conditions:

1. Payment of any outstanding taxes.
2. The property owner shall pay his proportionate share of the costs for the sanitary main installed on 4th Street NE in the amount of \$3,032.00 as established in Policy 54 – Rates policy which reflects the costs of the Sanitary Sewer Main installation on the 100 block of 4th Street NE.
3. The property owner shall be given options on how to connect the Sanitary Sewer Services from the Sanitary Sewer Main to the Property Line and from the Property Line to his building. The options include:
 - a. pay the costs for the installation of the Sanitary sewer extension from the Sanitary Sewer Main to the property line; as well as the costs for the connection from the Sanitary Sewer service line from the property line to the building;
 - or
 - b. enter into a service agreement with the Town of Redcliff which would permit the property owner up to 2 years to arrange for the connection of sanitary sewer services from the Sanitary Main to the property line and from the Service extension line from the property line to the building, with the property owner paying all the related costs, including the legal costs associated with the servicing agreement.
4. In regard to encroachment of the fence at the north end of Lot 21, Block 108, Plan 1117V, the Property owner shall be given the option to either
 - a. Remove and relocate the fence so that it is on his property; or
 - b. Enter into an encroachment agreement with the Town of Redcliff.
5. In regard to encroachment of the eaves of the building on Lots 21-30, Block 108, Plan 1117V into Lot 31, Block 108, Plan 1117V, that the property line be adjusted to resolve the encroachment. All associated costs, including legal fees, shall be borne by the applicant to maximum cost of \$500.00. – Carried.



Redcliff Planning Board Meeting held June 15, 2010

B) Councillor Steinke moved the minutes of the Redcliff Planning Board meeting held June 15, 2010 be received for information. – Carried.

Municipal Planning Commission meeting held June 16, 2010

C) Councillor Brown moved the minutes of the Municipal Planning Commission meeting held June 16, 2010 be received for information. – Carried.

Administrative Committee meeting held June 21, 2010

D) Councillor Brown moved the minutes of the Administrative Committee meeting held June 21, 2010 be received for information. – Carried.

Bylaw 1660/2010, False Alarm Bylaw

i) Councillor Steinke moved Bylaw 1660/2010 being the False Alarm Bylaw be given first reading. – Carried.

Policy 81, Development on Duplex Lots

ii) Councillor Brown moved to concur with the recommendation of the Administrative Committee that Policy No. 81, Development on Duplex Lots be cancelled. – Carried.

Bylaw 1659/2010, Assessment Review Board Bylaw

iii) Councillor Steinke moved Bylaw No. 1659/2010 being the Assessment Review Board Bylaw be given first reading as amended. – Carried.

Councillor Brown moved Bylaw No. 1659/2010 being the Assessment Review Board Bylaw be given second reading. – Carried.

Councillor Steinke moved Bylaw No. 1659/2010 being the Assessment Review Board Bylaw be presented for third reading. – Carried Unanimously.

Councillor Brown moved Bylaw No. 1659/2010 being the Assessment Review Board Bylaw be given third reading. – Carried.

Redcliff / Cypress Regional Waste Management Authority meeting held June 9, 2010


E) Councillor Brown moved the minutes of the Redcliff / Cypress Regional Waste Management Authority meeting held June 9, 2010 be received for information. – Carried.

4. STAFF RECOMMENDATION

Construction for 4th Street NE- 000 & 100 Block Watermain Replacement with Associated Road Repairs

A) In regard to 4th Street NE 000 & 100 Block Watermain Replacement with associated road repairs, the Municipal Treasurer advised that there was an incorrect reference in the body of the Staff Recommendation under Staff Rec/Comments where it says "The project is being funded from the Water Systems Maintenance Reserve". It should say "The project is being funded from Water Rates".

Councillor Nunweiler moved to concur with the recommendation of the Manager of Engineering that the



Town of Redcliff award the contract to Can Doo Excavating at a total price of \$257,750.62 plus GST for construction of watermain replacement for 000 and 100(mid) blocks on 4th Street NE with associated concrete and road repairs, signage, landscaping and also the cost associated with engineering (survey, geo-tech & hydrovac) in the amount of \$11,100.00 be accepted. Further that the increase of \$71,841.68 in 2010 Operating Budget be approved and funded from Water Rates. – Carried.

Westside Subdivision 2nd Lift Asphalt overlay and Slope Protection, River Valley Trail Extension, Laneway Reconstruction 100 Blk between 4th and 5th St. NE and Lane Apron 300 Blk between Main Street N. and 1st St. NE

B) Councilor Steinke moved to concur with the recommendation of the Manager of Engineering that the Town of Redcliff award contract to South Rock in the amount of \$ 487,608.00 plus GST for the Construction of projects listed below:

1. Westside Asphalt 2nd Lift & Slope Protection, the amount of \$ 309,397.00 plus GST
2. River Valley Trail Extension, the amount of \$133,457.50 plus GST
3. Lane Reconstruction -100 Blk between 4th & 5th St. NE , the amount of \$38,921.30 plus GST
4. Lane Apron – 300 Blk b/w Main St N & 1st St NE adding up to a combined total contract cost of \$5,832 plus GST.

Further Provisional items with total cost of \$22,265.00 plus GST, Total Engineering Cost including QA of \$33,781.25 plus GST and Utilities Adjustment Cost of \$8,519.96 plus GST be accepted.

West side Asphalt 2nd lift & Slope Protection project to be funded as outlined in the 2010 budget from the land development reserve and private contributions. The River Valley Trail Extension to be funded from G & D Reserves with MSI and CFEP Grant funds. Lane Reconstruction - 100 Blk between 4th St & 5th St. NE project to be funded from G & D Reserve with AMIP Grant funds and Lane Asphalt Apron- 300 Blk between Main St N & 1st St. NE. to be funded from the Paving Reserve and private contributions as outlined in 2010 budget. – Carried.

5. CORRESPONDENCE

Alberta Municipal Affairs
Re: Municipal Sustainability Fund
Capital Funding Allocation Approved
for Kipling River Valley Trails and
Eastside Phase 1 Landscaping and
Parks

A) Councillor Brown moved correspondence from Alberta Municipal Affairs dated June 4, 2010 regarding Municipal Sustainability Fund Capital Funding Allocation Approved for Kipling River Valley Trails and Eastside Phase 1 Landscaping and Parks be received for information. – Carried.



Councillor Nagel
Letter of Resignation

B) Municipal Manager advised Council that Councillor Nagel submitted his letter of resignation on June 17, 2010.

Councillor Brown moved correspondence from Councillor D. Nagel dated June 17, 2010 advising of his resignation from Town of Redcliff Council be accepted as presented. – Carried.

6. OTHER

Land Use Amendment Application
Re: Lot 1, Block 4, Plan 6735GW
(1200 Highway Avenue NE)

A) Councillor Nunweiler moved the Land Use Amendment Application to amend the zoning for Lot 1, Block 4, Plan 6735GW (1200 Highway Avenue NE) from C-4 (Highway Commercial) to DC (Direct Control) be received for information. Further that Administration be authorized to draft the Bylaw to amend zoning for Lot 1, Block 4, Plan 6735GW (1200 Highway Avenue NE) from C-4 (Highway Commercial) to DC (Direct Control). – Carried.

Development Permit Application 10-DP-073
Ein Gedi Counselling Services
Lots 21-28, Block 107, Plan 1117V
(127 – 4th Street NE)
Operation of a Counseling Business
Development in DC (Direct Control District)

B) Councillor Nunweiler moved Development Permit application 10-DP-073, Ein Gedi Counselling Services, Lots 21-28, Block 107, Plan 1117V (127 – 4th Street NE) for operation of a Counseling Business be approved as presented. – Carried.

RCMP Musical Ride

C) Councillor Nunweiler moved the information from the Municipal Manager that the RCMP Musical Ride has been postponed to August 9, 2010 due to illness of the horses be received for information. – Carried.

7. COMMITTEE MEETING OF THE WHOLE

Committee of the Whole Council

Councillor Nunweiler moved to meet as Committee of the Whole Council at 8:12 p.m. – Carried.

Return to Open Session

Councillor Nunweiler moved to return to Open Session at 9:55 p.m. – Carried.

Engineering Services to develop
Redcliff Roadway System Master Plan

Councillor Brown moved to concur with the recommendation of the Manager of Engineering that Scheffer Andrew be awarded the contract for the provision of Consulting Engineering Services to prepare the 2010 Redcliff Roadway Systems Master Plan at a Maximum Upset Cost of \$70,000 including disbursements but excluding GST. The dedicated budget for this project is \$80,000.00 and needs to be funded from G & D Reserves – GTF Grant. – Carried.

Boards and Commissions
Application for Redcliff Public Library
Board
C. Richardson

Councillor Steinke moved to appoint C. Richardson to the Redcliff Public Library Board with a term to expire December 31, 2011. – Carried.

Protective Services Building
Office Furniture Award

Councillor Nunweiler moved that Administration be authorized to accept the proposal for provision of office furnishings for the Protective Services Building from Demi Vandermeulen of Noki Office Solutions using a combination of Global and Tayco office products at a cost of 88,274.75 plus 10% contingency plus GST to be funded from the the 2010 Budget and/or Police Reserve. – Carried.

Transfer Containers

Councillor Steinke moved to authorize that the Redcliff Cypress Regional Landfill Authority sell 4 transfer containers to Cypress County for one dollar. Further that the ownership of the 8 fully amortized transfer containers be transferred to Cypress County. – Carried.

Alberta Permit Pro

Councillor Brown moved that David Wolanski, Municipal Manager of the Town of Redcliff be authorized to sign purchase order #43466 to Alberta Permit Pro for payment of various Gas, Electric, Plumbing and Building Permits in the amount of \$55,399.84. – Carried.

8. ADJOURNMENT

Adjournment

Councillor Steinke moved adjournment of the meeting at 9:59 p.m. – Carried.



Mayor



Municipal Secretary

S. Simon
S. Simon –Municipal Secretary

MUNICIPAL FINANCIAL INFORMATION RETURN

For the Year Ending December 31, 2009

Chief Administrative Officer or Designated Officer Certification

Municipality:

This Financial Information Return, to the best of my knowledge,
is presented fairly and was prepared in compliance with the
accompanying Financial Information Manual.

Signature

Date

Print Name

Vicki MacArthur



MEYERS NORRIS PENNY LLP

AUDITORS' REPORT FINANCIAL INFORMATION RETURN

To the Mayor and Council of the Town of Redcliff

We have audited the municipal financial information return of the Town of Redcliff for the year ended December 31, 2009. This financial information is the responsibility of the municipal administration. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with 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 information return. An audit also includes assessing the accounting principles used and significant estimates made by the municipal administration, as well as evaluating the overall presentation of the financial information.

In our opinion, the financial information return presents fairly, in all material respects, the financial position of the municipality as at December 31, 2009 and the results of its operation for the year then ended in accordance with the accounting principles prescribed by the Minister of Alberta Municipal Affairs as provided for in Section 277 of the Municipal Government Act.

It is understood that this report, as requested by the Minister of Alberta Municipal Affairs, is to be used primarily for provincial statistical purposes. We have issued an audit report dated March 2, 2010 on the financial statements of the Town of Redcliff for the year ended December 31, 2009 and reference should be made to those audited financial statements for complete information.

Medicine Hat, Alberta
March 2, 2010

Meyers Norris Penny LLP

Chartered Accountants



	Total
	1
Assets	0010
Cash and Temporary Investments	0020 6,268,525
Taxes and Grants in Place of Taxes Receivable	0030
. Current	0040 213,509
. Arrears	0050 63,605
. Allowance	0060
Receivable From Other Governments	0070 831,654
Loans Receivable	0080 490,587
Trade and Other Receivables	0090 744,061
Debt Charges Recoverable	0095 102,199
Inventories Held for Resale	0130
. Land	0140 2,624,267
. Other	0150 7,000
Long Term Investments	0170
. Federal Government	0180
. Provincial Government	0190
. Local Governments	0200
. Other	0210
Other Current Assets	0230 448,350
Other Long Term Assets	0240
	0250
Total Financial Assets	0260 11,793,757
Liabilities	0270
Temporary Loans Payable	0280
Payable To Other Governments	0290 412,942
Accounts Payable & Accrued Liabilities	0300 911,017
Deposit Liabilities	0310 287,923
Deferred Revenue	0340 164,349
Long Term Debt	0350 5,900,378
Other Current Liabilities	0360
Other Long Term Liabilities	0370
	0380
Total Liabilities	0390 7,676,610
Net Financial Assets (Net Debt)	0395 4,117,147
Non Financial Assets	
Tangible Capital Assets	0400 71,924,910
Inventory for Consumption	0410 130,762
Prepaid Expenses	0420 47,687
Total Non-Financial Assets	0440 72,103,359
Accumulated Surplus	0450 76,220,506

CHANGE IN ACCUMULATED SURPLUS

Schedule 9B

	Unrestricted	Restricted	Equity in TCA	Total
	1	2	3	4
Accumulated Surplus - Beginning of Year	0500 2,496,463	7,628,302	64,490,324	74,615,089
Net Revenue (Expense)	0505 1,605,417			1,605,417
Funds Designated For Future Use	0511 -5,346,898	5,346,898		
Restricted Funds - Used for Operations	0512 1,095,415	-1,095,415		
Restricted Funds - Used for TCA	0513	-4,578,159	4,578,159	
Current Year Funds Used for TCA	0514 -1,783,581		1,783,581	
Donated and Contributed TCA	0516			
Disposals of TCA	0517 3,194,769		-3,194,769	
Annual Amortization Expense	0518 2,323,661		-2,323,661	
Long Term Debt - Issued	0519		-253,472	-253,472
Long Term Debt - Repaid	0521 -812,897		812,897	
Capital Debt - Used for TCA	0522		253,472	253,472
	0523			
Other Adjustments	0524 19,802		-19,802	0
Accumulated Surplus - End of Year	0525 2,792,151	7,301,625	66,126,730	76,220,506

Adjustment to 2008 Accumulated Surplus (Applicable for 2009)

Accumulated Surplus at January 1, 2008	0531 2,771,343
Adjustment to Net Book Value of TCA	0532 5,863,034
Accumulated Surplus as Restated	0534 2,496,463

FINANCIAL ACTIVITIES BY FUNCTION

Schedule 9C

	Revenue	Expense
	1	2
Total General	0700 4,618,708	
Function	0710	1150
General Government	0720	1160
Council and Other Legislative	0730	1170 104,371
General Administration	0740 157,863	1180 1,163,767
Other General Government	0750	1190 327,167
Protective Services	0760	1200
Police	0770 293,945	1210 661,670
Fire	0780 25,173	1220 111,384
Disaster and Emergency Measures	0790 -359	1230 22,928
Ambulance and First Aid	0800	1240
Bylaws Enforcement	0810 27,999	1250 180,680
Other Protective Services	0820	1260
Transportation	0830	1270
Common and Equipment Pool	0840 3,800	1280 300,804
Roads, Streets, Walks, Lighting	0850 2,106,933	1290 2,159,724
Airport	0860	1300
Public Transit	0870	1310
Storm Sewers and Drainage	0880 -2,922	1320 139,042
Other Transportation	0890	1330
Environmental Use and Protection	0900	1340
Water Supply and Distribution	0910 1,673,933	1350 1,157,552
Wastewater Treatment and Disposal	0920 700,996	1360 814,597
Waste Management	0930 232,306	1370 299,952
Other Environmental Use and Protection	0940	1380
Public Health and Welfare	0950	1390
Family and Community Support	0960 150,115	1400 235,413
Day Care	0970	1410
Cemeteries and Crematoriums	0980 12,156	1420 14,015
Other Public Health and Welfare	0990	1430
Planning and Development	1000	1440
Land Use Planning, Zoning and Development	1010 59,367	1450 89,310
Economic/Agricultural Development	1020	1460
Subdivision Land and Development	1030 270,168	1470 320,236
Public Housing Operations	1040	1480
Land, Housing and Building Rentals	1050 24,280	1490
Other Planning and Development	1060	1500
Recreation and Culture	1070	1510
Recreation Boards	1080	1520
Parks and Recreation	1090 240,216	1530 681,339
Culture: Libraries, Museums, Halls	1100	1540
Convention Centres	1110	1550
Other Recreation and Culture	1120 36,320	1560 241,627
Other Utilities	1125	1565
Gas	1126	1566
Electric	1127	1567
Other	1130	1570
Total Revenue/Expense	1140 10,630,996	1580 9,025,579
Net Revenue/Expense		1590 1,605,417

FINANCIAL ACTIVITIES BY TYPE / OBJECT

Schedule 9D

		Total
		1
Revenues	1700	
Taxation and Grants in Place	1710	
Property (Net Municipal)	1720	4,096,567
Business	1730	
Business Revitalization Zone	1740	
Special	1750	
Well Drilling	1760	
Local Improvement	1770	399,881
Sales To Other Governments	1790	17,332
Sales and User Charges	1800	3,267,272
Penalties and Costs on Taxes	1810	55,873
Licenses and Permits	1820	79,200
Fines	1830	13,757
Franchise and Concession Contracts	1840	
Returns on Investments	1850	54,236
Rentals	1860	36,691
Insurance Proceeds	1870	
Net Gain on Sale of Tangible Capital Assets	1880	-97,137
Contributed and Donated Assets	1885	
Federal Government Unconditional Transfers	1890	
Federal Government Conditional Transfers	1900	1,000
Provincial Government Unconditional Transfers	1910	12,151
Provincial Government Conditional Transfers	1920	2,619,439
Local Government Transfers	1930	24,180
Transfers From Local Boards and Agencies	1940	
Developer Agreements and Levies	1960	4,299
Other Revenues	1970	46,256
Total Revenue	1980	10,630,996
Expenses	1990	
Salaries, Wages, and Benefits	2000	2,639,675
Contracted and General Services	2010	1,448,356
Purchases from Other Governments	2020	1,137,544
Materials, Goods, Supplies, and Utilities	2030	840,440
Provision For Allowances	2040	5,782
Transfers to Other Governments	2050	40,000
Transfers to Local Boards and Agencies	2060	149,494
Transfers to Individuals and Organizations	2070	134,101
Bank Charges and Short Term Interest	2080	2,718
Interest on Operating Long Term Debt	2090	
Interest on Capital Long Term Debt	2100	295,659
Amortization of Tangible Capital Assets	2110	2,323,661
Net Loss on Sale of Tangible Capital Assets	2125	
Write Down of Tangible Capital Assets	2127	
Other Expenditures	2130	8,150
Total Expenses	2140	9,025,579
Net Revenue (Expense)	2150	1,605,417

REVENUE AND EXPENSE SUPPLEMENTARY DETAIL

Schedule 9E

		Revenue		Expenses	
		Sales and User Charges	Provincial Capital Transfers	Annual Amortization Expense	Long Term Debt Interest Expense
		1	2	3	4
General Government	2200				
Council and Other Legislative	2210				
General Administration	2220	77,201		31,508	
Other General Government	2230				
Protective Services	2240				
Police	2250	20,817	248,350	6,265	
Fire	2260	2,825		22,570	2,997
Disaster and Emergency Measures	2270		-359		
Ambulance and First Aid	2280				
Bylaws Enforcement	2290			4,194	
Other Protective Services	2300				
Transportation	2310				
Common and Equipment Pool	2320	400	3,200	30,129	
Roads, Streets, Walks, Lighting	2330	17,676	2,117,154	1,548,944	186,149
Airport	2340				
Public Transit	2350				
Storm Sewers and Drainage	2360	440		106,324	39,950
Other Transportation	2370				
Environmental Use and Protection	2380				
Water Supply and Distribution	2390	1,711,252		295,373	30,492
Wastewater Treatment and Disposal	2400	715,016		189,981	8,848
Waste Management	2410	232,306		24,177	
Other Environmental Use and Protection	2420				
Public Health and Welfare	2430				
Family and Community Support	2440	13,412	134,875		
Day Care	2450				
Cemeteries and Crematoriums	2460	12,156		316	
Other Public Health and Welfare	2470				
Planning and Development	2480				
Land Use Planning, Zoning and Development	2490				
Economic/Agricultural Development	2500				
Subdivision Land and Development	2510	265,869		3,148	10,544
Public Housing Operations	2520				
Land, Housing and Building Rentals	2530				
Other Planning and Development	2540	17,270	39,997		
Recreation and Culture	2550				
Recreation Boards	2560				
Parks and Recreation	2570	146,314	76,222	60,733	16,679
Culture: Libraries, Museums, Halls	2580	34,320			
Convention Centres	2590				
Other Recreation and Culture	2600				
Other Utilities	2605				
Gas	2606				
Electric	2607				
Other	2610				
Total	2620	3,267,272	2,619,439	2,323,661	295,659

TANGIBLE CAPITAL ASSETS SUPPLEMENTARY DETAIL

Schedule 9F

		Tangible Capital Assets		Long Term Debt	
		Purchased	Donated or Contributed	Principal Additions	Principal Reductions
		1	2	3	4
General Government	2700				
Council and Other Legislative	2710				
General Administration	2720	44,132			
Other General Government	2730				
Protective Services	2740				
Police	2750	899,108			
Fire	2760	22,296			2,042
Disaster and Emergency Measures	2770				
Ambulance and First Aid	2780				
Bylaws Enforcement	2790				
Other Protective Services	2800				
Transportation	2810				
Common and Equipment Pool	2820	253,473			
Roads, Streets, Walks, Lighting	2830	2,657,256		253,472	560,584
Airport	2840				
Public Transit	2850				
Storm Sewers and Drainage	2860	1,419,448			51,228
Other Transportation	2870				
Environmental Use and Protection	2880				
Water Supply and Distribution	2890	301,898			97,731
Wastewater Treatment and Disposal	2900	39,310			8,779
Waste Management	2910	24,240			
Other Environmental Use and Protection	2920				
Public Health and Welfare	2930				
Family and Community Support	2940				
Day Care	2950				
Cemeteries and Crematoriums	2960	12,630			
Other Public Health and Welfare	2970				
Planning and Development	2980				
Land Use Planning, Zoning and Development	2990				
Economic/Agricultural Development	3000				
Subdivision Land and Development	3010	907,144			14,008
Public Housing Operations	3020				
Land, Housing and Building Rentals	3030				
Other Planning and Development	3040				
Recreation and Culture	3050				
Recreation Boards	3060				
Parks and Recreation	3070	34,279			58,723
Culture: Libraries, Museums, Halls	3080				
Convention Centres	3090				
Other Recreation and Culture	3100				
Other Utilities	3105				
Gas	3106				
Electric	3107				
Other	3110				19,803
Total	3120	6,615,213		253,472	812,897

CHANGE IN TANGIBLE CAPITAL ASSETS

Schedule 9G

		Balance at Beginning of Year 1	Additions 2	Reductions 3	Balance at End of Year 4
Tangible Capital Assets - Cost					
Engineered Structures	3200				
Roadway Systems.....	3201	36,554,830	1,894,761	48,130	38,401,461
Light Rail Transit Systems.....	3202				
Water Systems.....	3203	16,871,580	1,624,068	47,079	18,448,569
Wastewater Systems.....	3204	12,891,825	39,310	15,741	12,915,394
Storm Systems.....	3205	7,027,549	91,611	3,939	7,115,221
Fibre Optics.....	3206				
Electricity Systems.....	3207				
Gas Distribution Systems.....	3208				
Total Engineered Structures	3210	73,345,783	3,649,751	114,889	76,880,644
Construction In Progress.....	3219	8,605,607	2,636,330	3,084,257	8,157,681
Buildings	3220	4,683,450			4,683,450
Machinery and Equipment	3230	2,834,036	292,262	184,088	2,942,210
Land	3240	5,019,390			5,019,390
Land Improvements.....	3245	103,705	12,630		116,335
Vehicles	3250	1,550,049	24,240	42,669	1,531,620
Total Capital Property Cost	3260	96,142,019	6,615,213	3,425,903	99,331,329
Accumulated Amortization					
Engineered Structures	3270				
Roadway Systems	3271	14,531,656	1,503,896	59,742	15,975,810
Light Rail Transit Systems	3272				
Water Systems	3273	3,158,550	248,367	316	3,406,602
Wastewater Systems	3274	2,763,000	179,958	105	2,942,852
Storm Systems	3275	941,804	97,471	26	1,039,249
Fibre Optics	3276				
Electricity Systems	3277				
Gas Distribution Systems	3278				
Engineered Structures	3280	21,395,010	2,029,692	60,190	23,364,513
Buildings	3290	2,136,037	90,536		2,226,573
Machinery and Equipment	3300	1,072,074	107,932	138,516	1,041,490
Land	3310				
Land Improvements.....	3315	44,846	3,334		48,180
Vehicles	3320	665,926	92,166	32,428	725,664
Total Accumulated Amortization	3330	25,313,893	2,323,661	231,134	27,406,420
Net Book Value of Capital Property	3340	70,828,126			71,924,910
Capital Long Term Debt (Net)	3350	6,337,802			5,798,180
Equity in Tangible Capital Assets	3400	64,490,324			66,126,730

LONG TERM DEBT SUPPORT

Schedule 9H

	Operating Purposes 1	Capital Purposes 2	Total 3
Long Term Debt Support 3405			
Supported by General Tax Levies 3410		2,047,096	2,047,096
Supported by Special Levies 3420		3,254,854	3,254,854
Supported by Utility Rates 3430		441,329	441,329
Other 3440		157,099	157,099
Total Long Term Debt Principal Balance 3450		5,900,378	5,900,378

LONG TERM DEBT SOURCES

Schedule 9I

	Operating Purposes 1	Capital Purposes 2	Total 3
Alberta Capital Finance Authority 3500		5,900,378	5,900,378
Canada Mortgage and Housing Corporation 3520			
Mortgage Borrowing 3600			
Other 3610			
Total Long Term Debt Principal Balance 3620		5,900,378	5,900,378

FUTURE LONG TERM DEBT REPAYMENTS

Schedule 9J

	Operating Purposes 1	Capital Purposes 2	Total 3
Principal Repayments by Year 3700			
Current + 1 3710		834,788	834,788
Current + 2 3720		790,643	790,643
Current + 3 3730		823,693	823,693
Current + 4 3740		858,256	858,256
Current + 5 3750		277,897	277,897
Thereafter 3760		2,315,101	2,315,101
Total Principal 3770		5,900,378	5,900,378
Interest by Year 3780			
Current + 1 3790		275,543	275,543
Current + 2 3800		235,597	235,597
Current + 3 3810		202,548	202,548
Current + 4 3820		167,985	167,985
Current + 5 3830		135,469	135,469
Thereafter 3840		650,802	650,802
Total Interest 3850		1,667,945	1,667,945

PROPERTY TAXES AND GRANTS IN PLACE

Schedule 9K

	Property Taxes 1	Grants - in Place 2	Total 3
Property Taxes	3900		
Residential Land and Improvements	3910	3,190,209	2,716
Non-Residential	3920		3,192,926
Land and Improvements (Excluding M & E)	3935	2,425,561	
Machinery and Equipment	3950	63,886	2,425,561
Linear Property	3960	103,406	63,886
Railway	3970	8,071	103,406
Farm Land	3980	74,050	8,071
Adjustments to Property Taxes	3990		74,050
Total Property Taxes and Grants In Place	4000	5,865,183	2,716
			5,867,900
Requisition Transfers		4010	
Education			
Residential/Farm Land		4031	1,149,870
Non-Residential		4035	552,308
Seniors Lodges		4090	69,155
Other		4100	
Adjustments to Requisition Transfers		4110	
Total Requisition Transfers		4120	1,771,333
Net Municipal Property Taxes and Grants In Place		4130	4,096,567

GRANTS IN PLACE OF TAXES

Schedule 9L

	Property Taxes 1	Business Taxes 2	Other Taxes 3	Total 4
Federal Government	4200			
Provincial Government	4210	2,716		2,716
Local Government	4220			
Other	4230			
Total	4240	2,716		2,716

DEBT LIMIT

Schedule 9AA

Debt Limit	5700	12,017,786
Total Debt	5710	5,900,378
Debt Service Limit	5720	2,002,964
Total Debt Service Costs	5730	1,110,331

Enter Prior year's Line 3450 Column 2 balance here:

6,459,803


S. Simon –Municipal Secretary

February 9, 2010

Councillors
Town of Redcliff
Box 40, #1 - 3 Street NE
Redcliff, Alberta T0J 2P0

Dear Sirs/Mesdames:

We have been engaged to audit the financial statements of Town of Redcliff (the Municipality) for the year ending December 31, 2009.

CICA Handbook 5751, *Communications With Those Having Oversight Responsibility for the Financial Reporting Process* ("the Standard"), requires that we communicate at least annually with you regarding all relationships between the Municipality and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We are not aware of any relationship between the Municipality and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2009 to December 31, 2009.

Generally Accepted Auditing Standards require that we confirm our independence to the Council. Accordingly, we hereby confirm that Meyers Norris Penny LLP is independent with respect to the Municipality within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of December 31, 2009.

The total fees charged to the Municipality for audit services were \$19,500, and for non-audit services were \$1,500, during the period from January 1, 2009 to December 31, 2009. There were no fees charged for other services.

This report is intended solely for the use of the Council, management and others within the Municipality and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at our upcoming meeting. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,

MeYers Norris Penny LLP

MEYERS NORRIS PENNY LLP

/jn

March 2, 2010

S. Simon –Municipal Secretary

Council
Town of Redcliff
Box 40, #1 - 3 Street NE
Redcliff, Alberta T0J 2P0



MEYERS NORRIS PENNY LLP

Re: **Audit Findings**
Year ending December 31, 2009

Dear Sirs/Madams:

We are pleased to submit to you this report for discussion of our audit of the financial statements of Town of Redcliff (the "Municipality") for the year ended December 31, 2009. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Council.

1. The Audit

Our responsibility, as auditor of Town of Redcliff, is to report to the Mayor and Councilors on the fair presentation of the 2009 financial statements, in accordance with Canadian generally accepted accounting principles. To properly discharge this responsibility, we designed our audit process to assess the risk of material misstatement within the statements by examining and assessing the effectiveness of Town of Redcliff's controls and accounting systems and the evidence supporting the amounts and disclosures in the statements, including the appropriateness of accounting principles and significant estimates made by management.

We have considered the Municipality's internal control as part of the financial statement audit. This included obtaining an understanding of the internal controls relevant to our audit; evaluating the design of these controls; and determining whether they have been implemented. This understanding was sufficient to allow us to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We have not determined whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied upon for any other purposes.

Wherever possible, we relied on the effectiveness of controls within the reporting systems in order to reduce the extent of our audit testing. Our audit procedures, consisting of separate examination of all individually significant transactions and year-end balances, were concentrated in areas where risks were identified and therefore differences were most likely to arise.

Management has provided us with written representations, acknowledging, among other things, their responsibility for the implementation and maintenance of appropriate reporting systems and controls including those designed to detect and prevent fraud, and to ensure the appropriateness of the amounts recorded in the accounting records, and the amounts and disclosures in the financial statements.

2. Audit Results

We have satisfactorily completed our audit and are prepared to sign our Auditors' Report after the Council's review and approval of the financial statements. A substantive approach was used in auditing Town of Redcliff's financial statements; thus, the Municipality's controls were not relied upon. Final materiality calculated and used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$215,000. The audit report will provide an unqualified opinion to the Council. Key matters noted during our audit are summarized in the table below.

SUBJECTS	2009	2008
Significant doubt concerning entity's ability to continue as a going concern	None	None
Illegal or fraudulent acts	None noted	None noted
Fraud by employees/management with key roles in control activities	None noted	None noted
Differences that may: - Cause future statements to be materially misstated - Indicate significant weaknesses in controls	None None	None None
Irregularities having a material financial statement effect	None	None
Limitations placed on the scope of our audit	None	None
Significant transactions not in the ordinary course of business	None	None
Unusual significant transactions given the entity and its environment	None	None
Non-monetary transactions	None	None
Transactions that increase risk	None	None
Concerns with management breach of corporate conduct	None	None
Conflicts of interest	None	None
Disagreements with management	None	None
Matters influencing audit appointment	None	None
Difficulties encountered during the audit	None	None
Disagreements with management's accounting estimates	None	None
Disagreements with management's adoption of accounting policies or emphasis on the need for a particular accounting treatment	None	None
Significant weaknesses in the entity's risk assessment process within the design and/or implementation of controls	None	None
Material weaknesses in controls resulting from inappropriate response by management regarding implementing controls over significant risks	None	None
Matters giving rise to questions regarding the honesty and integrity of management	None	None

To assist you in the review of the financial statements, we have made the following professional judgments on the qualitative aspects of accounting principles used in the Municipality's financial reporting:
 PSAB 3150 - Tangible Capital Assets was implemented during the year;

All significant management estimates were reviewed and no material differences were noted. The methodologies and processes used by management were consistent with prior periods.

We would also like to bring to your attention the following significant audit and financial reporting matters:

No other matters of significance to report.

There were no unadjusted differences of any significance noted.

3. Auditor Independence

We confirm to the Council that we are independent of Town of Redcliff. Our letter to the Council discussing our independence is included as Appendix A to this report.

We would like to take this opportunity to formally acknowledge the excellent cooperation and assistance we received from the management and staff of Town of Redcliff.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from, or relevant to, our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours truly,

MeYers Norris Penny LLP

MEYERS NORRIS PENNY LLP

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Appendix A

March 2, 2010

Council
Town of Redcliff
Box 40, #1 - 3 Street NE
Redcliff, Alberta T0J 2P0

Dear Sirs/Madams:

We have been engaged to audit the financial statements of Town of Redcliff ("the Municipality") for the year ending December 31, 2009.

CICA Handbook 5751, *Communications With Those Having Oversight Responsibility for the Financial Reporting Process* ("the Standard"), requires that we communicate at least annually with you regarding all relationships between the Municipality and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We are not aware of any relationship between the Municipality and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2010 to March 2, 2010.

Generally Accepted Auditing Standards require that we confirm our independence to the Audit Committee. Accordingly, we hereby confirm that Meyers Norris Penny LLP is independent with respect to the Municipality within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of March 2, 2010.

This report is intended solely for the use of the Council, management and others within the Municipality and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at our upcoming meeting. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,



MEYERS NORRIS PENNY LLP

/jln
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Certified True Copy of the Original 2009 Town of Redcliff Audit Service Plan
Dated this 28th day of September.



S. Simon –Municipal Secretary

Town of Redcliff
Audit Service Plan

December 31, 2009

For presentation at the Council Meeting

February 9, 2010

Ms Vicki MacArthur
Town of Redcliff
Box 40, #1 - 3 Street NE
Redcliff, Alberta T0J 2P0

Dear Sirs/Mesdames:

We are pleased to submit to you this report for discussion of our overall strategy and general arrangements for the audit of the financial statements of Town of Redcliff for the year ended December 31, 2009. In the report we cover those significant matters which, in our opinion, you should be aware of as members of the Council.

We look forward to working with both management and employees over the course of our audit work.

We would also be pleased to respond to any questions you may have about our upcoming audit, and to discuss any other matters that may be of interest to you.

Yours truly,

Meys Norris Penny LLP

MEYERS NORRIS PENNY LLP

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Town of Redcliff

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For the year ended December 31, 2009

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The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for any other purpose.

1. Introduction

We are pleased to continue our appointment as auditors of Town of Redcliff (the "Municipality").

This summary Audit Service Plan is for the use of Meyers Norris Penny LLP ("MNP"), Town of Redcliff's Council and members of the Town of Redcliff's management and staff, and is designed to document the overall approach and the general arrangements for the conduct of our fiscal 2009 audit.

The plan should assist the Council and management in understanding the approach to the 2009 audit.

2. Audit Objectives and Responsibilities

2.1 Audit Objectives

The primary objective of our 2009 work for Town of Redcliff (the "Municipality") is to:

- 2.1.1** To report on the fair presentation of the financial statements prepared in accordance with Canadian generally accepted accounting principles.

Our audit will be conducted in accordance with Canadian generally accepted auditing standards and, at the conclusion of our examination, we will submit to you a report containing our opinion on the financial statements.

2.2 Audit Responsibilities

Our statutory responsibility as auditors of the Municipality is to report to the whether the annual financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Municipality in accordance with Canadian generally accepted accounting principles. In forming our opinion, the following issues are important:

Effective controls	<ul style="list-style-type: none"> • - While effective controls may reduce the likelihood of fraud occurring, controls cannot completely eliminate that possibility. • - We cannot guarantee that all errors, fraud or illegal acts, if present, will be detected. • - We will design our audit to provide reasonable, but not absolute, assurance of detecting errors, fraud or illegal acts having a material effect on the financial statements taken as a whole. This results from the limitations inherent in controls, including faulty human judgment in decision-making, human error and the possibility of management override or collusion. • - We will obtain an understanding of internal controls relevant to the audit, however, not all controls would be relevant to the audit. We will evaluate the design of controls relevant to our audit and determine whether they have been implemented. We will obtain sufficient understanding to identify and assess the risks of material misstatement of the [consolidated] financial statements and to design and perform further audit procedures. We are not, however, required to determine whether relevant controls are operating effectively. • - Although we will provide the [Audit Committee/Board of Directors/Council] with any material information about weaknesses in internal control that have come to our attention, we may not be aware of all the material weaknesses in internal control that do, in fact, exist.
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<p>Inherent limitations in the auditing process</p>	<ul style="list-style-type: none"> • - An auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected due to factors such as use of significant judgment regarding the gathering of evidence and the drawing of conclusions based on the audit evidence acquired; the use of testing of the data underlying the financial statements; inherent limitations of controls described above; and, the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. • - Because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. While effective controls reduce the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. Therefore, the auditor cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards. • - The likelihood of not detecting material misstatement resulting from management fraud is greater than for employee fraud, because management is in a position to manipulate records, present fraudulent information or override controls. • - We will, inform the appropriate level of management or the Council with respect to identified: <ul style="list-style-type: none"> • - Misstatements resulting from error, other than trivial errors; • - Fraud or any information obtained that indicates that a fraud may exist; • - Evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred; • - Significant weaknesses in the design or implementation of controls to prevent and detect fraud or error; and, • - Related party transactions that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure. • - Our concern as auditors is with material misstatements, and thus, we are not responsible for the detection of misstatements that are not material to the financial statements taken as a whole.
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To meet these responsibilities in accordance with Canadian generally accepted auditing standards, our audit examination includes:

2. 2 Audit Responsibilities

- 2.2.1 Obtaining an understanding of the entity and its environment, including its controls, in order to identify and assess the risk that the financial statements contain material misstatements due to fraud or error;
- 2.2.2 Assessing the adequacy of and examining, on a test basis, the key controls over significant transaction streams and over the general organizational and computer environments;
- 2.2.3 Assessing the systems used to ensure compliance with applicable legislative and related authorities pertaining to financial reporting, revenue raising, borrowing, and investing activities;
- 2.2.4 Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- 2.2.5 Assessing the appropriateness of accounting principles used and their application; and,
- 2.2.6 Assessing the significant estimates used by management.

As part of our planning process, we will also undertake to inform the Council of concerns relating to management's implementation and maintenance of controls, and the effects of any such concerns on the overall strategy and scope of the audit. These concerns might arise from the nature, extent and frequency of management's assessments of controls

in place to detect fraud and error, and of the risk that the financial statements may be misstated; from a failure by management to appropriately address material weaknesses in controls identified in prior audits; and, from our evaluation of the Municipality's control environment, and management's competence and integrity.

2.3 Management's Responsibilities

Management is responsible for the preparation and fair presentation of the financial statements, including the notes thereto, in accordance with Canadian generally accepted accounting principles. This responsibility includes the initial selection of and changes to significant estimates and accounting policies, and the disclosure of sufficient information about the extent and nature of events having an effect on the Municipality, in the preparation of the statements. Management's responsibilities also include the safeguarding of assets; the establishment and maintenance of policies, financial reporting systems and controls, including those designed to prevent and detect fraud and error; and ensuring compliance with applicable legislative authorities.

In accordance with Canadian generally accepted auditing standards, we will request a letter of representation from management at the close of our examination to confirm oral representations given to us and to reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Specifically, we will request written confirmation of significant representations provided on matters that are directly related to items that are material, either individually or in the aggregate, to the financial statements; not directly related to items that are material to the financial statements, but are significant, either individually or in the aggregate, to the engagement; and matters relevant to judgments or estimates that are material, either individually or in the aggregate, to the financial statements. These representations are used as evidence to assist us in deriving reasonable conclusions upon which our audit opinion is based.

2.4 Council Responsibilities

The Council's primary responsibilities include the review and approval of the financial statements. In order to perform these responsibilities, the Council should maintain oversight of management to ensure the integrity of accounting and financial reporting systems, and that appropriate controls are in place, including those needed for monitoring risk, financial reporting, and compliance with relevant laws and regulations. The Council should consider the potential for management override of controls or other inappropriate influences, such as earnings management, over the financial reporting process. Primary responsibility for the prevention and detection of fraud and error rests with both the Council and management, through the creation and maintenance of a culture of honesty and high ethics, and the establishment of appropriate controls to prevent and detect fraud and error. The Council should also assume responsibility for the approval of policies and the monitoring of performance areas.

The Council also plays an important role in the audit planning process by providing information to assist the auditor in updating the auditor's understanding of the entity and its environment, including internal control, and by identifying additional areas of concern for the auditor to consider when undertaking the audit.

Effective discharge of the respective responsibilities of the auditor, management, and the Council, and maintenance of strong working relationships and open communication between MNP as auditors, and the management and Council of the Municipality, is directed toward a common duty to provide appropriate and adequate financial accountability, and quality financial disclosure.

3. Our Overall Audit Strategy and Materiality

3.1 Our Plan

Our overall audit strategy is risk-based and controls-oriented. Assessment and identification of risk is performed continuously throughout the audit process. We focus on the risks that have a potential impact on the financial accounting systems and consequent financial reporting.

Our overall audit strategy does not, and is not intended to, involve the authentication of documents, nor are our team members trained or expected to be experts in such authentication. Unless we have reason to believe otherwise, we accept records and documents as genuine. The subsequent discovery of a material misstatement resulting from fraud does not, in and of itself, indicate a failure to comply with Canadian generally accepted auditing standards.

3.2 Overall Reliance

In general, there are three levels of reliance that we can place on controls, or the absence thereof:

- 3.2.1 *Low/None* - where controls are weak or absent and reliance therefore cannot be placed on them, or where it is deemed to be more efficient to carry out a high level of direct substantive tested of transactions and balances. Audit evidence is primarily obtained through detailed verification procedures and sufficient substantive tests of details and transactions.
- 3.2.2 *Moderate* - where there are some weaknesses in systems application or procedural controls or where it is deemed to be inefficient to test systems application controls, but where we can test and rely on the management monitoring systems in place to detect and correct material errors in the financial reporting systems. Testing of those management monitoring controls is supplemented with a moderate level of substantive tests of details and transactions.
- 3.2.3 *High* - where a high degree of control is in place in the areas of management monitoring controls AND application systems and procedures. Our audit work focuses on testing both management monitoring and application systems and procedures controls, and is supplemented with a low level of substantive tests of details and transactions.

For the 2009 audit, we are planning to place low/no reliance on the Municipality's accounting systems. This level of reliance is the same as in 2008, and will involve mainly substantive tests of transactions and balances. The amount of substantive work will be reduced for cycles where there are controls in place that MNP can test and rely on.

As part of our audit work we will update our understanding of the entity and its environment, including the controls relevant to our audit of the principal transaction cycles, sufficient to identify and assess the risks of material misstatements of the financial statements resulting from fraud or error. This will be accomplished through enquiries with management and others within the entity, analytical procedures and observation and inspection. Furthermore, we will consider whether effective controls have been established to adequately respond to the risks arising from the use of IT or manual systems. Our review of the Municipality's controls will not be sufficient to express an opinion as to their effectiveness or efficiency.

3.3 Audit Materiality

Materiality is an important audit concept. It is used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. Specifically, a misstatement or the aggregate of all misstatements in financial statements is considered to be material, if it is probable that the decision of the party relying on the financial statements, who has reasonable understanding of business and economic activities, will be changed or influenced by such a misstatement or the aggregate of all misstatements. The scope of our audit work is tailored to reflect the relative size of operations of the Municipality and our assessment of the potential for material misstatements in the Municipality's financial statements. In determining the scope, we emphasize relative audit risk and materiality, and consider a number of factors, including:

- 3.3.1 The size, complexity, and growth of the Municipality;
- 3.3.2 Changes within the organization, management or accounting systems; and
- 3.3.3 Concerns expressed by management.

Judgment is applied separately to the determination of materiality in the audit of each set of financial statements. The foregoing factors are taken into account in establishing the materiality level. For your information, we have calculated and propose to use \$215,000 as materiality for audit planning purposes.

3.4 Carryforward Effect of Prior Year Differences

There were no differences, identified during our audit engagement, that were not adjusted in the prior year's financial statements.

3.5 Summary of Planned Overall Audit Strategy

SIGNIFICANT FINANCIAL STATEMENT ITEMS	DESCRIPTION OF POSSIBLE RISK	CONTROLS TO BE RELIED UPON	TESTS TO PERFORM
Accounts receivable	Risk that accounts receivable do not exist or are valued incorrectly.	Substantive approach taken, therefore no controls relied upon.	- Comparison to prior year and performance of other analytical procedures. - Verify a sample to subsequent receipt.
Investments	Risk that investments do not exist or that the Organization does not have rights to them.	Substantive approach taken, therefore no controls relied upon.	- Comparison to prior year. - Verify to investment statement & confirmation.
Inventory	Risk that inventory is valued incorrectly or that the Organization doesn't have rights to the inventory.	Substantive approach taken, therefore no controls relied upon.	- Comparison to prior year and performance of other analytical procedures. - Verify a sample to supporting documentation and verify valuation of the land.

Audit Service Plan

Capital assets	Risk that the organization does not have rights to the capital assets, that they are incorrectly valued or do not exist.	Substantive approach taken, therefore no controls relied upon.	<ul style="list-style-type: none"> - Comparison to prior year and performance of other analytical procedures. - Verify a sample of additions.
Accounts payable	Risk that not all accounts payable were recorded or that cut-off performed incorrectly.	Substantive approach taken, therefore no controls relied upon.	<ul style="list-style-type: none"> - Comparison to prior year and performance of other analytical procedures. - Verify a sample to subsequent payment/invoice.
Long-term debt	Risk that not all debt has been recorded.	Substantive approach taken, therefore no controls relied upon.	<ul style="list-style-type: none"> - Comparison to prior year and performance of other analytical procedures. - Verify sample of new debt and verify year end balance.
Reserves and equity	Risk that reserves are not complete or have been incorrectly valued.	Substantive approach taken, therefore no controls relied upon.	<ul style="list-style-type: none"> - Comparison to prior year. - Verify a sample of transfers to support.
Revenue and expenses	Risk that revenue hasn't been recognized or measured properly. Risk that expenses didn't occur or haven't all been recorded.	Substantive approach taken, therefore no controls relied upon.	<ul style="list-style-type: none"> - Comparison to prior year and budget and performance of other analytical procedures. - Verify sample of receipts/expenditures to supporting documentation.

4. Your Needs and Expectations and the Planned MNP Response

We are committed to providing you with the highest level of professional service, to meet your needs and expectation. Based on our discussions with you, we have identified the following needs and expectations, and have developed our planned service response:

NEEDS AND EXPECTATIONS	RESPONSE
Keep you apprised of new and proposed CICA Handbook pronouncements so we can plan for their effect.	Provide ongoing updates relative to proposed and new accounting pronouncements and assistance in the implementation, to the extent relevant.
Communicate effectively with the Council	We will attend and participate in appropriate Council meetings, and will communicate in accordance with CICA Handbook Section 5751, <i>Communication with Those Having Oversight Responsibility for the Financial Reporting Process</i> . Those communications include presentation of the Audit Service Plan.

Audit Service Plan

Assign an engagement team that has an understanding of the Municipality and the industry in which it operates.	The engagement team will have the continuity of two team members. New members of the team will bring great knowledge and depth on the accounting, tax and industry.
Provide ongoing business, taxation and accounting advice, and financial reporting recommendations on unusual transactions, business contracts and arrangements as considered appropriate.	We will assist management as transactions or issues arise and as required.
Opinion on the financial statements in accordance with Canadian generally accepted accounting standards.	Upon completion of the audit, review draft financial statements prepared by MNP and opinion thereon.
Deliverables	
Audit report on the 2009 financial statements	Issuance of audit report and audited financial statements.
Reporting to the Council in accordance with CICA Handbook Section 5751.	We will report on our Audit Service Plan, financial statement audit opinion and our Audit Findings to the Council. This Audit Service Plan includes our understanding of your needs and expectations, and our plan to address them.
Management Letter	Identify recommendations to management relative to controls and administrative efficiencies.

5. Key Developments in your Business and Our Audit Response

Based on discussions with management, we noted the recent developments set out below. Our audit strategy has been developed giving consideration to these factors

The following are key areas that we have highlighted as requiring particular attention during the course of the audit. MNP will review other points of focus as may be directed by the Council.

ISSUES AND DEVELOPMENTS	AUDIT RESPONSE
Tangible Capital Assets (PSAB 3150)	The Tangible Capital Assets recorded in the financial statements will be audited.

6. Reporting Requirements, Timetable and the MNP Engagement Team

COMMUNICATION	DATE
Presentation of 2009 Audit Service Plan to the Council	February 23, 2010
Year-end field work	March 1, 2010
Draft year-end financial statements to management	April 9, 2010
Report of the December 31, 2009 Audit Findings to the Council	April 16, 2010
Release of final year-end financial statements	April 16, 2010
Issuance of Management Letter	April 16, 2010

Our audit team, knowledgeable about the Town of Redcliff and your industry, will be:

Engagement Partner - Robert R. Belau, B.Comm, C.A.
Engagement Manager - Jennifer L. Nadeau, B.Mgt, C.A.
Team Members - Teneille Powel, BGS, C.A.
Ryan Boser, B.Mgt
Donna Adams, B.Mgt
Kristen Young, B.Mgt

Professional standards require that we obtain sufficient information to evaluate complex, difficult, or contentious matters. In that regard, our audit team may also include other MNP professionals whose consultation may be obtained in order to

resolve any matters identified during our engagement.

7. Audit Hours and Fees

Our estimated audit fee for the year ended December 31, 2009, exclusive of applicable taxes and disbursements, is \$23,500 (which is also dependent on the time required to audit the new Tangible Capital Asset requirements), based on our expectation of 200 - 225 audit hours.

8. New and Proposed Reporting and Auditing Developments

We would like to bring to your attention the following accounting and auditing developments, which may have some impact on your financial reporting.

Leased tangible capital assets (PSG-2 Amendment)

PSG-2 has been amended to expand its scope to include local governments. This Guideline:

- Defines leased tangible capital assets;
- Describes how to account for a leased tangible capital asset and the related lease liability;
- Describes the information that should be disclosed about transactions involving leased tangible capital assets; and
- Provides guidance on initial application of the Guideline.

The Guideline applies to a local government when it adopts PS 1200 Financial statement presentation.

Funds and reserves (PSG-4 Amendment)

This Guideline has been amended to expand its scope to include local governments. It provides guidance on presenting information related to a government's financial funds and reserves, excluding externally restricted funds and reserves, which are addressed in PS 3100 *Restricted assets and revenues*. To maintain consistency with PS 1200 *Financial statement presentation*, PSG-4 specifies that funds and reserves may only be disclosed in notes and schedules to the financial statements. Therefore, local governments can no longer separately report funds and reserves in the statement of financial position. The Guideline applies to a local government when it adopts PS 1200.

Version 1.0 - July 9, 2007

Tax revenue (Re-Exposure Draft)

This Re-Exposure Draft (RED), released on April 2009, proposes to issue *Tax revenue*, new CICA Public Sector Accounting Handbook Section PS 3510. The proposed standard is based on the tax revenue principles set out in International Public Sector Accounting Standard, IPSAS 23, *Revenue from non-exchange transactions (taxes and transfers)* for recognition, measurement and disclosure of tax revenue. The main differences from the previous Exposure Draft (ED) are as follows:

- The term "tax expenditures" is changed to "tax concessions". Consistent with previous ED, "tax concessions" are netted against tax revenue and "transfers made through a tax system" are recognized as expenses;
- The term "expenses paid through the tax system" is changed to "transfers made through a tax system" to avoid potential confusion.
- The term "parliamentary convention" is changed to "legislative convention" and the concept is further explained. A tax is considered authorized when the effective date of the tax has passed and the earlier of the following has occurred: the related legislation, regulations or by-laws have been approved, or the ability to assess and collect tax has been provided through legislative convention;
- Tax revenue should be recognized by the government that imposes the tax except in purely flow through arrangements. The previous ED proposed that tax revenue should be recognized when a government chooses to impose a tax if it has a choice to impose a tax or not;
- Tax transactions are measured initially at its realizable value, compared to fair value in the previous ED;
- The previous ED proposed a liability treatment for taxes levied for specific purposes. Reference to "taxes levied for specific purposes" is removed in the RED as it appears not applicable to Canada

The final standard is expected to be approved in September 2009 and is expected to apply to all levels of government for

fiscal years beginning on or after January 1, 2012. Earlier adoption is encouraged.

9. Auditor Independence

9.1 An essential aspect of all our services to the Municipality is an independent viewpoint, which recognizes that our responsibilities are to the shareholders. While the concept of independence demands a questioning and objective attitude in conducting our audit, it also requires the absence of financial or other interest in the Municipality. In accordance with our firm's policy, and the Rules of Professional Conduct, which govern our profession, neither MNP nor any of its team members assigned to the engagement or any of its partners, are permitted to have any involvement in or relationship with the Municipality that would impair independence or give that appearance. As auditors, we subscribe to the highest standards and are required to discuss the auditors' independence with the Council on an annual basis. Under the standard an auditor shall:

- 9.1.1 Disclose to the Council, in writing, all relationships between the auditor and the Municipality that in the auditor's professional judgment may reasonably be thought to bear on our independence.
- 9.1.2 Confirm in writing that, in its professional judgment, MNP is independent within the meaning of the Acts; and,
- 9.1.3 Discuss the auditors' independence with the Council.

9.2 Confirmation of Independence

We are not aware of any relationships between our Firm and the Municipality that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred during the year ended December 31, 2009. We hereby confirm that we are independent accountants with respect to the Municipality.

During the course of the audit, we will communicate any significant new matters that come to our attention that, in our professional judgment, may reasonably be thought to bear on our independence. At the completion of our audit, we will reconfirm our independence.

Certified True Copy of the Original 2009 Town of Redcliff Financial Statements
Dated this 28th day of September.

S. Simon –Municipal Secretary

TOWN OF REDCLIFF
Financial Statements
December 31, 2009

Management's Responsibility

To the Mayor and Council of the Town of Redcliff:

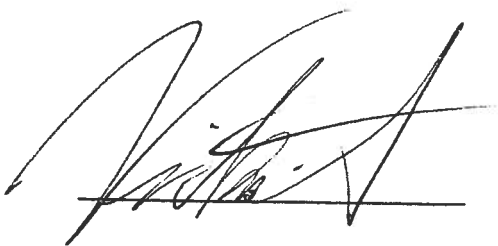
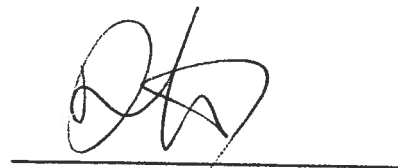
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles (PSAAB). This responsibility includes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

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

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

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

March 2, 2010

A large, stylized handwritten signature in black ink, written over a horizontal line.A smaller, stylized handwritten signature in black ink, written over a horizontal line.



MEYERS NORRIS PENNY LLP

To: The Members of the Council
Town of Redcliff

AUDITORS' REPORT

We have audited the consolidated statement of financial position of the Town of Redcliff as at December 31, 2009 and the consolidated statement of operations, the consolidated statement of change in net financial assets and the consolidated statement of cash flow for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated 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 the 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 Town of Redcliff as at December 31, 2009 and the results of its operations, the change in its' net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Medicine Hat, Alberta
March 2, 2010

Chartered Accountants




CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
666 - 4TH ST. S.E., BOX 580, MEDICINE HAT, AB T1A 7G5

TOWN OF REDCLIFF

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

	2009	2008
		(Restated)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	6,268,525	7,374,399
Receivables		
Taxes and grants in place of taxes (Note 3)	277,114	227,379
Trade and other receivables	1,736,141	1,048,873
Loan receivable (Note 4)	490,588	501,742
Land for resale inventory	2,631,267	2,599,815
Debt charges recoverable (Note 5)	102,199	122,001
	<u>11,505,834</u>	<u>11,874,209</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,150,726	1,593,103
Deferred revenue	164,349	87,582
Employee benefit obligations (Note 6)	173,233	149,693
Long-term debt (Note 7)	5,900,378	6,459,803
	<u>7,388,686</u>	<u>8,290,181</u>
NET FINANCIAL ASSETS	<u>4,117,148</u>	<u>3,584,028</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	71,924,909	70,828,126
Inventory for consumption	130,762	151,965
Prepaid expenses	47,687	50,972
	<u>72,103,358</u>	<u>71,031,063</u>
ACCUMULATED SURPLUS (Note 11)	<u>76,220,506</u>	<u>74,615,091</u>
Contingencies – See Note 15		


 Robert Hazelaar
 Mayor

TOWN OF REDCLIFF

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget (Unaudited)	2009	2008 (Restated)
REVENUE			
Net municipal taxes (Schedule 2)	4,446,800	4,496,448	4,106,506
User fees and sales of goods	5,109,290	3,377,561	3,089,254
Government transfers for operating (Schedule 3)	402,160	489,616	268,441
Investment income	186,600	54,236	272,410
Penalties and costs of taxes	53,000	55,873	66,034
Rentals	52,600	36,691	86,615
Other	42,830	46,554	40,851
Total Revenue	<u>10,293,280</u>	<u>8,556,979</u>	<u>7,930,111</u>
EXPENSES			
Legislative	110,700	104,371	104,296
Administration	1,601,150	1,490,934	1,259,468
Protective services	1,046,250	976,662	504,786
Transportation services	1,019,850	2,599,570	2,501,723
Water, wastewater and waste management	2,045,840	2,272,101	2,148,326
Public health and welfare	284,950	249,428	228,985
Planning and development	819,250	409,546	402,015
Recreation and culture	894,150	922,966	821,018
Loss on disposal of capital assets	-	97,137	82,250
Total Expenses	<u>7,822,140</u>	<u>9,122,715</u>	<u>8,052,867</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES – BEFORE OTHER	2,471,140	(565,736)	(122,756)
OTHER			
Contributed assets	465,200	3,997	561,396
Government transfers for capital (Schedule 3)	<u>2,612,280</u>	<u>2,167,154</u>	<u>2,295,553</u>
EXCESS OF REVENUE OVER EXPENSES	<u>5,548,620</u>	<u>1,605,415</u>	<u>2,734,193</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>74,615,091</u>	<u>74,615,091</u>	<u>71,880,898</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>80,163,711</u></u>	<u><u>76,220,506</u></u>	<u><u>74,615,091</u></u>

TOWN OF REDCLIFF

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget (Unaudited)	2009	2008 (Restated)
EXCESS OF REVENUES OVER EXPENSES	<u>5,548,620</u>	<u>1,605,415</u>	<u>2,734,193</u>
Acquisition of tangible capital assets	(12,331,600)	(3,382,971)	(9,639,567)
Contributed tangible capital assets	(465,200)	(147,985)	(561,396)
Proceeds on disposal of tangible capital assets	-	13,375	2,000
Amortization of tangible capital assets	-	2,323,660	2,179,837
Loss on sale of tangible capital assets	<u>-</u>	<u>97,137</u>	<u>82,250</u>
	<u>(12,796,800)</u>	<u>(1,096,784)</u>	<u>(7,936,876)</u>
Acquisition of supplies inventories	(150,000)	(130,762)	(151,965)
Acquisition of prepaid assets	(50,000)	(47,687)	(50,972)
Use of supplies inventories	150,000	151,965	257,757
Use of prepaid assets	<u>50,000</u>	<u>50,973</u>	<u>31,186</u>
	<u>-</u>	<u>24,489</u>	<u>86,006</u>
INCREASE (DECREASE) IN NET ASSETS	(7,248,180)	533,120	(5,116,677)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>3,584,028</u>	<u>3,584,028</u>	<u>8,700,705</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>3,664,152</u></u>	<u><u>4,117,148</u></u>	<u><u>3,584,028</u></u>

TOWN OF REDCLIFF

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008 (Restated)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	1,605,415	2,734,193
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	2,323,661	2,179,837
Loss on disposal of tangible capital assets	97,137	82,250
Tangible capital assets received as contributions	(4,000)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(49,735)	189,000
Decrease (increase) in trade and other receivables	(687,268)	1,010,639
Decrease (increase) in land held for resale	(31,452)	(1,504,137)
Decrease (increase) in inventory for consumption	21,203	105,794
Decrease (increase) in prepaid expenses	3,285	(19,787)
Increase (decrease) in accounts payable and accrued liabilities	(442,377)	799,460
Decrease (increase) in loans receivable	30,956	(501,742)
Increase (decrease) in deferred revenue	76,767	6,863
Increase (decrease) in employee benefit obligations	23,540	14,358
Cash provided by operating transactions	<u>2,967,132</u>	<u>5,096,729</u>
CAPITAL		
Acquisition of tangible capital assets	(3,530,956)	(9,639,567)
Sale of tangible capital assets	<u>13,375</u>	<u>2,035</u>
Cash applied to capital transactions	<u>(3,517,581)</u>	<u>(9,637,532)</u>
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	-	-
Decrease (increase) in investments	-	-
Cash provided by (applied to) investing transactions	-	-
FINANCING		
Long-term debt issued	253,472	2,413,833
Long-term debt repaid	<u>(812,897)</u>	<u>(379,220)</u>
Cash provided by (applied to) financing transactions	<u>(559,425)</u>	<u>2,034,613</u>
CHANGE IN CASH ANDS EQUIVALENTS DURING THE YEAR	<u>(1,105,874)</u>	<u>(2,506,189)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,374,399</u>	<u>9,880,589</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 2)	<u><u>6,268,525</u></u>	<u><u>7,374,399</u></u>

TOWN OF REDCLIFF
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2009
Schedule 1

	Construction In Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2009	2008 (Restated)
Cost:									
Balance, beginning of year	8,605,607	5,019,390	103,705	4,683,449	73,345,783	2,834,036	1,550,049	96,142,019	86,586,738
Acquisition of tangible capital assets	2,636,330	-	12,630	-	3,649,751	292,262	24,240	6,615,213	9,639,567
Construction completed	(3,084,257)	-	-	-	-	-	-	(3,084,257)	-
Disposal of tangible capital assets	-	-	-	-	(114,889)	(184,088)	(42,669)	(341,646)	(84,286)
Balance, end of year	8,157,680	5,019,390	116,335	4,683,450	76,880,644	2,942,210	1,531,620	99,331,329	96,142,019
Accumulated Amortization:									
Balance, beginning of year	-	-	44,846	2,136,037	21,395,010	1,072,074	665,926	25,313,893	23,134,055
Annual amortization	-	-	3,334	90,536	2,029,692	107,932	92,166	2,323,660	2,179,838
Accumulated amortization on disposals	-	-	-	-	(60,189)	(138,516)	(32,428)	(231,133)	-
Balance, end of year	-	-	48,180	2,226,573	23,364,513	1,041,490	725,664	27,406,420	25,313,893
Net book value of tangible capital assets	8,157,680	5,019,390	68,155	2,456,877	53,516,131	1,900,720	805,956	71,924,909	70,828,126
2008 net book value of tangible capital assets (restated)	8,605,607	5,019,390	58,859	2,547,412	51,950,773	1,761,962	884,123	70,828,126	

TOWN OF REDCLIFF

SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2009 SCHEDULE 2

	Budget (Unaudited)	2009	2008
TAXATION			
Real property taxes	5,693,700	5,761,778	5,310,749
Linear property taxes	100,000	103,406	100,500
Local improvement taxes	415,000	399,881	396,201
Other revenues	-	2,716	2,537
	<u>6,208,700</u>	<u>6,267,781</u>	<u>5,809,987</u>
REQUISITIONS			
Alberta School Foundation Fund	1,692,700	1,702,178	1,663,270
Cypress View Foundation	69,200	69,155	40,011
	<u>1,761,900</u>	<u>1,771,333</u>	<u>1,703,481</u>
NET MUNICIPAL TAXES	<u>4,446,800</u>	<u>4,496,448</u>	<u>4,106,506</u>

TOWN OF REDCLIFF

SCHEDULE OF GOVERNMENT TAXES FOR THE YEAR ENDED DECEMBER 31, 2009 SCHEDULE 3

	Budget (Unaudited)	2009	2008
TRANSFERS FOR OPERATING:			
Federal Government	500	1,000	500
Provincial Government	377,480	464,436	243,761
Other Local Governments	<u>24,180</u>	<u>24,180</u>	<u>24,180</u>
	<u>402,160</u>	<u>489,616</u>	<u>268,441</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	2,612,280	2,167,154	2,295,553
Federal Governments	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,612,280</u>	<u>2,167,154</u>	<u>2,295,553</u>
TOTAL GOVERNMENT TRANSFERS	<u>3,014,440</u>	<u>2,656,770</u>	<u>2,563,994</u>

TOWN OF REDCLIFF

SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2009 SCHEDULE 4

	Budget (Unaudited)	2009	2008
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	2,756,200	2,639,675	2,435,570
Contracted and general services	2,120,650	1,448,356	1,416,642
Materials, goods and utilities	2,308,090	1,986,134	1,409,825
Provision for allowances	2,500	5,782	28,931
Transfers to boards and organizations	264,400	323,595	245,250
Bank charges	5,300	2,718	5,535
Interest on long-term debt	365,000	295,659	249,026
Amortization of tangible capital assets	-	2,323,661	2,179,838
Loss of disposal of tangible capital assets	-	97,137	82,250
	<u>7,822,140</u>	<u>9,122,717</u>	<u>8,052,867</u>

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

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

A) REPORTING ENTITY

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

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

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

B) BASIS OF ACCOUNTING

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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

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

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

C) USE OF ESTIMATES

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

D) TEMPORARY INVESTMENTS

Temporary investments consisting of a T-Bill mutual fund, are recorded at the lesser of cost and fair market value. At December 31, 2009 market value equals cost (2008 – market value equals cost).

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

E) DEBT CHARGES RECOVERABLE

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

F) INVENTORIES FOR RESALE

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

G) GOVERNMENT TRANSFERS

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

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

H) REQUISITION OVER-LEVY AND UNDER-LEVY

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

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

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

I) PREPAID LOCAL IMPROVEMENT CHARGES

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

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

J) NON-FINANCIAL ASSETS

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

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

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

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

v. Cultural and Historical Capital Assets

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

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

2. CASH AND TEMPORARY INVESTMENTS

	2009	2008
Cash	176,606	282,480
Temporary investments	<u>6,091,919</u>	<u>7,091,919</u>
	<u>6,268,525</u>	<u>7,373,399</u>

Temporary investments consist of T-Bill mutual funds totaling \$6,050,000 (\$7,050,000 in 2008) and \$41,919 of other non-interest bearing temporary investments (\$41,919 in 2008).

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	2009	2008
Current taxes and grants in place of taxes	213,509	164,805
Arrears taxes	<u>63,605</u>	<u>62,574</u>
	<u>277,114</u>	<u>227,379</u>

4. LOANS RECEIVABLE

The Town has loaned the Redcliff Cypress Regional Waste Management Authority \$306,495 (2008 - \$314,000) to assist in the funding of a capital project. The Town provides administrative services and operates the Authority with Cypress County and the Province of Alberta through a joint agreement. The loan is unsecured, bearing interest at the posted 10-year rate set by the Alberta Capital Finance Authority Lending Rules of 3.636% (3.675% at December 31, 2008), with no specified terms of repayment. As of December 31, 2009, \$7,505 has been repaid.

Loans receivable also includes \$184,093 (2008 - \$187,742) loaned to the Cypress View Foundation to assist in their facility expansion. The loan is unsecured, with semi-annual payments of \$3,755 plus interest at 5.5%, payments beginning July 1, 2009, due in 2034.

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

5. DEBT CHARGES RECOVERABLE

	2009	2008
Current debt charges recoverable	102,199	19,802
Non-current debt charges recoverable	<u>(20,799)</u>	<u>102,001</u>
	<u><u>81,400</u></u>	<u><u>122,001</u></u>

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

	Principal	Interest	Total
2010	20,799	4,828	25,627
2011	21,847	3,780	25,627
2012	22,947	2,680	25,627
2013	24,102	1,525	25,627
2014	<u>12,504</u>	<u>311</u>	<u>12,815</u>
	<u><u>102,199</u></u>	<u><u>13,124</u></u>	<u><u>115,323</u></u>

6. EMPLOYEE BENEFITS OBLIGATIONS

	2009	2008
Liability for vacation benefits	<u><u>173,233</u></u>	<u><u>149,693</u></u>

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

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

7. LONG-TERM DEBT

	2009	2008
Tax supported debentures	2,047,096	2,529,176
Self supported debentures	<u>3,853,282</u>	<u>3,930,627</u>
	5,900,378	6,459,803
Less current portion:	<u>(834,788)</u>	<u>(802,084)</u>
	<u>5,065,590</u>	<u>5,657,719</u>

Principal and interest repayments are estimated as follows:

	Principal	Interest	Total
2010	834,788	275,543	1,110,331
2011	790,643	235,597	1,026,240
2012	823,693	202,548	1,026,241
2013	858,256	167,985	1,026,241
2014	277,897	135,469	413,366
Thereafter	<u>2,315,101</u>	<u>650,802</u>	<u>2,965,903</u>
	<u>5,900,378</u>	<u>1,667,944</u>	<u>7,568,322</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 5.38% to 10% per annum, before Provincial subsidy, and mature in periods 2010 through 2040. The average annual interest rate is 4.78% for 2009 (5.41% for 2008). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Redcliff at large.

Interest on long-term debt amounted to \$295,659 (2008 - \$249,026).

The Town's total cash payment for interest in 2009 was \$307,186 (2008 - \$253,759).

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

8. DEBT LIMITS

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

	2009	2008
Total debt limit	12,233,315	12,740,312
Total debt	<u>(5,900,378)</u>	<u>(6,456,803)</u>
Amount of debt limit unused	<u>6,332,937</u>	<u>6,280,509</u>
Debt servicing limit	2,038,886	2,123,385
Debt servicing	<u>(1,110,331)</u>	<u>(1,104,391)</u>
Amount of debt servicing unused	<u>928,555</u>	<u>1,018,994</u>

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

9. TANGIBLE CAPITAL ASSETS

	2009	2008 (Restated)
Net Book Value		
Land	5,019,390	5,019,390
Land improvements	68,155	58,859
Buildings	2,456,877	2,547,412
Engineered Structures		
Roadway system	22,425,652	22,023,175
Storm system	6,075,971	6,085,744
Water distribution system	15,041,968	13,713,030
Sanitary system	9,972,540	10,128,824
Machinery, equipment and furnishings	1,900,720	1,761,962
Vehicles	805,956	884,123
Construction in progress	<u>8,157,680</u>	<u>8,605,607</u>
	<u>71,924,909</u>	<u>70,828,126</u>

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2009	2008 (Restated)
Tangible capital assets (Schedule 1)	99,331,329	96,142,019
Accumulated amortization (Schedule 1)	<u>(27,406,420)</u>	<u>(25,313,893)</u>
Long-term debt (Note 7)	<u>(5,900,378)</u>	<u>(6,459,803)</u>
Debt charges recoverable	<u>102,199</u>	<u>122,001</u>
	<u>66,126,730</u>	<u>64,490,324</u>

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

11. ACCUMULATED SURPLUS

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

	2009	2008 (Restated)
Unrestricted surplus	2,792,151	2,496,465
Restricted surplus		
Operating	2,273,975	2,879,623
Capital	5,027,650	4,748,679
Equity in tangible capital assets	<u>66,126,730</u>	<u>64,490,324</u>
	<u>76,220,506</u>	<u>74,615,091</u>

12. SALARY AND BENEFITS DISCLOSURE

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

	2009			2008
	Salary ¹	Benefits & allowance ²	Total	Total
Mayor - Hazelaar	\$ 11,349	\$ 6,912	\$ 18,261	\$ 19,927
Councillor – Brown	8,439	3,791	12,230	10,562
Councillor – Kilpartrick	7,389	5,008	12,379	12,789
Councillor – Nagel	8,739	3,488	12,227	12,735
Councillor – Nunweiler	6,864	4,982	11,846	11,693
Councillor – Solberg	8,439	3,791	12,230	11,507
Councillor – Steinke	8,664	5,202	13,866	13,213
Town Manager	90,686	18,083	108,769	125,355
Designated Officers (5 positions)	276,110	57,103	333,213	327,211

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

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Redcliff participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

13. LOCAL AUTHORITIES PENSION PLAN (continued)

The Town of Redcliff is required to make current service contributions to the LAPP Plan of 8.46% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.46% of pensionable salary up to the year's maximum pensionable salary and 10.66% on pensionable salary above this amount.

Total current service contributions by the Town of Redcliff to the Local Authorities Pension Plan in 2009 were \$154,917 (2008 - \$118,458). Total current service contributions by the employees of the Town of Redcliff to the Local Authorities Pension Plan in 2009 were \$137,763 (2008 - \$104,124).

At December 31, 2008, the Plan disclosed an actuarial deficiency of \$4.4 billion in 2008 (\$1.3 billion in 2007).

14. FINANCIAL INSTRUMENTS

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

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

15. CONTINGENCIES

The Town of Redcliff is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town of Redcliff could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

TOWN OF REDCLIFF

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

16. PRIOR PERIOD ADJUSTMENTS

The town has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets of their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	2008
Adjustments to opening accumulated surplus:	
As previously reported	63,856,878
Adjustment to net book value of tangible capital assets	<u>8,024,020</u>
As restated	<u>71,880,898</u>

	2008
Adjustments to shortfall of revenues over expenses:	
As previously reported	(4,641,251)
Tangible capital assets recorded but previously expensed	9,639,568
Tangible capital assets disposed	(84,286)
Annual amortization expense	<u>(2,179,838)</u>
As restated	<u>2,734,193</u>

	2008
Adjustments to tangible capital assets:	
As previously reported	64,965,091
Adjustment to historical cost of tangible capital assets	31,176,928
Accumulated amortization recorded	<u>(25,313,893)</u>
As restated	<u>70,828,126</u>

17. COMPARATIVE FIGURES

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

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.


S. Simon –Municipal Secretary



MEYERS NORRIS PENNY LLP

December 31, 2009

Councillors
Redcliff Cypress Regional Waste Management Authority
Box 40 2 3rd St NE
Redcliff, AB T0J 2P0

Dear Sirs/Mesdames:

We have been engaged to audit the financial statements of Redcliff Cypress Regional Waste Management Authority (the Authority) for the year ending December 31, 2009.

CICA Handbook 5751, *Communications With Those Having Oversight Responsibility for the Financial Reporting Process* ("the Standard"), requires that we communicate at least annually with you regarding all relationships between the Authority and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We are not aware of any relationship between the Authority and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2009 to December 31, 2009.

Generally Accepted Auditing Standards require that we confirm our independence to the Council. Accordingly, we hereby confirm that Meyers Norris Penny LLP is independent with respect to the Authority within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of December 31, 2009.

The total fees charged to the Authority for audit services were \$4,100 during the period from January 1, 2009 to December 31, 2009.

This report is intended solely for the use of the Council, management and others within the Authority and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,

Meyers Norris Penny LLP

MEYERS NORRIS PENNY LLP

/jln

S. Simon

S. Simon –Municipal Secretary



MEYERS NORRIS PENNY LLP

June 14, 2010

Council
Redcliff Cypress Regional Waste Management Authority
Box 40 2 3rd St NE
Redcliff, AB T0J 2P0

Re: **Audit Findings Report to the Council**
Year ending December 31, 2009

Dear Sirs/Madams:

We are pleased to submit to you this report for discussion of our audit of the financial statements of Redcliff Cypress Regional Waste Management Authority (the "Organization") for the year ended December 31, 2009. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Council.

1. The Audit

Our responsibility, as auditor of Redcliff Cypress Regional Waste Management Authority, is to report to the members of council on the fair presentation of the 2009 financial statements, in accordance with Canadian generally accepted accounting principles. To properly discharge this responsibility, we designed our audit process to assess the risk of material misstatement within the statements by examining and assessing the effectiveness of Redcliff Cypress Regional Waste Management Authority's controls and accounting systems and the evidence supporting the amounts and disclosures in the statements, including the appropriateness of accounting principles and significant estimates made by management.

We have considered the Organization's internal control as part of the financial statement audit. This included obtaining an understanding of the internal controls relevant to our audit; evaluating the design of these controls; and determining whether they have been implemented. This understanding was sufficient to allow us to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We have not determined whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied upon for any other purposes.

Wherever possible, we relied on the effectiveness of controls within the reporting systems in order to reduce the extent of our audit testing. Our audit procedures, consisting of separate examination of all individually significant transactions and year-end balances, were concentrated in areas where risks were identified and therefore differences were most likely to arise.

Management has provided us with written representations, acknowledging, among other things, their responsibility for the implementation and maintenance of appropriate reporting systems and controls including those designed to detect and prevent fraud, and to ensure the appropriateness of the amounts recorded in the accounting records, and the amounts and disclosures in the financial statements.

2. Audit Results

We have satisfactorily completed our audit and are prepared to sign our Auditors' Report. The audit report will provide an unqualified opinion to the council. Key matters noted during our audit are summarized in the table below.

SUBJECTS	2009	2008
Significant doubt concerning entity's ability to continue as a going concern	None	None
Illegal or fraudulent acts	None noted	None noted
Fraud by employees/management with key roles in control activities	None noted	None noted
Differences that may: - Cause future statements to be materially misstated - Indicate significant weaknesses in controls	None None	None None
Irregularities having a material financial statement effect	None	None
Limitations placed on the scope of our audit	None	None
Significant transactions not in the ordinary course of business	Few related party transactions	Few related party transactions
Unusual significant transactions given the entity and its environment	None	None
Non-monetary transactions	None	None
Significant off-balance sheet items (i.e., embedded derivatives) not recorded	None	None
Transactions that increase risk	None	None
Concerns with management breach of corporate conduct	None	None
Conflicts of interest	None	None
Disagreements with management	None	None
Matters influencing audit appointment	None	None
Difficulties encountered during the audit	None	None
Disagreements with management's accounting estimates	None	None
Disagreements with management's adoption of accounting policies or emphasis on the need for a particular accounting treatment	None	None
Significant weaknesses in the entity's risk assessment process within the design and/or implementation of controls	None	None
Material weaknesses in controls resulting from inappropriate response by management regarding implementing controls over significant risks	None	None
Matters giving rise to questions regarding the honesty and integrity of management	None	None

To assist you in the review of the financial statements, we have made the following professional judgments on the qualitative aspects of accounting principles used in the Landfill's financial reporting:

- initial selection of and changes in significant accounting policies, including the adoption of new accounting pronouncements;
- the effect of significant accounting policies in controversial or emerging areas, or those unique to an industry;
- the existence of acceptable alternative policies and methods, and the acceptability of the particular policy or method used by management;
- the effect on the financial statements of significant unusual transactions;
- the issues involved, and related judgments made by management, in formulating particularly sensitive accounting estimates and disclosures;
- the basis for our conclusions regarding the reasonableness of the estimates made by management.
- factors affecting asset and liability carrying values, including Landfill's bases for determining useful lives assigned to tangible and intangible assets; and
- timing of transactions that affect the financial statements.

All significant management estimates were reviewed and no material differences were noted. The methodologies and processes used by management were consistent with prior periods.

We would also like to bring to your attention the following significant audit and financial reporting matters:

No other matters of significance to report

There were no unadjusted differences of any significance noted.

3. Auditor Independence

We confirm to the Council that we are independent of Redcliff Cypress Regional Waste Management Authority. Our letter to the Council discussing our independence is included as Appendix A to this report.

4. New and Proposed Reporting and Auditing Developments

Financial reporting by not-for-profit organizations (Invitation to Comment)

As part of the Accounting Standards Board's ("AcSB") Strategic Plan, this Invitation to Comment ("ITC") was issued jointly by the AcSB and the Public Sector Accounting Board to invite feedback on the future of financial reporting by not-for-profit organizations ("NFPOs"). This ITC raises issues affecting how accounting standards will deal with the special needs of NFPOs. A position paper prepared by the AcSB accompanies this ITC and describes the Board's stance on which standards should be applied.

Approaches for consideration for private sector NFPOs set out in the ITC include:

- Development of a separate set of standards solely for NFPOs
- International Financial Reporting Standards
- Private enterprise standards currently under development, supplemented by standards specific to NFPOs

Until the strategy has been determined and implemented, NFPOs will continue to apply current accounting standards. The AcSB will review responses to the ITC on the proposals for future financial reporting by NFPOs once the comment period ends on June 30, 2010. Upon this review, consideration will be made regarding whether amendments are required to the 4400 series of Handbook Sections.

We would like to take this opportunity to formally acknowledge the excellent cooperation and assistance we received from the management and staff of Redcliff Cypress Regional Waste Management Authority.

Page 4

June 14, 2010

Redcliff Cypress Regional Waste Management Authority

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from, or relevant to, our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours truly,

Meys Norris Penny LLP

MEYERS NORRIS PENNY LLP

/rjb

APPENDIX A

March 2, 2010

Ms Vicki MacArthur
Redcliff Cypress Regional Waste Management Authority
Box 40 2 3rd St NE
Redcliff, AB T0J 2P0

Dear Mesdames:

We have been engaged to audit the financial statements of Redcliff Cypress Regional Waste Management Authority ("the Organization") for the year ending December 31, 2009.

CICA Handbook 5751, *Communications With Those Having Oversight Responsibility for the Financial Reporting Process* ("the Standard"), requires that we communicate at least annually with you regarding all relationships between the Organization and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We are not aware of any relationship between the Organization and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2009 to March 2, 2010.

Generally Accepted Auditing Standards require that we confirm our independence to the Audit Committee. Accordingly, we hereby confirm that Meyers Norris Penny LLP is independent with respect to the Organization within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of AB as of March 2, 2010.

This report is intended solely for the use of the Council, management and others within the Organization and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at our upcoming meeting. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,



MEYERS NORRIS PENNY LLP

/rjb
encls.

Certified True Copy of the Original 2009 Redcliff/Cypress Landfill Audit Service Plan
Dated this 28th day of September.

Simon

S. Simon –Municipal Secretary

**Redcliff Cypress Regional Waste
Management Authority
Audit Service Plan
December 31, 2009
For presentation at the Councillors Meeting**

February 22, 2010

Councillors
Redcliff Cypress Regional Waste Management Authority
Box 40 2 3rd St NE
Redcliff, AB T0J 2P0

Re: Audit Service Plan
Year ending December 31, 2009

Dear Mayor and Council Members:

We are pleased continue our appointment as auditors of Redcliff Cypress Regional Waste Management Authority ("the Authority").

This summary Audit Service Plan is for the use of Meyers Norris Penny LLP ("MNP"), Redcliff Cypress Regional Waste Management Authority's Councillors, and members of Redcliff Cypress Regional Waste Management Authority's management and staff, and is designed to document the overall approach and the general arrangements for the conduct of our fiscal year audit.

The plan should assist the Councillors and management in understanding the approach to the December 31, 2009 audit.

1. Audit Objectives and Responsibilities

Our objective and responsibility as auditors of the Authority is to report to the shareholders whether the annual financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Authority in accordance with Canadian generally accepted accounting principles.

1.1 Auditor Responsibilities

Our audit is designed to provide reasonable, but not absolute, assurance. The audit process involves testing only selected data and is subject to the limitation that material errors, fraud, or illegal acts may not be detected. The results from the limitations inherent to internal control, including faulty human judgment in decision-making, human error and the possibility of management override or collusion, especially where fraud is perpetrated by management, where collusion or forgery are employed, or where controls are not effective. In addition, the work performed by auditors requires significant judgment regarding the gathering of evidence and the drawing of conclusions based on the audit evidence acquired; most audit evidence acquired is persuasive rather than conclusive. We will inform you of any such items discovered during our audit; however, our concern is with material misstatements, and thus, we are not responsible for the detection of misstatements that are not material to the financial statements taken as a whole.

We will consider the Authority's internal control as part of the financial statement audit. This includes obtaining an understanding of the internal controls relevant to our audit; evaluating the design of those controls; and determining whether they have been implemented. This understanding is sufficient to allow us to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We are not, however, required to determine whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied up on for any other purposes.

1.2 Management's Responsibilities

Management is responsible for the preparation and fair presentation of the financial statements and notes, including the initial selection of and changes to significant estimates and accounting policies, in accordance with Canadian generally accepted accounting principles. This responsibility also includes creating and maintaining policies, financial reporting systems and controls, including those designed to prevent and detect fraud and error, and ensuring regulatory compliance.

In accordance with Canadian generally accepted auditing standards, we will request a letter of representation from management at the close of our examination in order to confirm oral representations given to us and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Specifically, we will request written confirmation of significant representations provided on matters that are directly related to items that are material, either individually or in the aggregate, to the financial statements.

to the financial statements; but are significant, either individually or in the aggregate, to the engagement; and matters relevant to your judgments or estimates that are material, either individually or in the aggregate, to the financial statements. These representations are used as evidence to assist us in deriving reasonable conclusions upon which our audit opinion is based.

1.3 Councillors Responsibilities

The Councillors is responsible for approval of the financial statements and company policies, and for monitoring management's performance. The Councillors should consider the potential for management override of controls or other inappropriate influences, such as earnings management, over the financial reporting process. The Councillors, together with management, is also responsible for the integrity of the accounting and financial reporting systems, including controls to prevent and detect fraud and error.

Effective discharge of these respective responsibilities is directed toward a common duty to provide appropriate and adequate financial accountability, and quality financial disclosure.

2. Overall Audit Strategy

Our overall audit strategy is risk-based and controls-oriented. Identification and assessment of risks having a potential impact on the financial accounting systems and consequent financial reporting is performed continuously throughout the audit process.

Our overall audit strategy does not, and is not intended to, involve the authentication of documents, nor are our team members trained or expected to be experts in such authentication. Unless we have reason to believe otherwise, we accept records and documents as genuine. The subsequent discovery of a material misstatement resulting from fraud does not, in and of itself, indicate a failure to comply with Canadian generally accepted auditing standards.

We will identify and assess the risk of material misstatement within the financial statements by updating our understanding of the entity and its environment, including examining and assessing controls and systems, the evidence supporting amounts and disclosures in the statements, and the appropriateness of accounting principles and significant estimates. This will be accomplished through enquiries with management and others within the entity, analytical procedures, and observation and inspection. Further, we will consider whether effective controls have been established to adequately respond to the risk arising from the use of IT or manual systems. Our review of the Authority's controls will not be sufficient to express an opinion as to their effectiveness or efficiency.

For the December 31, 2009 audit, we are planning to place low/no reliance on the Authority's accounting systems, which is consistent with the prior year. Our audit work will involve consist mainly of substantive tests of transactions and balances. Substantive work may be reduced if tested controls are effective for some, or all, of the current year.

We have identified significant items and estimates, and plan to perform testing, as follows:

SIGNIFICANT FINANCIAL STATEMENT ITEM/ MANAGEMENT ESTIMATE	TESTS TO PERFORM
Accounts receivable	Comparison to prior year and other analytical procedures Verify a sample of receivables to backup or receipt
Investments	Comparison to prior year Verify investment balances to bank confirmations or bank statements
Capital assets	Verify a sample of additions/disposals to invoice
Accounts payable	Comparison to prior year and other analytical procedures Verify a sample of payables to invoice
Reserves/Net assets	Verify a sample of transfers to minutes, bylaws, etc.
Revenue	Comparison to prior and budget Other analytical procedures Verify a sample of revenue items to invoice and/or receipt
Expenses	Comparison to prior and budget Other analytical procedures Verify a sample of expense items to invoice and/or payment

Materiality, determined according to our professional judgment, will be used to assess the significance of identified errors or omissions, and to determine the level of audit testing carried out. Specifically, a misstatement or the aggregate of all misstatements in financial statements is considered to be material, if it is probable that the decision of the party relying on the financial statements, who has reasonable understanding of business and economic activities, will be changed or influenced by such a misstatement or the aggregate of all misstatements. We have calculated and propose to use \$13,000 as materiality for audit planning purposes.

3. Your Needs and Expectations and the Planned MNP Response

To fulfill our commitment to provide you with the highest level of professional service, we will:

- 3.1 Inform you of any new or proposed Canadian Institute of Chartered Accountants' accounting pronouncements relevant to your financial reporting, so that we can plan for their effect and assist in their implementation.
- 3.2 Communicate relevant matters to the Councillors, including our Audit Service Plan and Audit Findings.
- 3.3 Provide ongoing business, taxation, and accounting and financial reporting advice, and assist management as requested, when transactions or issues arise.
- 3.4 Opinion on the fair presentation of the audited financial statements to be issued.
- 3.5 Provide our recommendations with regard to controls and administrative efficiencies.

Our anticipated timeline for completion of the audit engagement is as follows:

COMMUNICATION	DATE
Year-end field work	March 3, 2010
Draft year-end financial statements to management	March 31, 2010
Report of the December 31, 2009 Audit Findings to the Councillors	April 16, 2010
Release of the final year-end financial statements	April 16, 2010
Issuance of Management Letter	April 16, 2010

We have assembled an audit team who understands Redcliff Cypress Regional Waste Management Authority, your business, and your industry. They are:

- Engagement Partner - Robert R. Belau, B.Comm., C.A.
- Engagement Manager - Jennifer Nadeau, B. Mgt., C.A.
- Team Member - Ryan Boser, B.Mgt.

Professional standards require that we obtain sufficient information to evaluate complex, difficult, or contentious matters. In that regard, our audit team may also include other MNP professionals whose consultation may be obtained in order to resolve any matters identified during our engagement.

4. Audit Hours and Fees

Our estimated audit fee for the year ended December 31, 2009, exclusive of applicable taxes and disbursements, is \$4,250, based on our expectation of 60-70 audit hours.

5. New and Proposed Reporting and Auditing Developments

We would like to bring to your attention the following accounting and auditing developments, which may have some impact on your financial reporting.

Capital disclosures (CICA 1535)

This Section establishes standards for disclosing information about an entity's capital and how it is managed. It requires disclosure of:

- An entity's objectives, policies and processes for managing capital;
- Quantitative data about what the entity regards as capital;
- Whether the entity has complied with any externally imposed capital requirements; and
- If it has not complied with its externally imposed capital requirements, the consequences of such non-compliance.

CICA 1535 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Earlier adoption is encouraged.

In July 2008, CICA 1535 was amended to reduce the required disclosure of this section for non-publicly accountable enterprises to the following:

- The nature of a non-publicly accountable enterprise's externally imposed capital requirements;
- Whether it complied with those externally imposed capital requirements during the period; and
- When the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance

This amendment applies to interim annual financial statements of non-publicly accountable enterprises for fiscal years beginning on or after August 1, 2008. Earlier adoption is encouraged.

Inventories (CICA 3031)

This Section, which replaces former CICA 3030 *Inventories*, establishes standards for the measurement and disclosure of inventories. It provides the Canadian equivalent to International Financial Reporting Standard IAS 2 Inventories. The main features of the new Section are:

- Measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of cost, including allocation of overheads and other costs to inventory.
- Cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects, assigned by using a specific identification of their individual costs.
- Consistent use (by type of inventory with similar nature and use) of the first-in, first-out (FIFO) or weighted average cost formula to measure the cost of other inventories.
- Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories.
- Specific guidance for certain inventories held by not-for-profit organizations.

CICA 3031 applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Earlier adoption is encouraged.

6. Auditor Independence

In accordance with our firm's policy, and the Rules of Professional Conduct governing our profession, neither Meyers Norris Penny LLP nor any of its engagement team, nor any MNP partners, are permitted to have any relationship with the Authority that would impair independence or give that appearance. As auditors, we are required to annually discuss our independence with the Councillors, to disclose, in writing, all relationships between the auditor and the Authority that may reasonably be thought to bear on independence, and to confirm our independence and objectivity.

6.1 Confirmation of Independence

We are not aware of any relationships between our Firm and the Authority during the year that, in our professional judgment, may reasonably be thought to bear on our independence. We hereby confirm that we are independent auditors with respect to the Authority.

During the course of the audit, we will communicate any significant new matters that come to our attention that, in our professional judgment, may reasonably be thought to bear on our independence. At the completion of our audit, we will reconfirm our independence.

We look forward to discussing with you the matters addressed above. We will be prepared to answer any questions you may have regarding our independence, as well as any other matters of interest to you.

Yours truly,

Meyers Norris Penny LLP

MEYERS NORRIS PENNY LLP

/jln

Certified True Copy of the Original 2009 Redcliff/Cypress Landfill Financial Statements
Dated this 28th day of September.



S. Simon –Municipal Secretary

Redcliff Cypress Regional Waste Management Authority

Financial Statements

December 31, 2009

Management's Responsibility

To the Councilors of Redcliff Cypress Regional Waste Management Authority:

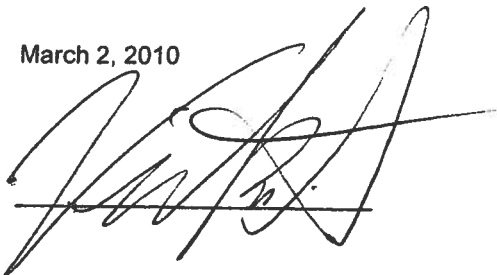
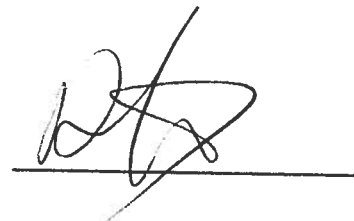
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate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

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

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

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

March 2, 2010

A large, stylized handwritten signature in black ink, written over a horizontal line.A smaller, stylized handwritten signature in black ink, written over a horizontal line.

Auditors' Report

To the Directors of Redcliff Cypress Regional Waste Management Authority:

We have audited the statement of financial position of Redcliff Cypress Regional Waste Management Authority as at December 31, 2009 and the statements of operations and comprehensive income, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. 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 financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2009 and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Medicine Hat, Alberta

March 2, 2010

Meys Norris Penny LLP

Chartered Accountants

Redcliff Cypress Regional Waste Management Authority

Statement of Financial Position

As at December 31, 2009

	2009	2008 (Restated)
Assets		
Current		
Cash (Note 3)	792,818	586,775
Accounts receivable	179,330	76,529
Inventory	6,940	4,801
Due from Cypress County	79,403	79,403
	1,058,491	747,508
Capital assets (Note 5)	2,542,738	2,654,974
	3,601,229	3,402,482
Liabilities		
Current		
Accounts payable and accruals	25,843	25,063
Due to Town of Redcliff (Note 4)	466,921	370,267
Due to Cypress County (Note 4)	306,495	314,000
	799,259	709,330
Net Assets		
Invested in Capital Assets	1,929,750	2,026,975
Restricted Capital Closure	241,399	209,978
Restricted Capital	453,741	300,057
Restricted Operating	177,080	156,142
	2,801,970	2,693,152
	3,601,229	3,402,482

Approved on behalf of the Board



Robert Hazclaur

Mayer

Redcliff Cypress Regional Waste Management Authority
Statement of Operations and Comprehensive Income

For the year ended December 31, 2009

	2009	2008 (Restated)
Revenue		
Tonnage charges	646,373	627,857
Interest earned on reserve investments	4,204	22,134
Miscellaneous	22,569	13,973
Cypress County contributions	50,120	6,652
Town of Redcliff contributions	50,120	6,652
	773,386	677,268
Expenses		
Administrative and management	161,429	93,842
Amortization	112,236	105,735
Burial wages	80,400	104,481
Contracted engineering	15,216	7,659
Contracted services	9,811	8,245
Fuel	65,878	84,099
Insurance	13,889	13,734
Interest on long-term debt	23,079	-
Office	7,134	5,743
Professional fees	8,621	5,300
Repairs and maintenance	151,650	39,787
Scale and equipment contract	9,731	13,555
Utilities	5,494	4,862
	664,568	487,042
Excess of revenue over expenses	108,818	190,226

Redcliff Cypress Regional Waste Management Authority
Statement of Changes in Net Assets
For the year ended December 31, 2009

	Invested in Capital Assets	Restricted Capital Closure	Restricted Capital	Restricted Operating	Unrestricted	2009	2008
							(Restated)
Net assets, beginning of year	2,026,975	209,978	300,058	156,143	-	2,693,154	2,504,028
Excess of revenue over expenses	-	-	-	-	108,817	108,818	190,226
Interest transfer	-	1,421	1,844	937	(4,203)	-	-
Interfund transfers (Note 8)	-	30,000	151,839	20,000	(201,839)	-	-
Debt repayments	15,011	-	-	-	(15,011)	-	-
Disposal of capital assets	-	-	-	-	-	-	(1,100)
Current year amortization of capital assets	(112,236)	-	-	-	112,236	-	-
	(97,225)	31,421	153,683	20,937	(108,817)	-	(1,100)
Net assets, end of year	1,929,750	241,399	453,741	177,080	-	2,801,972	2,693,154

The accompanying notes are an integral part of these financial statements

Redcliff Cypress Regional Waste Management Authority
Statement of Cash Flows
For the year ended December 31, 2009

	2009	2008 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Cash paid to suppliers	(469,239)	(365,682)
Cash received from customers	666,380	657,342
Cash paid for salaries and benefits	(61,372)	(93,842)
Interest paid	(23,079)	-
Interest received	4,204	22,134
	116,894	219,952
Financing activities		
Advances from Town of Redcliff	89,149	47,229
Advances to Town of Redcliff	-	(314,000)
Advances from Cypress County	-	314,000
Repayment of loan from Cypress County	7,505	-
Repayment of loan from Town of Redcliff	(7,505)	-
	89,149	47,229
Investing activities		
Purchase of capital assets	-	(333,222)
Proceeds on disposal of capital assets	-	900
	-	(332,322)
Increase (decrease) in cash resources	206,043	(65,141)
Cash resources, beginning of year	586,775	651,916
Cash resources, end of year	792,818	586,775

The accompanying notes are an integral part of these financial statements

Redcliff Cypress Regional Waste Management Authority

Notes to the Financial Statements

For the year ended December 31, 2009

1. Incorporation and commencement of operations

The Authority operates a municipal landfill in the Redcliff, Alberta area. This is done through a joint agreement between the Government of Alberta, Town of Redcliff and Cypress County. The Town of Redcliff is responsible for the administrative operations. The authority is recognized as an unincorporated non-profit organization under the Income Tax Act, and as such, is exempt from tax.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

Redcliff Cypress Regional Waste Management Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Capital assets

Capital assets are recorded at cost and are shown as reductions in unrestricted net assets when acquired unless provided for by debentures, capital grants or restricted net assets.

Proceeds on disposition of capital assets are recorded as revenue in the year of disposal.

Amortization is recorded on capital assets within the restricted capital net assets and is calculated on the straight-line basis using the following estimates of useful life:

	Method	Rate
Buildings	straight-line	25 - 50 years
Equipment	straight-line	15 - 25 years
Land improvements	straight-line	20 - 25 years

One half of annual amortization is charged in the year of acquisition

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any selling costs.

Restricted operating net assets

The restricted operating net assets are amounts set aside for the purpose of future pit excavation and waste treatment. The restricted net assets will be transferred to unrestricted net assets to offset expenditures when incurred.

Redcliff Cypress Regional Waste Management Authority

Notes to the Financial Statements

For the year ended December 31, 2009

2. Significant accounting policies *(Continued from previous page)*

Restricted capital net assets

Restricted capital net assets include amounts set aside for general capital and for capital closure. The purpose of the general capital net asset is to fund future building and equipment replacements. The purpose of the capital closure net asset is to fund future landfill closure and post-closure expenditures. This restricted net asset will be transferred to unrestricted net assets to offset capital expenditures when incurred.

Landfill closure and post-closure liability

The Alberta Environment Protection and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement of closure and post-closure care of solid waste landfill sites. This requirement is being provided for over the estimated remaining life of the landfill site based on usage, with amount set aside in capital closure net assets.

Measurement uncertainty

The preparation of financial statements in conformity 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 revenues and expenses during the reporting period. Landfill closure and post-closure liability amounts are estimated as described in the applicable accounting policy. The Landfill estimates their wage expenses based on the percentage of time that the employees spend working for the Landfill. The restricted capital amounts are estimated based on the amortization of capital assets. Amortization is based on the estimate of useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Contributed materials and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Authority's operations and would otherwise have been purchased.

Financial instruments

Held for trading:

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments – Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The Authority has classified the following financial assets and liabilities as held for trading: cash. The Authority has designated cash on initial recognition as held for trading in accordance with its risk management strategy, as doing so allows the Authority to eliminate or significantly reduce a measurement or recognition inconsistency; as the instruments are evaluated on a fair value basis in accordance with the Authority's documented risk management strategy and reported to key management personnel on that basis. These instruments are initially recognized at their fair value, determined by published price quotations in an active market.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in the statement of revenues and expenses.

Redcliff Cypress Regional Waste Management Authority
Notes to the Financial Statements
For the year ended December 31, 2009

2. Significant accounting policies *(Continued from previous page)*

Loans and receivables:

The Authority has classified the following financial assets as loans and receivables: accounts receivable, long-term loans receivables, and related party balances. These assets and related party balances with non-owner management, their immediate family or the other party, when a management contract or other management authority exists, are initially recognized at their fair value. All other related party balances are initially measured at their carrying exchange amount. Fair value is approximated by the instruments initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transactions costs are immediately recognized in income.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

Other financial liabilities:

The Authority has classified the following financial liabilities as other financial liabilities: accounts payable, accruals and amounts due to related parties. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in income.

Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in current year earnings. Any related other costs incurred are recognized in current year earnings.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

3. Cash

	2009	2008
Cash on hand	200	200
Cash held in trust in short term investments and in bank	792,618	586,575
	<u>792,818</u>	<u>586,775</u>

Short-term investments include \$590,578 in a Guaranteed Investment Certificate bearing interest at 0.35%, due January 26, 2010 (\$586,575 of Guaranteed Investment Certificate in 2008). Market value approximates the carrying value.

Redcliff Cypress Regional Waste Management Authority

Notes to the Financial Statements

For the year ended December 31, 2009

4. Related party transactions

At December 31, 2009, the Authority has \$79,403 (2008 - \$79,403) due from Cypress County, \$306,495 (2008 - \$314,000) due to Cypress County and \$466,921 (2008 - \$370,267) due to the Town of Redcliff, who jointly operate the Authority. These amounts are interest bearing at 3.636% interest, unsecured, and due on demand. During the year, the Authority received tonnage revenue from the Town of Redcliff of \$35,266 (2008 - \$39,902) and from Cypress County of \$26,895 (2008 - \$12,966). All transactions entered into by the related parties were in the normal course of operations and were recorded at the exchange value which is the amount of consideration established and agreed to by the related parties, representing normal rates charged to similar entities.

5. Capital assets

	Cost	Accumulated amortization	2009 Net book value	2008 (Restated) Net book value
Land	389,222	-	389,222	389,222
Buildings	203,454	88,330	115,124	120,115
Equipment	1,332,203	448,567	883,636	938,745
Land improvements	1,290,633	135,877	1,154,756	1,206,892
	3,215,512	672,774	2,542,738	2,654,974

Financial instruments

The Authority as part of its operations carries a number of financial instruments. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair value of financial instruments

The carrying amount of cash, accounts receivable, accounts payable, accruals and amounts due to and from related parties is approximated by their fair value due to their short-term nature.

Credit concentration

As at December 31, 2009, two customers accounts for 72% (2008 - two customers for 62%) of the accounts receivable. The Authority believes that there is no unusual exposure associated with the collection of these receivables. The Authority performs regular assessments of its customers and provides for potentially uncollectible accounts receivable.

Risk management policy

The Authority, as part of operations, has established avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the Authority follows a risk management policy approved by Councilors.

Redcliff Cypress Regional Waste Management Authority
Notes to the Financial Statements
For the year ended December 31, 2009

7. Landfill closure and post-closure liability

Alberta environment law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

At December 31, 2009, the Authority has restricted \$241,399 (\$209,978 in 2008) towards closure and post-closure costs. Management estimates that the landfill has a life expectancy of 128 years, based on the current growth rate for the received tonnage. Management also anticipates that landfill gas collection and treatment costs could range between \$2,000,000 and \$5,000,000 dollars depending upon when the treatment system is required to be constructed.

8. Inter-fund transactions

Transfer from unrestricted net assets includes an annual transfer of funds to the restricted funds of \$283,500 (\$245,848 2008), offset by a transfer to unrestricted net assets of \$81,661 for repairs and maintenance.

9. Capital management

The Authority's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The Authority sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Authority may adjust the amount to sell assets or reduce debt.

Redcliff Cypress Regional Waste Management Authority

Notes to the Financial Statements

For the year ended December 31, 2009

10. Prior period adjustments

The landfill has restated its financial statements to comply with the Not-For-Profit Organization section 4430 - Capital Assets Held by Not-for-profit Organizations, which requires NPO's to record and amortize their tangible capital assets on their financial statements. These adjustments are as follows:

	2009	2008
Adjustments to Invested in Capital Assets		
As previously reported	-	2,770,768
Adjustment to net book value of capital assets	-	(743,793)
As restated	-	2,026,975
Adjustments to excess of revenues over expenses		
As previously reported	-	295,960
Annual amortization expense	-	(105,735)
As restated	-	190,225
Adjustments to capital assets		
As previously reported	-	3,398,768
Adjustment to historical cost of capital assets	-	(183,256)
Accumulated amortization recorded	-	(560,538)
As restated	-	2,654,974

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

