

TOWN OF MAYERTHORPE

MAYERTHORPE, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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AUDITORS' REPORT

To the Mayor and Council of the Town of Mayerthorpe
Mayerthorpe, Alberta

We have audited the accompanying financial statements of the Town of Mayerthorpe (the "Town"), which comprise the statement of financial position as at December 31, 2010, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Mayerthorpe as at December 31, 2010, and the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
March 21, 2011



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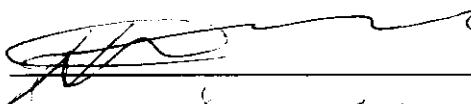
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TOWN OF MAYERTHORPE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
FINANCIAL ASSETS		
Cash and temporary investments	\$ 4,965,766	\$ 4,884,099
Accounts receivable (Note 2)	921,561	408,433
Land held for resale	35,000	35,000
Long-term investments (Note 3)	<u>9,060</u>	<u>617,875</u>
	<u>5,931,387</u>	<u>5,945,407</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	1,223,471	546,536
Deferred revenue (Note 6)	1,204,848	2,039,003
Long-term debt (Note 7)	<u>2,227,842</u>	<u>1,503,723</u>
	<u>4,656,161</u>	<u>4,089,262</u>
NET FINANCIAL ASSETS	<u>1,275,226</u>	<u>1,856,145</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	167,083	86,998
Prepaid expenses and deposits	19,138	2,097
Tangible Capital Assets (Schedule 1)	<u>13,408,202</u>	<u>7,561,183</u>
	<u>13,594,423</u>	<u>7,650,278</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$14,869,649</u>	<u>\$ 9,506,423</u>
CONTINGENCIES (Note 12)		

ON BEHALF OF TOWN COUNCIL:


 _____ Mayor


 _____ Deputy Mayor

TOWN OF MAYERTHORPE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> (Budget) (Note 18)	<u>2010</u> (Actual)	<u>2009</u> (Actual)
Revenue			
Net taxes for general municipal purposes (Schedule 2)	\$ 1,210,312	\$ 1,187,494	\$ 1,139,715
Sales and user charges	707,519	653,669	569,333
Government transfers (Schedule 3)	410,316	388,643	420,403
Return on investments	157,000	86,182	86,871
Franchise fees and concession contracts	39,722	40,203	38,590
Penalties and costs on taxes	30,000	27,847	25,747
Fines	22,200	25,812	21,536
Licenses and permits	11,250	11,802	7,401
Rentals	7,590	5,060	7,590
Proceeds from sale of subdivision land	<u>35,000</u>	<u>-</u>	<u>457,500</u>
	<u>2,630,909</u>	<u>2,426,712</u>	<u>2,774,686</u>
Expenses			
Roads, streets, walks and lighting	579,034	547,146	463,908
Amortization	-	421,369	421,485
General administration	407,908	410,559	359,785
Seniors housing	-	250,000	250,000
Water supply and distribution	273,179	220,228	251,176
Family and community support services	149,474	161,562	169,804
Parks and recreation	80,989	147,515	144,696
Waste management	155,970	146,438	137,288
Fire	127,950	120,199	91,821
Land use planning, zoning and development	123,613	92,039	106,526
Council and other legislative	90,165	80,445	83,336
Bylaws enforcement	78,101	55,175	69,889
Wastewater treatment and disposal	52,297	39,994	42,804
Community and agricultural services	20,280	19,913	14,268
Subdivision land and development	176,274	14,238	160,746
Culture: libraries, museums and halls	16,038	16,038	16,038
Disaster and emergency services	<u>4,710</u>	<u>5,151</u>	<u>32,433</u>
	<u>2,335,982</u>	<u>2,748,009</u>	<u>2,816,003</u>
Excess (Deficiency) of Revenue over Expenses Before Other Items	<u>294,927</u>	<u>(321,297)</u>	<u>(41,317)</u>
Other Items			
Government transfers for capital (Schedule 3)	6,832,392	3,573,617	293,077
Gain (loss) on disposal of capital assets	<u>-</u>	<u>2,110,906</u>	<u>751,191</u>
	<u>6,832,392</u>	<u>5,684,523</u>	<u>1,044,268</u>
Excess of Revenue over Expenses	<u>\$ 7,127,319</u>	5,363,226	1,002,951
Accumulated Surplus, Beginning of Year		<u>9,506,423</u>	<u>8,503,472</u>
Accumulated Surplus, End of Year		<u>\$ 14,869,649</u>	<u>\$ 9,506,423</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MAYERTHORPE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Excess of Revenue over Expenses	\$ <u>5,363,226</u>	\$ <u>1,002,951</u>
Acquisition of tangible capital assets	(6,283,978)	(771,818)
Proceeds on disposal of tangible capital assets	2,126,495	766,550
Amortization of tangible capital assets	421,368	421,485
(Gain) loss on sale of tangible capital assets	<u>(2,110,906)</u>	<u>(751,191)</u>
	<u>(5,847,021)</u>	<u>(334,974)</u>
Use (acquisition) of supplies inventories	(80,082)	12,274
Use (acquisition) of prepaid assets	<u>(17,042)</u>	<u>8,455</u>
	<u>(97,124)</u>	<u>20,729</u>
Increase (Decrease) In Net Financial Assets	(580,919)	688,706
Net Financial Assets (Debt), Beginning of Year	<u>1,856,145</u>	<u>1,167,439</u>
Net Financial Assets, End of Year	\$ <u>1,275,226</u>	\$ <u>1,856,145</u>

TOWN OF MAYERTHORPE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Operating Activities		
Cash from operations		
Excess of revenue over expenditures	\$ 5,363,226	\$ 1,002,951
Amortization	421,369	421,485
Gain on disposal of capital assets	<u>(2,110,906)</u>	<u>(751,191)</u>
	<u>3,673,689</u>	<u>673,245</u>
Change in non-cash working capital balances related to operations:		
Accounts receivable	(513,128)	89,361
Inventory of supplies	(80,085)	12,274
Prepaid expenses and deposits	(17,041)	8,455
Land held for resale	-	138,133
Accounts payable and accrued liabilities	676,935	112,985
Deferred revenue	<u>(834,155)</u>	<u>1,672,362</u>
	<u>(767,474)</u>	<u>2,033,570</u>
	<u>2,906,215</u>	<u>2,706,815</u>
Financing Activities		
Proceeds on long-term debt	844,911	590,086
Repayment of long-term debt	<u>(120,793)</u>	<u>(115,682)</u>
	<u>724,118</u>	<u>474,404</u>
Capital Activities		
Acquisition of tangible capital assets	(6,283,978)	(771,817)
Proceeds on disposal of tangible capital assets	<u>2,126,495</u>	<u>766,550</u>
	<u>(4,157,483)</u>	<u>(5,267)</u>
Investing Activities		
Decrease (increase) in long-term investments	<u>608,817</u>	<u>(615,225)</u>
Change in Cash and Temporary Investments for the Year	81,667	2,560,727
Cash and Temporary Investments, Beginning of Year	<u>4,884,099</u>	<u>2,323,372</u>
Cash and Temporary Investments, End of Year	<u>\$ 4,965,766</u>	<u>\$ 4,884,099</u>

TOWN OF MAYERTHORPE

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Land	Land Improvements	Buildings	Roadways	Engineered Structures Water	Wastewater	Machinery and Equipment	Vehicles	2010	2009
COST:										
Balance, Beginning of Year	\$ 69,851	\$ 16,357	\$ 812,966	\$ 6,308,349	\$ 5,405,038	\$ 2,734,565	\$ 621,049	\$ 476,386	\$ 16,444,561	\$ 15,766,329
Acquisition of tangible capital assets	-	-	3,225,813	51,075	1,949,710	982,996	74,384	-	6,283,978	771,818
Disposal of tangible capital assets	(2)	-	(48,127)	(21,819)	-	-	-	-	(69,948)	(93,586)
Balance, End of Year	<u>69,849</u>	<u>16,357</u>	<u>3,990,652</u>	<u>6,337,605</u>	<u>7,354,748</u>	<u>3,717,561</u>	<u>695,433</u>	<u>476,386</u>	<u>22,658,591</u>	<u>16,444,561</u>
ACCUMULATED AMORTIZATION:										
Balance, Beginning of Year	-	195	307,131	4,632,455	2,346,275	1,308,450	218,033	70,840	8,883,379	8,540,119
Annual amortization	-	1,091	12,662	197,387	94,468	47,316	41,901	26,543	421,368	421,485
Accumulated amortization on disposals	-	-	(35,614)	(18,744)	-	-	-	-	(54,358)	(78,226)
Balance, End of Year	-	<u>1,286</u>	<u>284,179</u>	<u>4,811,098</u>	<u>2,440,743</u>	<u>1,355,766</u>	<u>259,934</u>	<u>97,383</u>	<u>9,250,389</u>	<u>8,883,378</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 69,849	\$ 15,071	\$ 3,706,473	\$ 1,526,507	\$ 4,914,005	\$ 2,361,795	\$ 435,499	\$ 379,003	\$ 13,408,202	\$ 7,561,183

The cost of tangible capital assets included \$5,353,349 (2009 - \$323,310) of work in progress for which no amortization has been provided.

TOWN OF MAYERTHORPE
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2010

SCHEDULE 2

	<u>2010</u> (Budget) (Note 18)	<u>2010</u> (Actual)	<u>2009</u> (Actual)
Revenue:			
Real property taxes	\$ 1,343,482	\$ 1,340,729	\$ 1,280,623
Power and pipeline taxes	56,553	51,850	56,553
Local improvement levies	49,184	36,729	34,220
Grants in lieu of taxes	<u>25,311</u>	<u>22,407</u>	<u>25,311</u>
	<u>1,474,530</u>	<u>1,451,715</u>	<u>1,396,707</u>
Deduct:			
Alberta School Foundation Fund	244,314	244,313	247,841
Lac Ste. Anne Foundation	<u>19,904</u>	<u>19,908</u>	<u>9,151</u>
	<u>264,218</u>	<u>264,221</u>	<u>256,992</u>
Net Taxes for General Municipal Purposes	<u>\$ 1,210,312</u>	<u>\$ 1,187,494</u>	<u>\$ 1,139,715</u>

TOWN OF MAYERTHORPE
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2010

SCHEDULE 3

	<u>2010</u> (Budget) (Note 18)	<u>2010</u> (Actual)	<u>2009</u> (Actual)
Federal Transfers			
Capital	\$ <u>1,945,688</u>	\$ <u>626,107</u>	\$ <u>24,312</u>
Provincial Transfers			
Operating	266,184	268,619	336,672
Capital	<u>4,611,704</u>	<u>2,872,510</u>	<u>268,765</u>
	<u>4,877,888</u>	<u>3,141,129</u>	<u>605,437</u>
Local Government Transfers			
Operating	144,132	120,024	83,731
Capital	<u>275,000</u>	<u>75,000</u>	<u>-</u>
	<u>\$ 7,242,708</u>	<u>\$ 3,962,260</u>	<u>\$ 713,480</u>
Operating Government Transfers	\$ 410,316	\$ 388,643	\$ 420,403
Capital Government Transfers	<u>6,832,392</u>	<u>3,573,617</u>	<u>293,077</u>
Total Government Transfers	<u>\$ 7,242,708</u>	<u>\$ 3,962,260</u>	<u>\$ 713,480</u>

TOWN OF MAYERTHORPE

SCHEDULE 4

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2010

	General Administration	Protective Services	Roads, streets walks, lighting	Utilities	Parks and Recreation	Other	Total
Revenue							
Net taxes for general municipal purposes	\$ 38,062	\$ 93,683	\$ 523,616	\$ -	\$ 95,264	\$ 436,869	\$ 1,187,494
Sales and user charges	19,258	34,248	5,317	483,334	24,531	86,981	853,669
Government transfers	213,705	25,366	11,286	13,886	27,720	96,681	388,644
Other	139,535	27,229	-	-	-	30,141	196,905
	<u>410,560</u>	<u>180,526</u>	<u>540,219</u>	<u>497,220</u>	<u>147,515</u>	<u>650,672</u>	<u>2,426,712</u>
Expenditures							
Salaries, wages and benefits	256,570	58,058	207,414	86,986	19,847	223,682	852,557
Materials, goods and supplies	55,978	112,889	166,093	88,326	102,459	89,751	615,496
Contracted and general services	67,812	2,710	51,331	142,799	-	22,870	287,522
Seniors housing	-	-	-	-	-	250,000	250,000
Utilities and telephone	18,059	3,184	87,976	51,652	209	5,693	166,773
Other	10,872	3,685	-	413	25,000	41,587	81,557
Interest and bank charges	1,269	-	27,405	36,485	-	7,576	72,735
	<u>410,560</u>	<u>180,526</u>	<u>540,219</u>	<u>406,661</u>	<u>147,515</u>	<u>641,159</u>	<u>2,326,640</u>
Excess (Deficiency) of Revenue over Expenses Before Amortization	-	-	-	90,559	-	9,513	100,072
Amortization	11,314	28,970	230,796	145,690	4,599	-	421,369
Excess (Deficiency) of Revenue over Expenses	<u>\$ (11,314)</u>	<u>\$ (28,970)</u>	<u>\$ (230,796)</u>	<u>\$ (55,131)</u>	<u>\$ (4,599)</u>	<u>\$ 9,513</u>	<u>\$ (321,297)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MAYERTHORPE

SCHEDULE 5

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2009

	General Administration	Protective Services	Roads, streets walks, lighting	Utilities	Parks and Recreation	Other	Total
Revenue							
Net taxes for general municipal purposes	\$ 52,986	\$ 106,042	\$ 430,583	\$ 571	\$ 98,359	\$ 451,174	\$ 1,139,715
Other	136,326	23,197	-	-	-	485,711	645,234
Sales and user charges	705	44,174	5,848	442,474	10,358	65,774	569,333
Government transfers	169,765	20,729	27,477	(11,776)	35,980	178,229	420,404
	<u>359,782</u>	<u>194,142</u>	<u>463,908</u>	<u>431,269</u>	<u>144,697</u>	<u>1,180,888</u>	<u>2,774,686</u>
Expenditures							
Salaries, wages and benefits	221,743	65,706	200,372	101,475	60,362	210,336	859,994
Materials, goods and supplies	51,651	86,382	85,725	134,583	53,381	248,953	660,675
Contracted and general services	57,071	32,907	74,083	138,411	-	33,539	336,011
Seniors housing	-	-	-	-	-	250,000	250,000
Utilities and telephone	16,464	2,791	75,206	43,570	10,954	5,902	154,887
Other	10,658	6,356	-	318	20,000	43,512	80,844
Interest and bank charges	2,195	-	28,522	12,912	-	8,478	52,107
	<u>359,782</u>	<u>194,142</u>	<u>463,908</u>	<u>431,269</u>	<u>144,697</u>	<u>800,720</u>	<u>2,394,518</u>
Excess (Deficiency) of Revenue over Expenses Before Amortization	-	-	-	-	-	380,168	380,168
Amortization	6,370	20,896	238,942	133,523	195	21,559	421,485
Excess (Deficiency) of Revenue over Expenses	<u>\$ (6,370)</u>	<u>\$ (20,896)</u>	<u>\$ (238,942)</u>	<u>\$ (133,523)</u>	<u>\$ (195)</u>	<u>\$ 358,609</u>	<u>\$ (41,317)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town are the representations of management prepared in accordance with Canadian generally accepted accounting principles. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenditures, and changes in equity balances and cash flows of the Town.

The schedule of taxes levied includes requisitions for education and housing that are not part of the municipal reporting entity.

(b) Basis of Accounting

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

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

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

(c) 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 management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on a net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Land Held 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.

(f) Prepaid Local Improvement Charges

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

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

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

(g) Government Transfers

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

(h) Requisition of Over-Levies and Under-Levies

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

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

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

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) **Non-Financial Assets**

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

Land improvements	15 years
Buildings	25-50 years
Engineered structures	
Roadways	5-40 years
Water system	45-75 years
Wastewater and storm system	45-75 years
Machinery and equipment	5-25 years
Vehicles	10-25 years

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 expenses as incurred.

iv) **Inventories**

Inventories held for consumption are recorded at the lower of cost or net realizable value with cost determined by the average cost method.

2. ACCOUNTS RECEIVABLE

	<u>2010</u>	<u>2009</u>
Government	\$ 704,430	\$ 113,833
Property taxes	115,811	98,762
Trade	<u>101,320</u>	<u>195,838</u>
	<u>\$ 921,561</u>	<u>\$ 408,433</u>

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2010

3. LONG-TERM INVESTMENTS

	<u>2010</u>	<u>2009</u>
United Farmers of Alberta Co-operative Limited, patronage equity.	\$ 2,650	\$ 2,650
Alberta Association of Municipal Districts and Counties, held in reserve.	426	426
Servus Credit Union Ltd. term deposit bearing interest at 1.50%, redeemable only on annual anniversary date, maturing December 24, 2014.	5,984	5,940
Servus Credit Union Ltd. term deposit bearing interest at 2.45%, non-redeemable, maturing May 8, 2011; included in cash and temporary investments for the current year.	-	108,859
Servus Credit Union Ltd. term deposit bearing interest at 2.45%, non-redeemable, maturing May 8, 2011; included in cash and temporary investments for the current year.	<u>-</u>	<u>500,000</u>
	<u>\$ 9,060</u>	<u>\$ 617,875</u>

4. BANK OVERDRAFT

The bank overdraft is payable on demand with interest payable monthly at prime minus 0.25%. The Town has an authorized credit limit of \$800,000 at December 31, 2010. There is no balance outstanding at December 31, 2010.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2010</u>	<u>2009</u>
Trade	\$ 1,158,244	\$ 500,629
Vacation and banked time	32,506	26,753
Accrued interest on long-term debt	19,074	19,074
Deposits	<u>13,647</u>	<u>80</u>
	<u>\$ 1,223,471</u>	<u>\$ 546,536</u>

6. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2010</u>	<u>2009</u>
Provincial government conditional grants	\$ 908,599	\$ 1,891,188
Restricted donations	267,062	115,926
Prepaid local improvement charges	<u>29,187</u>	<u>31,889</u>
	<u>\$ 1,204,848</u>	<u>\$ 2,039,003</u>

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2010

7. LONG-TERM DEBT

	<u>2010</u>	<u>2009</u>
<p>Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$22,637 including interest at 5.75%; due October 1, 2018; issued on the credit and security of the municipality at large. Relates to 46th Avenue and Agriculture Resource Road (52nd Avenue) paving project.</p>	\$ 141,974	\$ 155,661
<p>Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$35,451 including interest at 5.75%; due April 2, 2016; issued on the credit and security of the municipality at large. Relates to west water line project.</p>	175,700	199,670
<p>Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$19,855 including interest at 5.125%; due October 1, 2012; issued on the credit and security of the municipality at large. Relates to grader purchase.</p>	36,853	53,943
<p>Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$19,077 including interest at 4.264%; due March 16, 2015; issued on the credit and security of the municipality at large. Relates to extension of utilities across Highway 43.</p>	154,735	185,310
<p>Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$10,469 including interest at 4.699%; due September 15, 2026; issued on the credit and security of the municipality at large. Relates to 2006 paving project.</p>	233,667	243,285
<p>Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,900 including interest at 4.057%; due September 15, 2018; issued on the credit and security of the municipality at large. Relates to 2008 paving project.</p>	55,838	61,639
<p>Mayerthorpe Fire Department loan bearing interest at 0% per annum, repayable in annual blended installments of \$7,065. The loan matures April 7, 2011 and is unsecured.</p>	7,065	14,129
<p>Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$1,428 including interest at 4.589%; due December 15, 2034; issued on the credit and security of the municipality at large. Relates to 2009 paving project.</p>	41,303	42,232

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2010

7. LONG-TERM DEBT (CONT'D)

	<u>2010</u>	<u>2009</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$18,531 including interest at 4.589%; due December 15, 2034; issued on the credit and security of the municipality at large. Relates to water treatment plant upgrade.	535,796	547,854
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$27,651 including interest at 4.2681%; due December 15, 2035; issued on the credit and security of the municipality at large. Relates to wastewater lagoon.	<u>844,911</u>	<u>-</u>
	2,227,842	1,503,723
Less: Current portion	<u>(145,895)</u>	<u>(121,888)</u>
	<u>\$ 2,081,947</u>	<u>\$ 1,381,835</u>

Repayments of principal and interest over the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 145,895	\$ 102,085	\$ 247,980
2012	145,612	95,258	240,870
2013	132,875	88,092	220,967
2014	139,328	81,588	220,916
2015	127,023	74,762	201,785
Thereafter	<u>1,537,109</u>	<u>686,129</u>	<u>2,223,238</u>
	<u>\$ 2,227,842</u>	<u>\$ 1,127,914</u>	<u>\$ 3,355,756</u>

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2010

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2010</u>	<u>2009</u>
Tangible capital assets (Schedule 1)	\$ 22,658,591	\$ 16,444,561
Accumulated amortization (Schedule 1)	(9,250,389)	(8,883,378)
Long-term debt (Note 7)	<u>(2,227,842)</u>	<u>(1,503,723)</u>
	<u>\$ 11,180,360</u>	<u>\$ 6,057,460</u>

9. ACCUMULATED SURPLUS

	<u>2010</u>	<u>2009</u>
Unrestricted surplus	<u>\$ 3,258,547</u>	<u>\$ 426,289</u>
Restricted surplus		
Operating contingency	145,471	261,277
Land sales	112,250	270,000
Water infrastructure	34,158	-
Parks and recreation development	29,445	2,404,154
West end bus	17,500	15,000
Bylaws enforcement	17,500	15,000
ERC building maintenance	12,705	5,355
Administrative equipment	12,000	12,000
Cemetery	10,000	10,000
Street construction and improvement	9,520	9,520
Fire	9,500	7,000
Infrastructure program	6,102	1,102
Mural	6,000	6,000
Subdivision land development	3,266	3,266
Economic Development	2,825	3,000
Public works equipment	<u>2,500</u>	<u>-</u>
	<u>430,742</u>	<u>3,022,674</u>
Equity in tangible capital assets	<u>11,180,360</u>	<u>6,057,460</u>
	<u>\$14,869,649</u>	<u>\$ 9,506,423</u>

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2010

10. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary (1)</u>	<u>Benefits (2)</u>	<u>2010 Total</u>	<u>2009 Total</u>
Mayor - Kim Connell	\$ 3,520	\$ -	\$ 3,520	\$ -
Mayor - Douglas McDermid	9,590	-	9,590	15,465
Councillors				
Glen Wilcox	10,700	-	10,700	10,035
James Mason	2,020	-	2,020	-
Jack Evarts	5,630	-	5,630	7,500
Kim Connell	6,810	-	6,810	8,415
Dan Richard	7,200	-	7,200	7,419
Dave Hutchison	2,110	-	2,110	-
Patricia Oliver	5,950	-	5,950	6,720
Kate Patrick	9,740	-	9,740	9,420
Russell Claybrook	<u>2,290</u>	<u>-</u>	<u>2,290</u>	<u>-</u>
	<u>\$ 65,560</u>	<u>\$ -</u>	<u>\$ 65,560</u>	<u>\$ 64,974</u>
Chief Administrative Officer	<u>\$ 102,783</u>	<u>\$ 19,695</u>	<u>\$ 122,478</u>	<u>\$ 116,772</u>

(1) Salary includes regular base pay, bonuses, overtime, lump-sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of the employee benefits and contributions 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.

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2010

11. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	<u>2010</u>	<u>2009</u>
Total debt limit	\$ 3,640,068	\$ 4,162,029
Total debt	<u>(2,227,842)</u>	<u>(1,503,723)</u>
Amount of total debt limit unused	<u>\$ 1,412,226</u>	<u>\$ 2,658,306</u>
Debt servicing limit	\$ 606,678	\$ 693,672
Debt servicing	<u>(247,980)</u>	<u>(193,819)</u>
Amount of debt servicing limit unused	<u>\$ 358,698</u>	<u>\$ 499,853</u>

The debt limit is calculated at 1.50 times revenue of the Town (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the financial statements must be interpreted as a whole.

12. CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town 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.

13. COMMITMENTS

As at December 31, 2010, the Town has spent \$3,225,063 and expects to spend an additional amount of approximately \$1,935,000 with respect to the construction of the Mayerthorpe Exhibition Centre.

As at December 31, 2010, the Town has spent \$1,998,027 and expects to spend an additional amount of approximately \$971,000 with respect to the construction of a water treatment facility.

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Town is required to make current service contributions to the Plan of 9.06% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.53% for the excess. Employees of the Town are required to make current service contributions of 8.06% of pensionable earnings up to the year's maximum pensionable earnings and 11.53% on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2010 were \$46,803 (2009 - \$43,104). Total current and past service contributions made by the employees of the Town to the LAPP in 2010 were \$42,004 (2009 - \$38,397).

At December 31, 2009, the LAPP disclosed an actuarial deficit of \$4 billion (2008 - \$4.4 billion).

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2010

15. FINANCIAL INSTRUMENTS

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

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

16. SEGMENTED INFORMATION

The Town provides a range of services to its residents. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 4).

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

18. BUDGET

The budget figures are provided for information purposes only, and have not been audited.