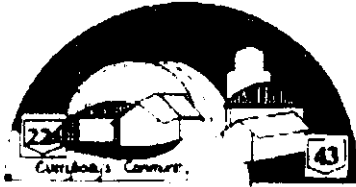


TOWN OF MAYERTHORPE

MAYERTHORPE, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008



The Town of Mayerthorpe

P.O. Box 420

Mayerthorpe, Alberta TOE 1N0

Tel: (780) 786-2416 (Office) Fax: (780) 786-4590

E-mail: admin@mayerthorpe.ca

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The management of the Town of Mayerthorpe prepared these financial statements and is responsible for their reliability, completeness and integrity. They conform, in all material respects, with accounting principles for local governments established by the Canadian Institute of Chartered Accountants.

Management maintains the necessary accounting and internal control systems designed to ensure: the timely production of reliable and accurate financial information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Mayor and Council oversee management's responsibilities for the financial reporting and internal control systems.

The auditors, appointed by the Mayor and Council, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards. The Chief Administrative Officer reviewed these financial statements with the auditors in detail before recommending their approval to the Mayor and Council.


Mayerthorpe, Alberta
March 12, 2009

Karen St. Martin, Chief Administrative Officer

TOWN OF MAYERTHORPE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Financial Assets		
Cash and temporary investments	\$ 2,323,372	\$ 1,477,591
Accounts receivable (Note 2)	497,795	266,962
Inventory of supplies	99,270	93,710
Prepaid expenses	10,547	28,303
Land held for resale	173,133	173,133
Long-term investments (Note 3)	<u>2,650</u>	<u>2,650</u>
	3,106,767	2,042,349
Physical Assets (Note 4)	<u>14,593,138</u>	<u>13,263,620</u>
	<u>\$17,699,905</u>	<u>\$15,305,969</u>
<u>LIABILITIES</u>		
Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 433,551	\$ 361,447
Deferred revenue (Note 7)	366,640	720,899
Long-term debt (Note 8)	<u>1,029,319</u>	<u>1,014,232</u>
	<u>1,829,510</u>	<u>2,096,578</u>
<u>MUNICIPAL EQUITY</u>		
Fund Balances		
Operating Fund (Schedule 1)	286,853	412,440
Capital Fund (Schedule 2)	-	-
Reserves (Note 9) (Schedule 3)	<u>2,019,723</u>	<u>547,563</u>
	2,306,576	960,003
Equity in Physical Assets (Schedule 4)	<u>13,563,819</u>	<u>12,249,388</u>
	<u>15,870,395</u>	<u>13,209,391</u>
	<u>\$17,699,905</u>	<u>\$15,305,969</u>

~~ON BEHALF OF TOWN COUNCIL:~~


 _____ Mayor


 _____ Deputy Mayor

TOWN OF MAYERTHORPE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
Revenue		
Provincial government transfers	\$ 1,564,938	\$ 92,132
Insurance proceeds	1,402,317	-
Net taxes for general municipal purposes (Schedule 5)	1,028,743	940,815
Sales and user charges	708,238	610,612
Local government transfers	217,652	97,920
Return on investments	51,037	44,856
Penalties and costs on taxes	39,772	18,516
Franchise and concession contracts	33,362	28,723
Fines	18,397	28,811
Licenses and permits	17,109	13,985
Rentals	10,774	6,310
Proceeds on disposal of physical assets	10,000	-
Proceeds from sale of subdivision land	<u>-</u>	<u>223,010</u>
	<u>5,102,339</u>	<u>2,105,690</u>
Expenditures		
Roads, streets, walks and lighting	1,519,279	435,672
General administration	487,760	301,215
Waste management	367,941	160,505
Fire	347,560	57,443
Parks and recreation	211,138	135,585
Water supply and distribution	206,935	279,496
Land use planning, zoning and development	184,582	68,129
Family and community support services	149,600	139,149
Council and other legislative	77,767	75,143
Disaster and emergency services	76,210	100,732
Bylaws enforcement	66,902	71,657
Wastewater treatment and disposal	45,962	64,153
Culture: libraries, museums and halls	15,891	17,451
Community and agricultural services	13,327	13,334
Subdivision land and development	<u>-</u>	<u>54,000</u>
	<u>3,770,854</u>	<u>1,973,664</u>
Excess of Revenue over Expenditures	1,331,485	132,026
Debt Issued	108,156	-
Debt Principal Repayments	<u>(93,068)</u>	<u>(81,860)</u>
Change in Fund Balances	1,346,573	50,166
Fund Balances, Beginning of Year	<u>960,003</u>	<u>909,837</u>
Fund Balances, End of Year	<u>\$ 2,306,576</u>	<u>\$ 960,003</u>

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

TOWN OF MAYERTHORPE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
Operating Activities		
Cash from operations		
Excess of revenue over expenditures	\$ 1,331,485	\$ 132,026
Change in non-cash working capital balances related to operations:		
Accounts receivable	(230,833)	(82,235)
Inventory of supplies	(5,560)	5,814
Prepaid expenses	17,756	(18,762)
Land held for resale	-	(60,108)
Accounts payable and accrued liabilities	72,104	146,222
Deferred revenue	<u>(354,259)</u>	<u>663,498</u>
	<u>830,693</u>	<u>786,455</u>
Financing Activities		
Proceeds on long-term debt	108,156	-
Repayment of long-term debt	<u>(93,068)</u>	<u>(81,860)</u>
	<u>15,088</u>	<u>(81,860)</u>
Investing Activities		
Decrease (increase) in long-term investments	<u>-</u>	<u>(44)</u>
Change in Cash and Temporary Investments for the Year	845,781	704,551
Cash and Temporary Investments, Beginning of Year	<u>1,477,591</u>	<u>773,040</u>
Cash and Temporary Investments, End of Year	<u>\$ 2,323,372</u>	<u>\$ 1,477,591</u>

TOWN OF MAYERTHORPE
SCHEDULE OF OPERATING FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE 1

	<u>2008</u> (Budget) (Note 18)	<u>2008</u> (Actual)	<u>2007</u> (Actual)
Revenue			
Insurance proceeds	\$ -	\$ 1,402,317	\$ -
Net taxes for general municipal purposes (Schedule 5)	1,036,265	1,028,743	940,815
Sales and user charges	636,169	708,238	610,612
Provincial government transfers	422,767	450,284	81,369
Local government transfers	105,030	217,652	97,920
Return on investments	30,443	51,037	44,856
Penalties and costs on taxes	15,000	39,772	18,516
Franchise fees and concession contracts	31,165	33,362	28,723
Fines	24,600	18,397	28,811
Licenses and permits	12,400	17,109	13,985
Rentals	7,590	10,774	6,310
Proceeds from sale of subdivision land	<u>113,000</u>	<u>-</u>	<u>223,010</u>
	<u>2,434,429</u>	<u>3,977,685</u>	<u>2,094,927</u>
Expenditures			
Roads, streets, walks and lighting	607,028	527,248	424,816
General administration	354,782	452,283	299,275
Waste management	189,743	367,941	160,505
Parks and recreation	147,036	211,138	135,585
Water supply and distribution	235,052	206,935	279,496
Land use planning, zoning and development	118,429	184,582	68,129
Family and community support services	156,365	149,600	139,149
Council and other legislative	84,790	77,767	75,143
Disaster and emergency services	82,297	76,210	69,475
Bylaws enforcement	64,500	61,345	47,378
Fire	59,035	51,106	56,481
Wastewater treatment and disposal	77,725	45,962	62,804
Culture: libraries, museums and halls	16,407	15,891	17,451
Community and agricultural services	12,870	13,327	13,334
Subdivision land and development	<u>-</u>	<u>-</u>	<u>54,000</u>
	<u>2,206,059</u>	<u>2,441,335</u>	<u>1,903,021</u>
Excess of Revenue over Expenditures	<u>228,370</u>	<u>1,536,350</u>	<u>191,906</u>
Transfer from (to) Reserves	(24,896)	(1,680,277)	(104,137)
Transfer from (to) Capital Fund	(114,109)	111,408	(5,909)
Debt Principal Repayments	<u>(89,365)</u>	<u>(93,068)</u>	<u>(81,860)</u>
	<u>(228,370)</u>	<u>(1,661,937)</u>	<u>(191,906)</u>
Change in Operating Fund During the Year	<u>\$ -</u>	(125,587)	-
Operating Fund, Beginning of Year		<u>412,440</u>	<u>412,440</u>
Operating Fund, End of Year		<u>\$ 286,853</u>	<u>\$ 412,440</u>

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

TOWN OF MAYERTHORPE
SCHEDULE OF CAPITAL FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE 2

	<u>2008</u>	<u>2007</u>
Revenue		
Provincial government transfers	\$ 1,114,654	\$ 10,763
Proceeds on disposal of physical assets	<u>10,000</u>	<u>-</u>
	<u>1,124,654</u>	<u>10,763</u>
Expenditures		
Roads, streets, walks and lighting	992,031	10,856
Fire	296,454	962
General administration	35,477	1,940
Bylaws enforcement	5,557	24,279
Wastewater treatment and disposal	-	1,349
Disaster and emergency services	<u>-</u>	<u>31,257</u>
	<u>1,329,519</u>	<u>70,643</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(204,865)</u>	<u>(59,880)</u>
Additional Funding Provided by:		
Net transfers from (to) operating fund	(111,408)	5,909
Net transfers from reserve fund	208,117	53,971
Debt issued	<u>108,156</u>	<u>-</u>
	<u>204,865</u>	<u>59,880</u>
Change in Unfunded Expenditures	-	-
Capital Fund, Beginning of Year	<u>-</u>	<u>-</u>
Capital Fund, End of Year	<u>\$ -</u>	<u>\$ -</u>

TOWN OF MAYERTHORPE

SCHEDULE 3

SCHEDULE OF RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
Reserve Fund, Beginning of Year	\$ 547,563	\$ 497,397
Transfers from (to) Operating Fund	1,680,277	104,137
Transfers from (to) Capital Fund	<u>(208,117)</u>	<u>(53,971)</u>
Reserve Fund, End of Year (Note 9)	<u>\$ 2,019,723</u>	<u>\$ 547,563</u>

TOWN OF MAYERTHORPE
SCHEDULE OF EQUITY IN PHYSICAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE 4

	<u>2008</u>	<u>2007</u>
Physical Assets Acquired During the Year (Schedule 6)	\$ 1,329,519	\$ 70,643
Capital Financing		
Repayment of capital long-term debt from operating fund (Schedule 1)	93,068	81,860
Proceeds of capital long-term debt (Schedule 2)	<u>(108,156)</u>	<u>-</u>
Change in Equity in Physical Assets	1,314,431	152,503
Equity in Physical Assets, Beginning of Year	<u>12,249,388</u>	<u>12,096,885</u>
Equity in Physical Assets, End of Year	<u>\$13,563,819</u>	<u>\$12,249,388</u>
Equity in Physical Assets Comprised of the Following:		
Physical assets	\$14,593,138	\$13,263,620
Long-term debt related to physical assets	<u>(1,029,319)</u>	<u>(1,014,232)</u>
	<u>\$13,563,819</u>	<u>\$12,249,388</u>

TOWN OF MAYERTHORPE
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2008

SCHEDULE 5

	<u>2008</u> (Budget) (Note 18)	<u>2008</u> (Actual)	<u>2007</u> (Actual)
Revenue			
Real property taxes	\$ 1,202,151	\$ 1,193,744	\$ 1,114,212
Power and pipeline taxes	58,000	56,575	57,851
Grants in lieu of taxes	23,000	23,713	22,488
Local improvement levies	<u>23,108</u>	<u>24,705</u>	<u>24,705</u>
	<u>1,306,259</u>	<u>1,298,737</u>	<u>1,219,256</u>
Deduct:			
Alberta School Foundation Fund	258,541	258,541	270,465
Lac Ste. Anne Foundation	<u>11,453</u>	<u>11,453</u>	<u>7,976</u>
	<u>269,994</u>	<u>269,994</u>	<u>278,441</u>
Net Taxes for General Municipal Purposes	<u>\$ 1,036,265</u>	<u>\$ 1,028,743</u>	<u>\$ 940,815</u>

TOWN OF MAYERTHORPE

SCHEDULE 6

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2008

	General Administration	Protective Services	Roads, streets walks, lighting	Utilities	Parks and Recreation	Other	Total
Revenue							
Other	\$ 113,383	\$ 30,485	\$ 4,446	\$ 141,006	\$ 1,424,162	\$ 86,938	\$ 1,800,420
Provincial government transfers	149,445	119,626	1,055,047	19,680	153,735	67,405	1,564,938
Net taxes for general municipal purposes	198,129	311,108	455,993	-	17,112	46,401	1,028,743
Sales and user charges	<u>26,804</u>	<u>29,453</u>	<u>3,792</u>	<u>479,455</u>	<u>18,445</u>	<u>150,289</u>	<u>708,238</u>
	<u>487,761</u>	<u>490,672</u>	<u>1,519,278</u>	<u>640,141</u>	<u>1,613,454</u>	<u>351,033</u>	<u>5,102,339</u>
Expenditures							
Physical assets acquired	35,477	302,011	992,031	-	-	-	1,329,519
Materials, goods and supplies	147,869	53,095	157,552	345,191	130,548	93,925	928,180
Salaries, wages and benefits	185,098	54,775	162,357	92,408	52,047	170,144	716,829
Contracted and general services	76,973	73,811	119,756	141,381	-	121,468	533,389
Utilities and telephone	15,072	3,295	61,114	28,763	8,543	5,125	121,912
Other	10,606	3,685	-	-	20,000	40,800	75,091
Interest and bank charges	<u>16,666</u>	<u>-</u>	<u>26,468</u>	<u>13,095</u>	<u>-</u>	<u>9,705</u>	<u>65,934</u>
	<u>487,761</u>	<u>490,672</u>	<u>1,519,278</u>	<u>620,838</u>	<u>211,138</u>	<u>441,167</u>	<u>3,770,854</u>
	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>19,303</u>	\$ <u>1,402,316</u>	\$ <u>(90,134)</u>	\$ <u>1,331,485</u>

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

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. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenditures, changes in fund balances and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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

(b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenditures recognized in the period the goods and services are acquired and a liability is incurred or transfers are due with the exception of pension expenditures as disclosed in Note 1(m).

(c) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Capital fund interest payments and the cost of subdivision land sold are recorded as operating fund expenditures. The proceeds from the sale of subdivision land are recorded as operating fund revenue.

(d) Investments

Investments are recorded at amortized cost. 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.

(d) Inventory of Supplies

Inventory of supplies is valued at the lower of cost and net realizable value. Cost is determined primarily on a first in, first out basis.

(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 levelling 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) 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.

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Physical Assets

Physical assets are recorded as capital fund expenditures in the year they are acquired. Physical assets are recorded at cost except for donated assets, which are recorded at their estimated fair value when acquired. Government transfers for the acquisition of capital assets are recorded as capital revenue and do not reduce the related physical asset costs. Physical assets are currently not amortized. Amortization is expected to be presented in the financial statements in the 2009 fiscal year.

(h) 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.

(i) Reserves for Future Expenditures

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

(j) Equity in Physical Assets

Equity in physical assets represents the Town's net investment in its total physical assets, after deducting the portion financed by third parties through debenture, bond, and mortgage debts, long-term capital borrowing, capitalized leases, and other capital liabilities.

(k) 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.

(l) Allowances for Operating and Physical Assets

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital functions. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues in the respective operating or capital fund.

(m) Pension Expenditure

The Town participates in a multi-employer defined benefit plan. This plan is accounted for as a defined contribution plan.

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2008

2. ACCOUNTS RECEIVABLE

	<u>2008</u>	<u>2007</u>
Trade	\$ 285,496	\$ 139,699
Property taxes	152,089	79,219
Government	<u>60,210</u>	<u>48,044</u>
	<u>\$ 497,795</u>	<u>\$ 266,962</u>

3. LONG-TERM INVESTMENTS

	<u>2008</u>	<u>2007</u>
United Farmers of Alberta Co-operative Limited, patronage equity.	<u>\$ 2,650</u>	<u>\$ 2,650</u>

4. PHYSICAL ASSETS

	<u>Cost</u> <u>Beginning of</u> <u>Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Cost</u> <u>End of</u> <u>Year</u>
Land for government use	\$ 69,851	\$ -	\$ -	\$ 69,851
Buildings	790,861	-	-	790,861
Engineering structures	11,348,843	843,031	-	12,191,874
Machinery and equipment	757,691	211,390	-	969,081
Vehicles	<u>296,374</u>	<u>275,097</u>	<u>-</u>	<u>571,471</u>
	<u>\$13,263,620</u>	<u>\$ 1,329,518</u>	<u>\$ -</u>	<u>\$14,593,138</u>

Public Sector Guideline 7 (PSG-7)

Effective January 1, 2007, the Town adopted PSG-7 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until *Section 3150 - Tangible Capital Assets* of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

As of December 31, 2008, the Town has compiled detailed information for all of their capital assets, including original cost and approximate year of acquisition and established a capital policy. The Town is in the processing of recording this information into the appropriate schedule. It is expected that the Town will be applying the new tangible capital asset recommendations contained in Section 3150 effective January 1, 2009.

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2008

5. 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, 2008. There is no balance outstanding at December 31, 2008.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2008</u>	<u>2007</u>
Trade	\$ 413,509	\$ 340,492
Deposits	80	180
Accrued interest on long-term debt	<u>19,962</u>	<u>20,775</u>
	<u>\$ 433,551</u>	<u>\$ 361,447</u>

7. DEFERRED REVENUE

	<u>2008</u>	<u>2007</u>
Provincial grants received in advance	\$ 344,618	\$ 697,433
Prepaid local improvement charges	<u>22,022</u>	<u>23,466</u>
	<u>\$ 366,640</u>	<u>\$ 720,899</u>

8. LONG-TERM DEBT

	<u>2008</u>	<u>2007</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in annual instalments 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.	168,603	180,842
Debenture debt held by Alberta Capital Finance Authority, repayable in annual instalments 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.	222,336	243,770
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.	70,200	85,665
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual instalments 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.	214,622	242,723

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2008

8. LONG-TERM DEBT (CONT'D)

	<u>2008</u>	<u>2007</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual instalments 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.	252,467	261,232
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual instalments 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.	79,897	-
Mayerthorpe Fire Department loan bearing interest at 0% per annum, repayable in annual blended instalments of \$7,065. The loan matures April 7, 2011 and is unsecured.	<u>21,194</u>	<u>-</u>
	1,029,319	1,014,232
Less: Current portion	<u>(104,048)</u>	<u>(86,003)</u>
	<u>\$ 925,271</u>	<u>\$ 928,229</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 104,048	\$ 49,851	\$ 153,899
2010	108,901	44,999	153,900
2011	113,999	39,900	153,899
2012	112,293	34,542	146,835
2013	98,069	28,911	126,980
Thereafter	<u>492,009</u>	<u>105,963</u>	<u>597,972</u>
	<u>\$ 1,029,319</u>	<u>\$ 304,166</u>	<u>\$ 1,333,485</u>

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2008

9. RESERVES

	<u>2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>2008</u>
Parks and recreation development	\$ 136,085	\$ 1,434,213	\$ -	\$ 1,570,298
Fire	94,000	80,400	94,000	80,400
Infrastructure program	39,360	-	-	39,360
Water infrastructure	31,241	9,063	-	40,304
Southeast water/sewer expansion	30,000	-	-	30,000
Land sales	20,000	125,587	-	145,587
West end bus	15,000	-	-	15,000
Administrative equipment	9,000	3,000	-	12,000
Cemetery	10,000	-	-	10,000
Street construction and improvement	9,520	-	-	9,520
Operating contingency	74,322	30,780	65,703	39,399
Public works equipment	59,480	-	53,480	6,000
Mural	6,000	-	-	6,000
ERC building maintenance	5,355	-	-	5,355
Subdivision land development	3,266	-	-	3,266
Bylaws enforcement	3,721	-	3,721	-
Airport	1,213	-	1,213	-
Disaster services	<u>-</u>	<u>7,234</u>	<u>-</u>	<u>7,234</u>
	<u>\$ 547,563</u>	<u>\$ 1,690,277</u>	<u>\$ 218,117</u>	<u>\$ 2,019,723</u>

10. GRANT FACILITATION

During the year the Town assisted a new local not-for-profit society in receiving federal and provincial grants totalling \$94,086. These grants were paid to and are included in provincial government transfers revenue of the Town. These funds were then paid to the not-for-profit society and included in general administration expense.

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2008

11. 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>2008 Total</u>	<u>2007 Total</u>
Mayor - Albert Schalm	\$ -	\$ -	\$ -	\$ 9,680
Mayor - Douglas McDermid	11,900	-	11,900	2,650
Councillors				
Glen Wilcox	8,600	-	8,600	8,550
Eddie Hendrickson	-	-	-	4,953
Jack Evarts	6,125	-	6,125	6,075
Kim Connell	8,050	-	8,050	8,000
Dan Richard	6,950	-	6,950	6,750
Cliff Wihlidal	-	-	-	4,903
Patricia Oliver	6,625	-	6,625	1,775
Kate Patrick	<u>8,475</u>	<u>-</u>	<u>8,475</u>	<u>1,775</u>
	<u>\$ 56,725</u>	<u>\$ -</u>	<u>\$ 56,725</u>	<u>\$ 55,111</u>
Chief Administrative Officer	<u>\$ 76,547</u>	<u>\$ 13,899</u>	<u>\$ 90,446</u>	<u>\$ 70,855</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, 2008

12. 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>2008</u>	<u>2007</u>
Total debt limit	\$ 5,981,528	\$ 3,142,391
Total debt	<u>(1,029,319)</u>	<u>(1,014,232)</u>
Amount of total debt limit unused	<u>\$ 4,952,209</u>	<u>\$ 2,128,159</u>
Debt servicing limit	\$ 996,921	\$ 523,732
Debt servicing	<u>(153,899)</u>	<u>(137,035)</u>
Amount of debt servicing limit unused	<u>\$ 843,022</u>	<u>\$ 386,697</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.

13. 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.

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

Total current and past service contributions made by the Town to the LAPP in 2008 were \$27,101 (2007 - \$23,684). Total current and past service contributions made by the employees of the Town to the LAPP in 2008 were \$23,825 (2007 - \$20,751).

At December 31, 2007, the LAPP disclosed an actuarial deficit of \$1,183 million (2006 - \$746.7 million).

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2008

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 6).

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.