

TOWN OF MAYERTHORPE

MAYERTHORPE, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

HAWKINGS EPP DUMONT LLP

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AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Town of Mayerthorpe ("the Town") as at December 31, 2006 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Town's Council. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 Town as at December 31, 2006 and the results of its financial activities and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
February 28, 2007

HAWKINGS EPP DUMONT LLP
Chartered Accountants

Hawkings Epp Dumont LLP

Founding Partners
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**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
February 28, 2007

Connie Hughes, Acting Chief Administrative Officer

TOWN OF MAYERTHORPE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Financial Assets		
Cash and temporary investments	\$ 773,040	\$ 557,007
Accounts receivable (Note 2)	184,726	239,492
Inventory of supplies	99,523	93,142
Prepaid expenses	9,542	21,720
Land held for resale	113,025	141,025
Long-term investments (Note 3)	<u>2,606</u>	<u>2,540</u>
	1,182,462	1,054,926
Physical Assets (Note 4)	<u>13,192,976</u>	<u>12,215,402</u>
	<u>\$14,375,438</u>	<u>\$13,270,328</u>

LIABILITIES

Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 215,224	\$ 147,434
Deferred revenue (Note 7)	57,401	478,059
Long-term debt (Note 8)	<u>1,096,091</u>	<u>896,423</u>
	<u>1,368,716</u>	<u>1,521,916</u>

MUNICIPAL POSITION

Fund Balances		
Operating Fund (Schedule 1)	412,440	127,636
Capital Fund (Schedule 2)	<u>497,397</u>	<u>301,797</u>
Reserves (Note 9) (Schedule 3)	909,837	429,433
	<u>12,096,885</u>	<u>11,318,979</u>
Equity in Physical Assets (Schedule 4)	<u>13,006,722</u>	<u>11,748,412</u>
	<u>\$14,375,438</u>	<u>\$13,270,328</u>

ON BEHALF OF TOWN COUNCIL:

Mayor

Deputy Mayor

See accompanying notes to the financial statements.

TOWN OF MAYERTHORPE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
Revenue		
Net taxes for general municipal purposes (Schedule 5)	\$ 848,227	\$ 853,813
Sales and user charges	499,914	518,217
Penalties and costs on taxes	16,937	17,008
Licenses and permits	12,796	7,291
Fines	15,362	18,730
Franchise and concession contracts	31,660	25,653
Return on investments	34,829	17,724
Rentals	1,030	880
Provincial government transfers	1,307,216	178,719
Federal government transfers	47,252	15,000
Local government transfers	74,803	56,396
Proceeds from sale of subdivision land	54,000	10,500
Proceeds on disposal of physical assets	-	2,500
	<u>2,944,026</u>	<u>1,722,431</u>
Expenditures		
Council and other legislative	49,036	62,069
General administration	283,191	291,478
Fire	49,367	51,946
Disaster and emergency services	63,066	59,933
Bylaws enforcement	47,528	49,642
Roads, streets, walks and lighting	1,261,866	380,726
Water supply and distribution	182,757	326,050
Wastewater treatment and disposal	77,722	59,331
Waste management	153,357	109,333
Family and community support services	147,462	132,950
Community and agricultural services	5,812	9,489
Subdivision land and development	28,000	16,214
Land use planning, zoning and development	133,997	417,789
Parks and recreation	166,549	149,929
Culture: libraries, museums and halls	13,581	16,107
	<u>2,663,291</u>	<u>2,132,986</u>
Excess (Deficiency) of Revenue over Expenditures	280,735	(410,555)
Debt Issued	269,600	308,000
Debt Principal Repayments	<u>(69,931)</u>	<u>(54,295)</u>
Change in Fund Balances	\$ <u>480,404</u>	\$ <u>(156,850)</u>

See accompanying notes to the financial statements.

TOWN OF MAYERTHORPE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
Operating Activities		
Cash from operations	\$ 280,735	\$ (410,555)
Excess (deficiency) of revenue over expenditures		
Change in non-cash working capital balances related to operations:		
Accounts receivable	54,766	43,286
Inventory of supplies	(6,381)	(40,530)
Prepaid expenses	12,178	(17,796)
Land held for resale	28,000	9,000
Accounts payable and accrued liabilities	67,790	62,061
Deferred revenue	<u>(420,658)</u>	<u>405,919</u>
	<u>16,430</u>	<u>51,385</u>
Financing Activities		
Proceeds on long-term debt	269,600	308,000
Repayment of long-term debt	<u>(69,931)</u>	<u>(54,295)</u>
	<u>199,669</u>	<u>253,705</u>
Investing Activities		
Decrease (increase) in long-term investments	<u>(66)</u>	<u>7,478</u>
Change in Cash and Temporary Investments for the Year	216,033	312,568
Cash and Temporary Investments, Beginning of Year	<u>557,007</u>	<u>244,439</u>
Cash and Temporary Investments, End of Year	<u>\$ 773,040</u>	<u>\$ 557,007</u>

See accompanying notes to the financial statements.

TOWN OF MAYERTHORPE

SCHEDULE 1

SCHEDULE OF OPERATING FUND ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 (Budget) (Note 17)	2006 (Actual)	2005 (Actual)
Revenue			
Net taxes for general municipal purposes (Schedule 5)	\$ 845,321	\$ 848,227	\$ 853,813
Sales and user charges	629,871	499,914	518,217
Provincial government transfers	102,979	338,478	144,852
Local government transfers	51,470	74,803	56,396
Proceeds from sale of subdivision land	-	54,000	10,500
Return on investments	14,000	34,829	17,724
Franchise fees and concession contracts	26,000	31,660	25,653
Penalties and costs on taxes	20,000	16,937	17,008
Fines	18,000	15,362	18,730
Licenses and permits	12,250	12,796	7,291
Rentals	-	1,030	880
Federal government transfers	-	-	15,000
	<u>1,719,891</u>	<u>1,928,036</u>	<u>1,686,064</u>
Expenditures			
Roads, streets, walks and lighting	261,288	284,291	349,367
General administration	248,243	283,191	262,478
Water supply and distribution	205,680	182,757	132,145
Parks and recreation	143,667	166,549	140,422
Waste management	132,533	153,357	109,333
Family and community support services	104,650	147,462	132,950
Land use planning, zoning and development	68,116	133,997	62,054
Wastewater treatment and disposal	59,738	77,722	59,331
Disaster and emergency services	63,600	63,066	59,933
Fire	75,870	49,367	33,882
Council and other legislative	70,450	49,036	62,069
Bylaws enforcement	56,850	47,528	48,591
Subdivision land and development	-	28,000	9,000
Culture: libraries, museums and halls	16,081	13,581	16,107
Community and agricultural services	16,526	5,812	9,489
	<u>1,523,292</u>	<u>1,685,716</u>	<u>1,487,151</u>
Excess of Revenue over Expenditures	<u>196,599</u>	<u>242,320</u>	<u>198,913</u>
Transfer from (to) Reserves	(16,513)	(195,600)	(62,610)
Transfer from (to) Capital Fund	(113,400)	308,015	(291,468)
Debt Principal Repayments	(66,686)	(69,931)	(54,295)
	<u>(196,599)</u>	<u>42,484</u>	<u>(408,373)</u>
Change in Operating Fund During the Year	<u>\$ -</u>	<u>284,804</u>	<u>(209,460)</u>
Operating Fund, Beginning of Year		<u>127,636</u>	<u>337,096</u>
Operating Fund, End of Year		<u>\$ 412,440</u>	<u>\$ 127,636</u>

See accompanying notes to the financial statements.

TOWN OF MAYERTHORPE

SCHEDULE OF CAPITAL FUND ACTIVITIES

SCHEDULE 2

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
Revenue		
Provincial government transfers	\$ 968,738	\$ 33,867
Federal government transfers	47,252	-
Proceeds on disposal of physical assets	<u>-</u>	<u>2,500</u>
	<u>1,015,990</u>	<u>36,367</u>
Expenditures		
Roads, streets, walks and lighting	977,575	31,359
Water supply and distribution	-	193,905
Subdivision land and development	-	7,214
Parks and recreation	-	9,507
Land use planning, zoning and development	-	355,735
General administration	-	29,000
Fire	-	18,064
Bylaws enforcement	<u>-</u>	<u>1,051</u>
	<u>977,575</u>	<u>645,835</u>
Excess (Deficiency) of Revenue over Expenditures	<u>38,415</u>	<u>(609,468)</u>
Additional Funding Provided by:		
Net transfers from (to) operating fund	(308,015)	291,468
Net transfers from reserve fund	269,600	10,000
Debt issued	<u>(38,415)</u>	<u>609,468</u>
Change in Unfunded Expenditures	-	-
Capital Fund, Beginning of Year	<u>-</u>	<u>-</u>
Capital Fund, End of Year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**TOWN OF MAYERTHORPE
SCHEDULE OF RESERVES**

SCHEDULE 3

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
Reserve Fund, Beginning of Year	\$ 301,797	\$ 249,187
Transfers from (to) Operating Fund	195,600	62,610
Transfers from (to) Capital Fund	<u>-</u>	<u>(10,000)</u>
Reserve Fund, End of Year (Note 9)	<u>\$ 497,397</u>	<u>\$ 301,797</u>

See accompanying notes to the financial statements.

TOWN OF MAYERTHORPE

SCHEDULE 4

SCHEDULE OF EQUITY IN PHYSICAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
Physical Assets Acquired During the Year (Schedule 2)	\$ 977,575	\$ 645,835
Disposal of Physical Assets (cost)	-	(15,000)
Capital Financing		
Repayment of capital long-term debt from operating fund (Schedule 1)	69,931	54,295
Proceeds of capital long-term debt (Schedule 2)	<u>(269,600)</u>	<u>(308,000)</u>
Change in Equity in Physical Assets	777,906	377,130
Equity in Physical Assets, Beginning of Year	<u>11,318,979</u>	<u>10,941,849</u>
Equity in Physical Assets, End of Year	<u>\$12,096,885</u>	<u>\$11,318,979</u>
Equity in Physical Assets Comprised of the Following:		
Physical assets	\$13,192,976	\$12,215,402
Long-term debt related to physical assets	<u>(1,096,091)</u>	<u>(896,423)</u>
	<u>\$12,096,885</u>	<u>\$11,318,979</u>

See accompanying notes to the financial statements.

TOWN OF MAYERTHORPE

SCHEDULE 5

SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 (Budget) (Note 17)	2006 (Actual)	2005 (Actual)
Revenue			
Real property taxes	\$ 1,047,419	\$ 1,044,213	\$ 1,067,187
Power and pipeline taxes	53,685	57,945	56,697
Grants in lieu of taxes	39,250	24,094	24,464
Local improvement levies	<u>8,825</u>	<u>9,323</u>	<u>9,323</u>
	<u>1,149,179</u>	<u>1,135,575</u>	<u>1,157,671</u>
Deduct:			
Alberta School Foundation Fund	295,467	279,513	295,467
Lac Ste. Anne Foundation	<u>8,391</u>	<u>7,835</u>	<u>8,391</u>
	<u>303,858</u>	<u>287,348</u>	<u>303,858</u>
Net Taxes for General Municipal Purposes	\$ <u>845,321</u>	\$ <u>848,227</u>	\$ <u>853,813</u>

See accompanying notes to the financial statements.

TOWN OF MAYERTHORPE

SCHEDULE 6

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>		<u>2005</u>	
Physical Assets Acquired	\$ 977,575	37 %	\$ 645,835	30 %
Materials, Goods and Supplies	581,420	22 %	539,355	26 %
Salaries, Wages and Benefits	570,386	21 %	573,554	27 %
Contracted and General Services	416,294	16 %	265,508	12 %
Transfers to Individuals and Organizations	65,542	2 %	61,124	3 %
Interest on Capital Long-Term Debt	48,400	2 %	45,286	2 %
Interest and Bank Charges	2,954	-	2,324	-
Other Expenditures	<u>720</u>	<u>- %</u>	<u>-</u>	<u>- %</u>
	<u>\$ 2,663,291</u>	<u>100 %</u>	<u>\$ 2,132,986</u>	<u>100 %</u>

See accompanying notes to the financial statements.

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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 municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.
- (b) **Basis of Accounting**
The schedule of taxes levied also includes requisitions for education that are not part of the municipal reporting entity.
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) **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 municipality, and reasonable estimates of the amounts can be made.

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2006

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 for government purposes are not amortized.
- (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, 2006

2. ACCOUNTS RECEIVABLE		<u>2006</u>	<u>2005</u>
Trade		\$ 88,255	\$ 104,589
Property taxes		67,629	64,894
Government		<u>28,842</u>	<u>70,009</u>
		<u>\$ 184,726</u>	<u>\$ 239,492</u>

3. LONG-TERM INVESTMENTS		<u>2006</u>	<u>2005</u>
United Farmers of Alberta Co-operative Limited, patronage equity.		<u>\$ 2,606</u>	<u>\$ 2,540</u>

4. PHYSICAL ASSETS		<u>2006</u>	<u>2005</u>
Land for government use		\$ 69,851	\$ 69,851
Buildings		788,921	788,921
Engineering structures		11,320,293	10,342,719
Machinery and equipment		741,816	741,816
Vehicles		<u>272,095</u>	<u>272,095</u>
		<u>\$13,192,976</u>	<u>\$12,215,402</u>

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, 2006. There is no balance outstanding at December 31, 2006.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		<u>2006</u>	<u>2005</u>
Trade		\$ 164,522	\$ 122,202
Deposits		28,253	5,017
Accrued interest on long-term debt		<u>22,449</u>	<u>20,215</u>
		<u>\$ 215,224</u>	<u>\$ 147,434</u>

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
7. DEFERRED REVENUE		
Provincial grants received in advance	\$ 32,490	\$ 471,590
Prepaid local improvement charges	<u>24,911</u>	<u>6,469</u>
	\$ <u>57,401</u>	\$ <u>478,059</u>

8. LONG-TERM DEBT

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.	\$ 192,415	\$ 203,359
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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.	264,038	283,205
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Debenture debt held by Alberta Capital Finance Authority, repayable in annual instalments 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.	100,375	114,369
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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.	269,663	295,490
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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.	<u>269,600</u>	<u>-</u>
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	1,096,091	896,423
	<u>(81,860)</u>	<u>(69,931)</u>
Less: Current portion	<u>\$ 1,014,231</u>	<u>\$ 826,492</u>

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2006

8. LONG-TERM DEBT (CONT'D)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 81,860	\$ 55,176	\$ 137,036
2008	86,003	51,032	137,035
2009	90,360	46,676	137,036
2010	94,940	42,095	137,035
2011	99,756	37,279	137,035
Thereafter	<u>643,172</u>	<u>160,019</u>	<u>803,191</u>
	<u>\$ 1,096,091</u>	<u>\$ 392,277</u>	<u>\$ 1,488,368</u>

9. RESERVES

	<u>2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>2006</u>
Parks and recreation development	\$ 46,085	\$ 80,000	-	\$ 126,085
Public works equipment	46,480	28,000	-	74,480
Fire truck replacement	50,000	22,000	-	72,000
Infrastructure program	8,760	30,600	-	39,360
Water infrastructure	31,241	-	-	31,241
Southeast water/sewer expansion	30,000	-	-	30,000
Street construction and improvement	26,000	-	-	26,000
Operating contingency	12,010	12,600	-	24,610
Land sales	-	20,000	-	20,000
West end bus	12,600	2,400	-	15,000
Cemetery	10,000	-	-	10,000
Administrative equipment	9,000	-	-	9,000
Mural	6,000	-	-	6,000
ERC building maintenance	5,355	-	-	5,355
Airport	5,000	-	-	5,000
Subdivision land development	<u>3,266</u>	-	-	<u>3,266</u>
	<u>\$ 301,797</u>	<u>\$ 195,600</u>	<u>\$ -</u>	<u>\$ 497,397</u>

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2006

10. SALARIES AND BENEFITS DISCLOSURE

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

	<u>Salary (1)</u>	<u>Benefits (2)</u>	2006 <u>Total</u>	2005 <u>Total</u>
Mayor - Albert Schalm	\$ 8,985	\$ -	\$ 8,985	\$ 9,223
Councillors				
Glen Wilcox	6,655	-	6,655	7,430
Eddie Hendrickson	5,870	-	5,870	7,130
Jack Everts	5,445	-	5,445	6,440
Kim Connell	5,345	-	5,345	5,860
Dan Richard	4,705	-	4,705	5,790
Cliff Whithidal	4,745	-	4,745	4,445
	<u>\$ 41,750</u>	<u>\$ -</u>	<u>\$ 41,750</u>	<u>\$ 46,318</u>
Municipal Administrator	\$ <u>57,961</u>	\$ <u>7,470</u>	\$ <u>65,431</u>	\$ <u>62,283</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, 2006

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>2006</u>	<u>2005</u>
Total debt limit	\$ 2,890,563	\$ 2,397,375
Total debt	<u>(1,096,091)</u>	<u>(642,717)</u>
Amount of total debt limit unused	<u>\$ 1,794,472</u>	<u>\$ 1,754,658</u>
Debt servicing limit	\$ 481,761	\$ 399,563
Debt servicing	<u>(137,036)</u>	<u>(77,943)</u>
Amount of debt servicing limit unused	<u>\$ 344,725</u>	<u>\$ 321,620</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 municipality. 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. 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*. The Plan serves about 159,936 people and 407 employers. 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 7.75% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 10.64% for the excess.

Total current and past service contributions made by the Town to the LAPP in 2006 were \$21,728 (2005 - \$20,838). Total current and past service contributions made by the employees of the Town to the LAPP in 2006 were \$19,020 (2005 - \$18,139).

At December 31, 2005, the Plan disclosed an actuarial deficit of \$0.86 billion.

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2006

14. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivables, prepaid expenses, long-term investments, accounts payable and accrued liabilities, deferred revenue 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.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

17. BUDGET

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

