

TOWN OF MAYERTHORPE

MAYERTHORPE, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

Hawkings Epp Dumont LLP

Chartered Accountants

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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, 2009 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 management. 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, 2009 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
March 5, 2010

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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
March 5, 2010



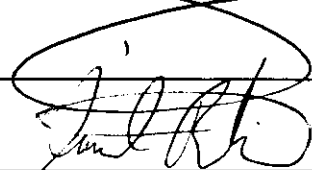
Karen St. Martin, Chief Administrative Officer

TOWN OF MAYERTHORPE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u> (Restated) (Note 19)
FINANCIAL ASSETS		
Cash and temporary investments (Note 4)	\$ 4,884,099	\$ 2,323,372
Accounts receivable (Note 2)	408,433	497,794
Land held for resale	35,000	173,133
Long-term investments (Note 3)	<u>617,875</u>	<u>2,650</u>
	<u>5,945,407</u>	<u>2,996,949</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	546,536	433,551
Deferred revenue (Note 6)	2,039,002	366,640
Long-term debt (Note 7)	<u>1,503,723</u>	<u>1,029,319</u>
	<u>4,089,261</u>	<u>1,829,510</u>
NET FINANCIAL ASSETS	<u>1,856,146</u>	<u>1,167,439</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	86,997	99,271
Prepaid expenses and deposits	2,097	10,552
Tangible Capital Assets (Schedule 1)	<u>7,561,183</u>	<u>7,226,210</u>
	<u>7,650,277</u>	<u>7,336,033</u>
ACCUMULATED SURPLUS (Note 9)	\$ <u>9,506,423</u>	\$ <u>8,503,472</u>

CONTINGENCIES (Note 13)

ON BEHALF OF TOWN COUNCIL:



Mayor

Deputy Mayor

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

	<u>2009</u> (Budget) (Note 18)	<u>2009</u> (Actual)	<u>2008</u> (Actual) (Restated) (Note 19)
Revenue			
Net taxes for general municipal purposes (Schedule 2)	\$ 1,131,960	\$ 1,139,715	\$ 1,028,743
Sales and user charges	689,935	569,333	710,183
Proceeds from sale of subdivision land	433,788	457,500	-
Government transfers (Schedule 3)	341,624	420,403	669,091
Return on investments	35,000	86,871	51,037
Franchise fees and concession contracts	34,194	38,590	33,362
Penalties and costs on taxes	37,393	25,747	39,772
Fines	17,450	21,536	18,397
Rentals	10,120	7,590	10,774
Licenses and permits	<u>13,400</u>	<u>7,401</u>	<u>14,009</u>
	<u>2,744,864</u>	<u>2,774,686</u>	<u>2,575,368</u>
Expenses			
Roads, streets, walks and lighting	568,358	463,908	527,248
Amortization	-	421,485	419,183
General administration	366,158	359,785	452,280
Water supply and distribution	233,782	251,176	206,935
Seniors housing	-	250,000	-
Family and community support services	148,429	169,804	149,600
Subdivision land and development	-	160,746	-
Parks and recreation	143,336	144,696	211,138
Waste management	128,732	137,288	367,941
Land use planning, zoning and development	130,911	106,526	184,582
Fire	113,174	91,821	51,106
Council and other legislative	100,000	83,336	77,767
Bylaws enforcement	81,250	69,889	61,345
Wastewater treatment and disposal	58,279	42,804	45,962
Disaster and emergency services	31,806	32,433	76,210
Culture: libraries, museums and halls	15,900	16,038	15,891
Community and agricultural services	<u>16,932</u>	<u>14,268</u>	<u>13,327</u>
	<u>2,137,047</u>	<u>2,816,003</u>	<u>2,860,515</u>
Excess (Deficiency) of Revenue over Expenses			
Before Other Items	<u>607,817</u>	<u>(41,317)</u>	<u>(285,147)</u>
Other Items			
Gain (loss) on disposal of capital assets	-	751,191	1,395,018
Government transfers for capital (Schedule 3)	<u>2,388,026</u>	<u>293,077</u>	<u>1,114,654</u>
	<u>2,388,026</u>	<u>1,044,268</u>	<u>2,509,672</u>
Excess of Revenue over Expenses	<u>\$ 2,995,843</u>	<u>1,002,951</u>	<u>2,224,525</u>
Accumulated Surplus, Beginning of Year, As Previously Stated		8,503,472	13,209,391
Change In Accounting Policy (Note 19)		-	<u>(6,930,444)</u>
Accumulated Surplus, Beginning of Year, As Restated		<u>8,503,472</u>	<u>6,278,947</u>
Accumulated Surplus, End of Year		<u>\$ 9,506,423</u>	<u>\$ 8,503,472</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, 2009

	<u>2009</u> (Actual)	<u>2008</u> (Actual) (Restated) (Note 19)
Excess of Revenue over Expenses	\$ <u>1,002,951</u>	\$ <u>2,224,525</u>
Acquisition of tangible capital assets	(771,818)	(1,329,518)
Proceeds on disposal of tangible capital assets	766,550	1,412,317
Amortization of tangible capital assets	421,485	419,183
(Gain) loss on sale of tangible capital assets	<u>(751,191)</u>	<u>(1,395,018)</u>
	<u>(334,974)</u>	<u>(893,036)</u>
Use (acquisition) of supplies inventories	12,275	(5,564)
Use (acquisition) of prepaid assets	<u>8,455</u>	<u>17,756</u>
	<u>20,730</u>	<u>12,192</u>
Increase (Decrease) In Net Financial Assets	688,707	1,343,681
Net Financial Assets (Debt), Beginning of Year	<u>1,167,439</u>	<u>(176,242)</u>
Net Financial Assets, End of Year	\$ <u>1,856,146</u>	\$ <u>1,167,439</u>

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

	<u>2009</u>	<u>2008</u> (Restated) (Note 19)
Operating Activities		
Cash from operations		
Excess of revenue over expenditures	\$ 1,002,951	\$ 2,224,525
Amortization	421,485	419,183
Gain on disposal of capital assets	<u>(751,191)</u>	<u>(1,395,018)</u>
	<u>673,245</u>	<u>1,248,690</u>
Change in non-cash working capital		
balances related to operations:		
Accounts receivable	89,361	(230,832)
Inventory of supplies	12,274	(5,560)
Prepaid expenses and deposits	8,455	17,756
Land held for resale	138,133	-
Accounts payable and accrued liabilities	112,985	72,102
Deferred revenue	<u>1,672,362</u>	<u>(354,259)</u>
	<u>2,033,570</u>	<u>(500,793)</u>
	<u>2,706,815</u>	<u>747,897</u>
Financing Activities		
Proceeds on long-term debt	590,086	108,156
Repayment of long-term debt	<u>(115,682)</u>	<u>(93,068)</u>
	<u>474,404</u>	<u>15,088</u>
Capital Activities		
Acquisition of tangible capital assets	(771,817)	(1,329,522)
Proceeds on disposal of tangible capital assets	<u>766,550</u>	<u>1,412,317</u>
	<u>(5,267)</u>	<u>82,795</u>
Investing Activities		
Decrease (increase) in long-term investments	<u>(615,225)</u>	<u>110,988</u>
Change in Cash and Temporary Investments for the Year	2,560,727	956,768
Cash and Temporary Investments, Beginning of Year	<u>2,323,372</u>	<u>1,366,604</u>
Cash and Temporary Investments, End of Year	<u>\$ 4,884,099</u>	<u>\$ 2,323,372</u>

TOWN OF MAYERTHORPE

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2009

	Land	Land Improvements	Buildings	Roadways	Engineered Structures Water	Wastewater	Machinery and Equipment	Vehicles	2009	2008 (Restated) (Note 19)
COST:										
Balance, Beginning of Year	\$ 69,851	\$ -	\$ 689,202	\$ 6,043,982	\$ 5,277,488	\$ 2,638,154	\$ 594,930	\$ 452,722	\$ 15,766,329	\$ 14,496,980
Acquisition of tangible capital assets	-	16,356	123,764	269,733	133,392	96,410	26,119	106,044	771,818	1,329,518
Disposal of tangible capital assets	-	-	-	(5,366)	(5,842)	-	-	(82,378)	(93,586)	(60,169)
Balance, End of Year	<u>69,851</u>	<u>16,356</u>	<u>812,966</u>	<u>6,308,349</u>	<u>5,405,038</u>	<u>2,734,564</u>	<u>621,049</u>	<u>476,388</u>	<u>16,444,561</u>	<u>15,766,329</u>
ACCUMULATED AMORTIZATION:										
Balance, Beginning of Year	-	-	293,506	4,426,576	2,258,404	1,268,640	177,757	115,236	8,540,119	8,163,806
Annual amortization	-	195	13,624	211,245	93,713	39,810	40,276	22,622	421,485	419,183
Accumulated amortization on disposals	-	-	-	(5,366)	(5,842)	-	-	(67,018)	(78,226)	(42,870)
Balance, End of Year	-	<u>195</u>	<u>307,130</u>	<u>4,632,455</u>	<u>2,346,275</u>	<u>1,308,450</u>	<u>218,033</u>	<u>70,840</u>	<u>8,883,378</u>	<u>8,540,119</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 69,851</u>	<u>\$ 16,161</u>	<u>\$ 505,836</u>	<u>\$ 1,675,894</u>	<u>\$ 3,058,763</u>	<u>\$ 1,426,114</u>	<u>\$ 403,016</u>	<u>\$ 405,548</u>	<u>\$ 7,561,183</u>	<u>\$ 7,226,210</u>

The cost of tangible capital assets included \$323,310 (2008 - \$82,047) 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, 2009

SCHEDULE 2

	<u>2009</u> (Budget) (Note 18)	<u>2009</u> (Actual)	<u>2008</u> (Actual)
Revenue:			
Real property taxes	\$ 1,274,253	\$ 1,280,623	\$ 1,193,744
Power and pipeline taxes	56,553	56,553	56,575
Grants in lieu of taxes	25,311	25,311	23,713
Local improvement levies	<u>32,835</u>	<u>34,220</u>	<u>24,705</u>
	<u>1,388,952</u>	<u>1,396,707</u>	<u>1,298,737</u>
Deduct:			
Alberta School Foundation Fund	247,841	247,841	258,541
Lac Ste. Anne Foundation	<u>9,151</u>	<u>9,151</u>	<u>11,453</u>
	<u>256,992</u>	<u>256,992</u>	<u>269,994</u>
Net Taxes for General Municipal Purposes	<u>\$ 1,131,960</u>	<u>\$ 1,139,715</u>	<u>\$ 1,028,743</u>

TOWN OF MAYERTHORPE
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2009

SCHEDULE 3

	<u>2009</u> (Budget) (Note 18)	<u>2009</u> (Actual)	<u>2008</u> (Actual) (Restated) (Note 19)
Federal Transfers			
Capital	\$ <u>1,000,000</u>	\$ <u>24,312</u>	\$ <u>-</u>
Provincial Transfers			
Operating	248,481	336,672	451,439
Capital	<u>1,388,026</u>	<u>268,765</u>	<u>1,114,654</u>
	<u>1,636,507</u>	<u>605,437</u>	<u>1,566,093</u>
Local Government Transfers			
Operating	<u>93,143</u>	<u>83,731</u>	<u>217,652</u>
	<u>\$ 2,729,650</u>	<u>\$ 713,480</u>	<u>\$ 1,783,745</u>
Operating Government Transfers	\$ 341,624	\$ 420,403	\$ 669,091
Capital Government Transfers	<u>2,388,026</u>	<u>293,077</u>	<u>1,114,654</u>
Total Government Transfers	<u>\$ 2,729,650</u>	<u>\$ 713,480</u>	<u>\$ 1,783,745</u>

TOWN OF MAYERTHORPE

SCHEDULE 4

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	\$ 59,356	\$ 127,564	\$ 516,541	\$ 886	\$ 98,554	\$ 336,814	\$ 1,139,715
Government transfers	169,765	27,963	180,111	121,432	35,980	178,229	713,480
Other	136,326	23,197	-	-	-	485,712	645,235
Sales and user charges	<u>705</u>	<u>44,174</u>	<u>5,848</u>	<u>442,474</u>	<u>10,358</u>	<u>65,774</u>	<u>569,333</u>
	<u>366,152</u>	<u>222,898</u>	<u>702,500</u>	<u>564,792</u>	<u>144,892</u>	<u>1,066,529</u>	<u>3,067,763</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
Loss (gain) on disposal of assets	-	7,860	(350)	-	(758,701)	-	(751,191)
Amortization	<u>6,370</u>	<u>20,896</u>	<u>238,942</u>	<u>133,523</u>	<u>195</u>	<u>21,559</u>	<u>421,485</u>
	<u>366,152</u>	<u>222,898</u>	<u>702,500</u>	<u>564,792</u>	<u>(613,809)</u>	<u>822,279</u>	<u>2,064,812</u>
	\$ -	\$ -	\$ -	\$ -	\$ 758,701	\$ 244,250	\$ 1,002,951

TOWN OF MAYERTHORPE

SCHEDULE 5

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 (Restated) (Note 19)
Revenue							
Government transfers	\$ 149,445	\$ 130,346	\$ 1,059,493	\$ 161,841	\$ 175,580	\$ 107,040	\$ 1,783,745
Net taxes for general municipal purposes	179,021	29,993	-	113,922	17,112	688,695	1,028,743
Sales and user charges	26,805	29,452	3,792	478,300	18,446	153,388	710,183
Other	<u>103,383</u>	<u>19,766</u>	-	-	-	<u>44,202</u>	<u>167,351</u>
	<u>458,654</u>	<u>209,557</u>	<u>1,063,285</u>	<u>754,063</u>	<u>211,138</u>	<u>993,325</u>	<u>3,690,022</u>
Expenditures							
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	40,797	75,088
Interest and bank charges	16,666	-	26,468	13,095	-	9,705	65,934
Loss (gain) on disposal of assets	-	-	7,299	-	(1,402,316)	(1)	(1,395,018)
Amortization	<u>6,370</u>	<u>20,896</u>	<u>252,581</u>	<u>133,225</u>	-	<u>6,111</u>	<u>419,183</u>
	<u>458,654</u>	<u>209,557</u>	<u>787,127</u>	<u>754,063</u>	<u>(1,191,178)</u>	<u>447,274</u>	<u>1,465,497</u>
	\$ -	\$ -	\$ 276,158	\$ -	\$ 1,402,316	\$ 546,051	\$ 2,224,525

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 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, 2009

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) 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	non-amortizable
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.

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Non-Financial Assets (Cont'd)

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

iv) Inventories

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

v) Cultural and Historical Tangible Capital Assets

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

(i) 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.

(j) Allowances for Operating and Physical Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues.

(k) Pension Expenditure

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

2. ACCOUNTS RECEIVABLE

	<u>2009</u>	<u>2008</u>
Trade	\$ 195,838	\$ 155,340
Property taxes	98,762	152,089
Government	<u>113,833</u>	<u>190,365</u>
	<u>\$ 408,433</u>	<u>\$ 497,794</u>

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

3. LONG-TERM INVESTMENTS

	<u>2009</u>	<u>2008</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	-
Servus Credit Union Ltd. term deposit bearing interest at 0.75%, redeemable only on annual anniversary date, maturing December 24, 2014.	5,940	-
Servus Credit Union Ltd. term deposit bearing interest at 2.45%, non-redeemable, maturing May 8, 2011.	108,859	-
Servus Credit Union Ltd. term deposit bearing interest at 2.45%, non-redeemable, maturing May 8, 2011.	<u>500,000</u>	<u>-</u>
	<u>\$ 617,875</u>	<u>\$ 2,650</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, 2009. There is no balance outstanding at December 31, 2009.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2009</u>	<u>2008</u>
Trade	\$ 527,382	\$ 413,509
Deposits	80	80
Accrued interest on long-term debt	<u>19,074</u>	<u>19,962</u>
	<u>\$ 546,536</u>	<u>\$ 433,551</u>

6. DEFERRED REVENUE

	<u>2009</u>	<u>2008</u>
Provincial grants received in advance	\$ 2,007,113	\$ 344,618
Prepaid local improvement charges	<u>31,889</u>	<u>22,022</u>
	<u>\$ 2,039,002</u>	<u>\$ 366,640</u>

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

7. LONG-TERM DEBT

	<u>2009</u>	<u>2008</u>
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.	\$ 155,661	\$ 168,603
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.	199,670	222,336
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.	53,943	70,200
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.	185,310	214,622
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.	243,285	252,467
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.	61,639	79,897
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.	14,129	21,194
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.	42,232	-

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

7. LONG-TERM DEBT (CONT'D)

	<u>2009</u>	<u>2008</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.	<u>547,854</u>	<u>-</u>
	1,503,723	1,029,319
Less: Current portion	<u>(121,888)</u>	<u>(104,048)</u>
	<u>\$ 1,381,835</u>	<u>\$ 925,271</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 121,888	\$ 71,931	\$ 193,819
2011	127,590	66,229	193,819
2012	126,514	60,240	186,754
2013	112,950	53,949	166,899
2014	118,541	48,358	166,899
Thereafter	<u>896,240</u>	<u>361,499</u>	<u>1,257,739</u>
	<u>\$ 1,503,723</u>	<u>\$ 662,206</u>	<u>\$ 2,165,929</u>

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2009</u>	<u>2008</u> (Restated) (Note 19)
Tangible capital assets (Schedule 1)	\$16,444,561	\$15,766,329
Accumulated amortization (Schedule 1)	(8,883,378)	(8,540,119)
Long-term debt (Note 7)	<u>(1,503,723)</u>	<u>(1,029,319)</u>
	<u>\$ 6,057,460</u>	<u>\$ 6,196,891</u>

9. ACCUMULATED SURPLUS

	<u>2009</u>	<u>2008</u> (Restated) (Note 19)
Unrestricted surplus	<u>\$ 426,289</u>	<u>\$ 286,859</u>
Restricted surplus		
Parks and recreation development	2,404,154	1,570,298
Land sales	270,000	145,587
Operating contingency	261,277	39,399
West end bus	15,000	15,000
Bylaws enforcement	15,000	-
Administrative equipment	12,000	12,000
Cemetery	10,000	10,000
Street construction and improvement	9,520	9,520
Fire	7,000	80,400
Mural	6,000	6,000
ERC building maintenance	5,355	5,355
Subdivision land development	3,266	3,266
Economic Development	3,000	-
Infrastructure program	1,102	39,360
Water infrastructure	-	40,304
Southeast water/sewer expansion	-	30,000
Public works equipment	-	6,000
Disaster services	<u>-</u>	<u>7,233</u>
	<u>3,022,674</u>	<u>2,019,722</u>
Equity in tangible capital assets	<u>6,057,460</u>	<u>6,196,891</u>
	<u>\$ 9,506,423</u>	<u>\$ 8,503,472</u>

10. GRANT FACILITATION

In the prior year the Town assisted a new local not-for-profit society in receiving federal and provincial grants totaling \$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, 2009

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>2009 Total</u>	<u>2008 Total</u>
Mayor - Douglas McDermid	\$ 15,465	\$ -	\$ 15,465	\$ 11,900
Councillors				
Glen Wilcox	10,035	-	10,035	8,600
Jack Evarts	7,500	-	7,500	6,125
Kim Connell	8,415	-	8,415	8,050
Dan Richard	7,410	-	7,419	6,950
Patricia Oliver	6,720	-	6,720	6,625
Kate Patrick	<u>9,420</u>	<u>-</u>	<u>9,420</u>	<u>8,475</u>
	<u>\$ 64,965</u>	<u>\$ -</u>	<u>\$ 64,974</u>	<u>\$ 56,725</u>
Chief Administrative Officer	<u>\$ 99,194</u>	<u>\$ 17,578</u>	<u>\$ 116,772</u>	<u>\$ 90,446</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, 2009

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>2009</u>	<u>2008</u> (Restated) (Note 19)
Total debt limit	\$ 4,162,029	\$ 3,863,052
Total debt	<u>(1,503,723)</u>	<u>(1,029,319)</u>
Amount of total debt limit unused	<u>\$ 2,658,306</u>	<u>\$ 2,833,733</u>
Debt servicing limit	\$ 693,672	\$ 643,842
Debt servicing	<u>(193,819)</u>	<u>(153,899)</u>
Amount of debt servicing limit unused	<u>\$ 499,853</u>	<u>\$ 489,943</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 2009 were \$43,104 (2008 - \$27,101). Total current and past service contributions made by the employees of the Town to the LAPP in 2009 were \$38,397 (2008 - \$23,825).

At December 31, 2008, the LAPP disclosed an actuarial deficit of \$4,414 million (2007 - \$1,183 million).

TOWN OF MAYERTHORPE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

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.

19. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2009 the Town adopted *Public Sector Accounting Standard 3150 - Tangible Capital Assets* and commenced amortizing its tangible capital assets.

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

The effect on the financial statements has been to increase 2008 excess of revenue over expenses by \$893,040 for capitalization of property and equipment and amortization; and decrease beginning 2008 tangible capital assets, equity in tangible capital assets and accumulated surplus by \$6,930,444.