

**TOWN OF MORINVILLE**

**MORINVILLE, ALBERTA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

Mayfield Square I  
10476 Mayfield Road  
Edmonton, Alberta  
T5P 4P4

Telephone: 780-489-9606  
Toll Free: 1-877-489-9606  
Fax: 780-484-9689  
Email: hed@hed-edm.com

### INDEPENDENT AUDITORS' REPORT

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

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

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

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



Edmonton, Alberta  
April 26, 2011

HAWKINGS EPP DUMONT LLP  
Chartered Accountants

**Stony Plain Office**  
Suite 101, 5300 - 50 Street  
PO Box 3188 Stn Main  
Stony Plain, Alberta T7Z 1T8

Telephone: 780-963-2727  
Fax: 780-963-1294  
Email: email@hawkings.com

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

	<u>2010</u>	<u>2009</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 7,312,793	\$ 10,507,751
Accounts receivable (Note 3)	<u>6,197,798</u>	<u>1,329,857</u>
	<u>13,510,591</u>	<u>11,837,608</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4)	2,875,821	2,839,281
Deposit liabilities	421,121	425,045
Deferred revenue (Note 5)	3,528,641	6,242,241
Long-term debt (Note 6)	<u>935,076</u>	<u>996,671</u>
	<u>7,760,659</u>	<u>10,503,238</u>
<b>NET FINANCIAL ASSETS</b>	<u>5,749,932</u>	<u>1,334,370</u>
<b>NON-FINANCIAL ASSETS</b>		
Other assets	34,552	1,117,326
Tangible Capital Assets (Schedule 1)	<u>109,796,674</u>	<u>102,460,714</u>
	<u>109,831,226</u>	<u>103,578,040</u>
<b>ACCUMULATED SURPLUS (Note 8)</b>	<u>\$115,581,158</u>	<u>\$104,912,410</u>
<b>CONTINGENCIES (Note 11)</b>		

**ON BEHALF OF TOWN COUNCIL:**

\_\_\_\_\_ Mayor

\_\_\_\_\_ Deputy Mayor

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

	Budget 2010 (Note 15)	Actual 2010	Actual 2009
<b>Revenue</b>			
Net taxes for general municipal purposes (Schedule 2)	\$ 6,219,988	\$ 6,226,308	\$ 5,885,465
Water fees	2,220,492	2,030,604	1,740,686
Wastewater fees	1,280,276	1,320,702	1,188,971
Penalties and fines	451,437	1,037,043	467,908
Franchise fees	911,567	808,359	780,955
Government transfers (Schedule 3)	850,248	726,227	776,953
Sales to other governments	591,959	681,107	686,454
Offsite levies	-	575,170	85,496
Development fees and permits	216,796	570,970	298,346
Garbage and recycle fees	514,313	510,427	486,438
Rentals	262,663	281,112	241,398
Other	26,020	116,600	113,339
Sales and user charges	123,878	111,894	137,981
Investment income	89,532	86,685	91,494
Local improvements	<u>51,204</u>	<u>51,765</u>	<u>51,765</u>
	<u>13,810,373</u>	<u>15,134,973</u>	<u>13,033,649</u>
<b>Expenses</b>			
General administration	2,045,266	2,292,657	2,303,396
Protective services	1,755,888	1,996,996	1,961,448
Parks and recreation	1,397,449	1,622,417	1,181,267
Water	1,615,118	1,537,862	1,479,355
Public works	1,570,461	1,405,181	1,438,999
Wastewater	952,826	941,123	953,676
Planning and economic development	767,710	814,880	541,640
Garbage and recycling	515,117	509,938	524,174
Library	253,167	266,063	242,611
Council and legislative	242,841	248,221	211,689
Family and community support services	215,999	210,596	213,292
Amortization	<u>-</u>	<u>4,269,870</u>	<u>3,899,169</u>
	<u>11,331,842</u>	<u>16,115,804</u>	<u>14,950,716</u>
Excess (Deficiency) of Revenue over Expenses Before Other Items	2,478,531	(980,831)	(1,917,067)
<b>Other Items</b>			
Government transfers for capital (Schedule 3)	-	10,825,125	1,243,783
Contributed assets	-	415,590	-
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>408,864</u>	<u>(7,186)</u>
Excess (Deficiency) of Revenue over Expenses	<u>\$ 2,478,531</u>	10,668,748	(680,470)
Accumulated Surplus, Beginning of Year		<u>104,912,410</u>	<u>105,592,880</u>
Accumulated Surplus, End of Year		<u>\$115,581,158</u>	<u>\$104,912,410</u>

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

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

	<u>2010</u>	<u>2009</u>
Excess (Deficiency) of Revenue over Expenses	\$ <u>10,668,748</u>	\$ <u>(680,470)</u>
Acquisition of tangible capital assets	(11,459,187)	(5,332,105)
Contributed tangible capital assets	(415,590)	-
Proceeds on disposal of tangible capital assets	450,052	15,748
Amortization of tangible capital assets	4,269,870	3,899,169
Transfer of tangible capital assets to expense	227,759	-
(Gain) loss on sale of tangible capital assets	<u>(408,864)</u>	<u>7,186</u>
	<u>(7,335,960)</u>	<u>(1,410,002)</u>
Use (acquisition) of other assets	<u>1,082,774</u>	<u>(1,106,973)</u>
Increase (Decrease) In Net Financial Assets	4,415,562	(3,197,445)
Net Financial Assets, Beginning of Year	<u>1,334,370</u>	<u>4,531,815</u>
Net Financial Assets, End of Year	\$ <u>5,749,932</u>	\$ <u>1,334,370</u>

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

	<u>2010</u>	<u>2009</u>
<b>Operating Activities</b>		
Cash from operations		
Excess (Deficiency) of revenue over expenses	\$ 10,668,748	\$ (680,470)
Amortization	4,269,870	3,899,169
Tangible capital assets received as contributions	(415,590)	-
Transfer of tangible capital assets to expense	227,759	-
(Gain) loss on disposal of tangible capital assets	<u>(408,864)</u>	<u>7,186</u>
	<u>14,341,923</u>	<u>3,225,885</u>
 Change in non-cash working capital balances related to operations:		
Accounts receivable	(4,867,941)	1,945,850
Other assets	1,082,774	(1,106,973)
Accounts payable and accrued liabilities	36,540	1,434,210
Deferred revenue	(2,713,600)	1,530,152
Deposit liabilities	<u>(3,924)</u>	<u>(92,892)</u>
	<u>(6,466,151)</u>	<u>3,710,347</u>
	<u>7,875,772</u>	<u>6,936,232</u>
 <b>Financing Activities</b>		
Repayment of long-term debt	<u>(61,595)</u>	<u>(58,108)</u>
 <b>Capital Activities</b>		
Acquisition of tangible capital assets	(11,459,187)	(5,332,105)
Proceeds on sale of tangible capital assets	<u>450,052</u>	<u>15,748</u>
	<u>(11,009,135)</u>	<u>(5,316,357)</u>
 Change in Cash and Temporary Investments for the Year	(3,194,958)	1,561,767
Cash and Temporary Investments, Beginning of Year	<u>10,507,751</u>	<u>8,945,984</u>
Cash and Temporary Investments, End of Year	<u>\$ 7,312,793</u>	<u>\$ 10,507,751</u>

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

**SCHEDULE 1**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2010</u>	<u>2009</u>
<b>COST:</b>								
Balance, Beginning of Year	\$ 8,251,516	\$ 2,610,038	\$ 7,146,594	\$ 129,898,534	\$ 3,339,005	\$ 404,245	\$ 151,649,932	\$ 146,401,108
Acquisition of tangible capital assets	415,590	8,087	7,850,571	1,757,479	647,862	1,195,188	11,874,777	5,332,105
Disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(236,527)</u>	<u>-</u>	<u>(256,947)</u>	<u>-</u>	<u>(493,474)</u>	<u>(83,281)</u>
Balance, End of Year	<u>8,667,106</u>	<u>2,618,125</u>	<u>14,760,638</u>	<u>131,656,013</u>	<u>3,729,920</u>	<u>1,599,433</u>	<u>163,031,235</u>	<u>151,649,932</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	1,003,773	3,525,027	42,958,838	1,537,414	164,166	49,189,218	45,350,396
Annual amortization	-	127,818	226,753	3,530,948	293,083	91,268	4,269,870	3,899,169
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,527)</u>	<u>-</u>	<u>(224,527)</u>	<u>(60,347)</u>
Balance, End of Year	<u>-</u>	<u>1,131,591</u>	<u>3,751,780</u>	<u>46,489,786</u>	<u>1,605,970</u>	<u>255,434</u>	<u>53,234,561</u>	<u>49,189,218</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 8,667,106</u>	<u>\$ 1,486,534</u>	<u>\$ 11,008,858</u>	<u>\$ 85,166,227</u>	<u>\$ 2,123,950</u>	<u>\$ 1,343,999</u>	<u>\$ 109,796,674</u>	<u>\$ 102,460,714</u>

Cost includes construction in progress of \$8,284,508 (2009 - \$582,133). These amounts are not amortized until the asset is completed and in use.

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

**SCHEDULE 2**

	<u>2010</u> (Budget) (Note 15)	<u>2010</u> (Actual)	<u>2009</u> (Actual)
Taxation			
Real property taxes	\$ 8,181,507	\$ 8,202,618	\$ 7,658,689
Linear property taxes	102,246	102,246	115,047
Government grants in place of property taxes	<u>54,587</u>	<u>54,587</u>	<u>54,624</u>
	<u>8,338,340</u>	<u>8,359,451</u>	<u>7,828,360</u>
Deduct:			
Education	2,066,119	2,080,910	1,899,549
Seniors Foundation	<u>52,233</u>	<u>52,233</u>	<u>43,346</u>
	<u>2,118,352</u>	<u>2,133,143</u>	<u>1,942,895</u>
Net Taxes for General Municipal Purposes	<u>\$ 6,219,988</u>	<u>\$ 6,226,308</u>	<u>\$ 5,885,465</u>

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

**SCHEDULE 3**

	<u>2010</u> (Budget) (Note 15)	<u>2010</u> (Actual)	<u>2009</u> (Actual)
Federal Transfers			
Operating	\$ <u>519</u>	\$ <u>5,236</u>	\$ <u>-</u>
Provincial Transfers			
Operating	817,549	577,985	744,173
Capital	<u>-</u>	<u>10,825,125</u>	<u>1,243,783</u>
	<u>817,549</u>	<u>11,403,110</u>	<u>1,987,956</u>
Local Government Transfers			
Operating	<u>32,180</u>	<u>143,006</u>	<u>32,780</u>
	<u>\$ 850,248</u>	<u>\$ 11,551,352</u>	<u>\$ 2,020,736</u>
Operating Government Transfers			
Federal	\$ 519	\$ 5,236	\$ -
Provincial	817,549	577,985	744,173
Local	<u>32,180</u>	<u>143,006</u>	<u>32,780</u>
	<u>850,248</u>	<u>726,227</u>	<u>776,953</u>
Capital Government Transfers			
Provincial	<u>-</u>	<u>10,825,125</u>	<u>1,243,783</u>
	<u>\$ 850,248</u>	<u>\$11,551,352</u>	<u>\$ 2,020,736</u>

**TOWN OF MORINVILLE**  
**SCHEDULE OF EXPENDITURES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**SCHEDULE 4**

	<u>2010</u> (Budget) (Note 15)	<u>2010</u> (Actual)	<u>2009</u> (Actual)
Salaries, wages and benefits	\$ 4,548,919	\$ 4,614,445	\$ 4,566,750
Contracted and general services	3,369,608	3,396,697	3,045,571
Materials, goods and utilities	1,938,247	2,046,285	1,874,543
Purchases from other governments	1,318,562	1,353,369	1,424,565
Transfers to governments, agencies and organizations	79,990	322,131	47,054
Interest on long-term debt	59,800	58,254	60,452
Bank charges and short-term interest	3,538	31,969	3,990
Other expenses	13,178	22,784	28,622
Amortization	<u>-</u>	<u>4,269,870</u>	<u>3,899,169</u>
	<u>\$ 11,331,842</u>	<u>\$ 16,115,804</u>	<u>\$ 14,950,716</u>

**TOWN OF MORINVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Reporting Entity**

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

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

**(b) Basis of Accounting**

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

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

**(c) Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

**(e) 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 Town.

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.

**(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 MORINVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(g) 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.

(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 for the year.

i) Tangible Capital Assets

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

Land improvements	10-25 years
Buildings	25-50 years
Engineered structures	20-100 years
Machinery and equipment	5-40 years
Vehicles	10-20 years

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

ii) Contributions of Tangible Capital Assets

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

iii) Leases

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

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2010</u>	<u>2009</u>
Cash	\$ 5,758,431	\$ 6,114,953
Temporary investments	<u>1,554,362</u>	<u>4,392,798</u>
	<u>\$ 7,312,793</u>	<u>\$10,507,751</u>

Temporary investments includes a term deposit earning interest at 1.65%, maturing in 2011.

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

**3. ACCOUNTS RECEIVABLE**

	<u>2010</u>	<u>2009</u>
Government	\$ 4,432,443	\$ 1,824
Trade	503,047	175,852
Utilities	495,090	590,792
Property taxes	464,884	361,719
Goods and Services Tax	<u>332,334</u>	<u>214,132</u>
	6,227,798	1,344,319
Allowance for doubtful accounts	<u>(30,000)</u>	<u>(14,462)</u>
	<u>\$ 6,197,798</u>	<u>\$ 1,329,857</u>

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2010</u>	<u>2009</u>
Trade	\$ 1,996,463	\$ 2,565,391
Construction holdbacks	794,349	152,470
Vacation	61,986	96,851
Accrued interest on long-term debt	<u>23,023</u>	<u>24,569</u>
	<u>\$ 2,875,821</u>	<u>\$ 2,839,281</u>

**5. DEFERRED REVENUE**

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

	<u>2010</u>	<u>2009</u>
Grants	\$ 3,524,153	\$ 6,223,353
Other	<u>4,488</u>	<u>18,888</u>
	<u>\$ 3,528,641</u>	<u>\$ 6,242,241</u>

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

**6. LONG-TERM DEBT**

	<u>2010</u>	<u>2009</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$69,137 including interest at 6%; due August 15, 2022.	\$ 579,637	\$ 612,051
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$52,258 including interest at 6%; due July 15, 2019.	<u>355,439</u>	<u>384,620</u>
	<u>\$ 935,076</u>	<u>\$ 996,671</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 65,290	\$ 56,105	\$ 121,395
2012	69,208	52,187	121,395
2013	73,360	48,035	121,395
2014	77,762	43,633	121,395
2015	82,428	38,967	121,395
Thereafter	<u>567,028</u>	<u>125,963</u>	<u>692,991</u>
	<u>\$ 935,076</u>	<u>\$ 364,890</u>	<u>\$ 1,299,966</u>

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

**7. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2010</u>	<u>2009</u>
Tangible capital assets (Schedule 1)	\$ 163,031,235	\$ 151,649,932
Accumulated amortization (Schedule 1)	(53,234,561)	(49,189,218)
Long-term debt (Note 6)	<u>(935,076)</u>	<u>(996,671)</u>
	<u>\$ 108,861,598</u>	<u>\$ 101,464,043</u>

**8. ACCUMULATED SURPLUS**

	<u>2010</u>	<u>2009</u>
Unrestricted surplus (deficit)	\$ _____ -	\$ (1,149,389)
Restricted surplus		
General capital projects	3,793,790	203,204
Offsite levies - roads	994,302	706,898
Sanitary capital projects	923,858	442,927
Water capital projects	746,679	372,076
Offsite levies - water storage	531,631	528,192
General stabilization	500,000	500,000
Recreation - developer	481,435	187,844
Offsite levies - sewer	373,226	370,812
Fire vehicles	132,952	263,381
Water stabilization	100,000	100,000
Sanitary and solid waste stabilization	85,000	85,000
Library	83,265	82,726
Public works vehicles	42,319	228,066
Storm sewer capital projects	40,070	39,811
Office equipment	34,299	48,484
Transportation projects	24,090	301,978
Parks, recreation and culture	(33,046)	136,357
Community Cultural Centre	<u>(2,134,310)</u>	<u>-</u>
	<u>6,719,560</u>	<u>4,597,756</u>
Equity in tangible capital assets (Note 7)	<u>108,861,598</u>	<u>101,464,043</u>
	<u>\$ 115,581,158</u>	<u>\$ 104,912,410</u>

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

**9. SALARIES AND BENEFITS DISCLOSURE**

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

	<u>Salary (1)</u>	<u>Benefits (2)</u>	<u>2010 Total</u>	<u>2009 Total</u>
Mayor	\$ 30,323	\$ 6,149	\$ 36,472	\$ 41,292
<b>Councilors</b>				
P. Krauskopf	19,006	5,420	24,426	23,973
G. Boddez	16,880	5,315	22,195	22,806
J. Trapani	16,833	4,545	21,378	31,748
J. Gosselin	13,870	4,811	18,681	22,639
B. Van De Walle	13,440	5,196	18,636	24,133
D. Phinney	11,380	4,307	15,687	19,793
L. Holmes	5,460	985	6,445	-
N. Boutestein	4,160	928	5,088	-
D. Pattison	3,510	899	4,409	-
Chief Administrative Officer	126,399	33,628	160,027	234,804
Designated Officers (4)	373,185	67,002	440,187	451,932

(1) Salary includes regular base pay and per diem payments.

(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 MORINVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2010**

**10. DEBT LIMITS**

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

	<u>2010</u>	<u>2009</u>
Total debt limit	\$ 22,702,460	\$ 19,550,474
Total debt	<u>(935,076)</u>	<u>(996,671)</u>
Amount of total debt limit unused	<u>\$ 21,767,384</u>	<u>\$ 18,553,803</u>
Debt servicing limit	\$ 3,783,743	\$ 3,258,412
Debt servicing	<u>(121,395)</u>	<u>(121,395)</u>
Amount of debt servicing limit unused	<u>\$ 3,662,348</u>	<u>\$ 3,137,017</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.

In addition to the debenture debt, the Town is approved for a revolving demand loan of \$1,000,000 that is available, if needed, for operating cash flow. The interest rate is set at prime minus 0.5%. The loan has not been drawn upon. The loan is secured by the cash and investments of the Town.

**11. CONTINGENCIES**

- (a) 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.
- (b) The Town of Morinville has entered into arrangements with surrounding municipalities for the construction of a booster station. The City of St. Albert has funded construction. Under the agreement, the Town of Morinville will be responsible for its proportionate share of construction costs (approximately \$660,000) when the Town reaches a population of 10,000 people. The Town intends to accumulate a reserve fund for the future payment.
- (c) The Town of Morinville is involved in various legal disputes at December 31, 2010, the outcomes of which are not determinable at year end. Any related settlements not covered by insurance will be recorded as an expense in the year incurred.

**TOWN OF MORINVILLE**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2010**

**12. LOCAL AUTHORITIES PENSION PLAN**

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

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

Total current and past service contributions made by the Town to the LAPP in 2010 were \$269,990 (2009 - \$234,678). Total current and past service contributions made by the employees of the Town to the LAPP in 2010 were \$242,070 (2009 - \$208,618).

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

**13. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, accounts receivables, 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.

**14. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.

**15. BUDGET**

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