

Town of Bon Accord

Consolidated Financial Statements

December 31, 2010

Town of Bon Accord

December 31, 2010

CONTENTS

	<u>Page</u>
Consolidated Financial Statements	
Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Financial Assets (Debt)	4
Consolidated Statement of Cash Flows	5
Schedules	6
Notes to the Financial Statements	10

Auditors' Report

To the Members of Council
Town of Bon Accord

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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, these consolidated financial statements present fairly, in all material respects, the financial position of the town as at December 31, 2010 and the results of its operations, change in its net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Seniuk & Company
Seniuk and Company
Chartered Accountants

Edmonton, Alberta
May 03, 2011

Town of Bon Accord

Consolidated Statement of Financial Position

December 31, 2010

	Note	2010	2009
Financial Assets			
Cash	2.	\$ 749,019	\$ 483,444
Short term investments	2.	12,404	213,225
Trade accounts receivable		93,851	140,068
Taxes receivable	3.	122,197	74,428
Grants and receivables from other governments	4.	840,297	326,637
Land for resale inventory		245,558	114,498
Long term investments		10	10
Total Financial Assets		\$ 2,063,336	\$ 1,352,310
Financial Liabilities			
Short term debt	7.	\$ 290,631	\$ -
Accounts payable and accrued liabilities		74,769	130,523
Deferred income	8.	768,360	255,090
Deposits received	9.	68,250	202,096
Term debt	10.	1,087,945	1,007,322
Total Liabilities		2,289,955	1,595,031
Net Financial Assets (Debt)		(226,619)	(242,722)
Non-Financial Assets			
Physical assets	5.	10,622,193	10,197,421
Prepaid		6,216	738
		10,628,409	10,198,159
Accumulated Surplus		\$ 10,401,791	\$ 9,955,436
Contingent liabilities	16.		

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

Town of Bon Accord

Consolidated Statement of Operations

For the Year Ended December 31, 2010

	2010	2009	Budget (Unaudited)
Revenues			
Net taxes available for municipal purposes	\$ 1,131,984	\$ 1,108,613	\$ 1,145,393
Sales & user fees (operating)	943,404	866,538	977,230
Provincial government transfers - operating	156,652	138,576	124,101
Federal government transfers - operating	-	7,392	4,000
Local government transfers	158,923	51,682	148,000
Investment income	3,554	10,136	5,000
Penalties and costs of taxes	31,397	21,623	20,600
Licenses and permits	18,133	17,645	20,500
Fines	4,033	5,829	500
Rentals	2,976	3,345	2,000
Franchise fees & concession contracts	94,486	72,395	90,000
Other	9,066	19,666	13,500
Total revenue	2,554,608	2,323,440	2,550,824
Operating Expenditures			
Legislative	60,005	56,904	59,700
Elections	2,104	-	4,450
Administrative	364,152	384,969	385,545
Protection services	106,728	131,006	61,428
Transportation services	295,615	301,872	373,900
Environmental use & protection services	696,346	680,883	773,556
Public health & welfare services	93,941	85,717	102,887
Planning & development services	135,713	100,496	115,740
Recreation and culture services	414,669	368,944	396,675
Amortization	399,312	340,961	-
Total operating expenses	2,568,585	2,451,752	2,273,881
Shortfall of revenue over expenses before other	(13,977)	(128,312)	276,943
Other			
Provincial government transfers - capital	460,332	877,077	457,000
Excess of revenue over expenditures	446,355	748,765	733,943
Accumulated surplus, beginning of year	9,955,436	9,206,672	(57,950)
Accumulated surplus, end of year	\$ 10,401,791	\$ 9,955,437	\$ 675,993

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

Town of Bon Accord

Consolidated Statement of Change in Net Financial Assets (Debt)

For the Year Ended December 31, 2010

Excess (Shortfall) of Revenues Over Expenses	\$ 446,354	\$ 748,765
Acquisition of tangible capital assets	(824,084)	(1,022,566)
Amortization of tangible capital assets	399,312	340,961
	(424,772)	(681,605)
Use of prepaid assets	(5,479)	1,988
(Increase) decrease in Net Debt	16,103	69,148
Net Financial Assets (Debt), beginning of year	(242,722)	(311,869)
Net Financial Assets (Debt), end of year	\$ (226,619)	\$ (242,721)

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

Town of Bon Accord

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2010

	2010	2009
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenditures	\$ 446,354	\$ 748,765
Depreciation and amortization	399,312	340,961
Decrease (increase) in trade accounts receivable	46,217	(14,685)
Decrease (increase) in taxes receivable	(47,769)	(18,120)
Decrease (increase) in receivables from other governments	(513,660)	64,167
Decrease (increase) in land for resale inventory	(131,060)	-
Decrease (increase) in amounts prepaid expenses	(5,478)	1,988
Increase (decrease) in accounts payable and accrued liabilities	(55,754)	113,509
Increase (decrease) in deferred provincial grants	517,549	(409,671)
Increase (decrease) in prepaid taxes and licenses liability	(4,279)	2,976
Increase (decrease) in deposits received	(133,846)	52,859
Total cash flows from operating activities	517,586	882,749
Cash flows from investing activities:		
Acquisition of tangible capital property	(824,085)	(1,022,566)
Net cash used by investing activities	(824,085)	(1,022,566)
Cash flows from financing activities:		
Proceeds on debt	371,254	-
Repayments on debt	-	(188,356)
Net cash used by financing activities	371,254	(188,356)
Net cash increase (decreases) in cash and cash equivalents	64,755	(328,173)
Cash and cash equivalents at beginning of period	696,669	1,024,841
Cash and cash equivalents at end of period	\$ 761,424	\$ 696,668

Cash and cash equivalents consist of the following:

Cash	\$ 749,019	\$ 483,444
Short term investments	12,404	213,225
Cash and cash equivalents	\$ 761,423	\$ 696,669

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

Town of Bon Accord

December 31, 2010

Schedule of Property and Other Taxes

	2010	2009	Budget (Unaudited)
TAXATION			
Real property tax	\$ 1,442,947	\$ 1,394,144	\$ 1,501,188
Linear property taxes	43,014	39,027	-
Government grants in lieu of property tax	3,612	4,132	-
	1,489,573	1,437,303	1,501,188
REQUISITIONS			
Alberta School Foundation requisition	348,645	319,327	348,645
Seniors' housing requisition - Sturgeon Foundation	8,944	9,362	7,150
	357,589	328,689	355,795
NET MUNICIPAL TAXES	\$ 1,131,984	\$ 1,108,614	\$ 1,145,393

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

Town of Bon Accord

December 31, 2010

Schedule of Government Transfers

	2010	2009	Budget (Unaudited)
FEDERAL TRANSFERS			
Federal operating transfers - Parks & recreation	\$ -	\$ 7,392	\$ 4,000
	-	7,392	4,000
PROVINCIAL TRANSFERS			
Provincial operating transfers - Administration	20,462	35,907	24,700
Provincial operating transfers - FCSS	35,401	39,344	35,401
Provincial operating transfers - Planning	4,547	33,325	-
Provincial operating transfers - Community service	34,766	-	-
Provincial operating transfers - Parks & recreation	9,022	-	13,000
Provincial operating transfers - Culture	29,754	30,000	28,000
Provincial capital transfers - Roads and streets	360,332	862,791	154,000
Provincial capital transfers - Storm sewer	-	14,286	-
Provincial capital transfers - Water	-	-	94,000
Provincial capital transfers - Sewer	-	-	109,000
Provincial capital transfers - Parks & recreation	100,000	-	100,000
	594,284	1,015,653	558,101
LOCAL GOVERNMENT TRANSFERS			
Local Government Transfers - Fire Protection	11,912	11,000	11,000
Local Government Transfers - FCSS	1,560	1,815	1,500
Local Government Transfers - Parks & Recreation	145,451	38,867	135,500
	158,923	51,682	148,000
Total Government Transfers	\$ 753,207	\$ 1,074,727	\$ 710,101

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

Town of Bon Accord

December 31, 2010

Schedule of Consolidated Expenditures by Object

	2010	2009	Budget (Unaudited)
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages & benefits	\$ 888,249	\$ 813,363	\$ 879,537
Contracted and general services	575,698	609,931	657,026
Materials, goods and utilities	590,513	575,811	655,243
Purchases from other governments	30,948	31,593	32,600
Allowances and bad debts	57	269	375
Transfer payments	46,239	51,000	47,000
Financial services & short term interest	8,015	-	-
Financial services interest on long term	29,554	28,824	-
Amortization of tangible capital assets	399,312	340,961	-
	\$ 2,568,585	\$ 2,451,752	\$ 2,271,781

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

Town of Bon Accord

December 31, 2010

Schedule of Segmented Disclosure

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
Revenue								
Net Municipal taxes	\$ 1,131,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,131,984
Government transfers	20,462	34,612	360,332	39,313	184,227	-	36,961	675,907
User fees and sales of goods	18,215	42,310	3,039	3,866	114,189	740,632	21,154	943,405
Investment income	3,554	-	-	-	-	-	-	3,554
Franchise fees & concession contracts	-	-	-	-	-	-	94,486	94,486
Other revenues	58,397	-	-	-	445	5,937	825	65,604
	1,232,612	76,922	363,371	43,179	298,861	746,569	153,426	2,914,940
Expenses								
Contract & general services	59,722	68,448	7,005	45,914	24,113	129,214	3,769	338,185
Salaries & wages	251,258	186	130,271	60,610	225,013	164,732	68,670	900,740
Goods & supplies	-	16,599	121,331	2,489	79,389	394,321	6,952	621,081
Transfers to local boards	-	-	-	-	46,239	-	-	46,239
Long term debt interest	-	5,040	11,721	1,296	-	10,710	-	28,767
Other expenses	113,978	20,615	11,507	25,405	39,042	8,317	15,397	234,261
	424,958	110,888	281,835	135,714	413,796	707,294	94,788	2,169,273
Net Revenue before Amortization	807,654	(33,966)	81,536	(92,535)	(114,935)	39,275	58,638	745,667
Amortization expense	18,539	-	192,913	-	15,839	172,021	-	399,312
Net Revenue	\$ 789,115	\$ (33,966)	\$ (111,377)	\$ (92,535)	\$ (130,774)	\$ (132,746)	\$ 58,638	\$ 346,355

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

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

1. Significant Accounting Policies

The consolidated financial statements of the Town of Bon Accord are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). 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, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Town of Bon Accord Fire Department
Town of Bon Accord Waterworks System
Town of Bon Accord Library Board
Town of Bon Accord Waste Disposal Enterprise

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

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 or 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 are 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 services 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 consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates and may have impact on future periods.

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

1. Significant Accounting Policies

d. Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the 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. Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

f. Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax 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. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

g. Inventories 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.

h. Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable 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 deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

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

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

1. Significant Accounting Policies

i. Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage. The Town of Bon Accord uses the Regional Landfill Authority at Roseridge and as such, is not directly responsible for landfill closure and post-closure liabilities but is assessed by the Roseridge Commission for its proportionate share of all landfill costs including any closure or post-closure costs incurred. At present, no landfill or post-closure liabilities have been assessed.

j. Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

k. 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.

l. 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.

m. Cultural and Historical Tangible Capital Assets

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

n. Equity in Capital Assets

Equity in capital assets represents the town's net investment in its capital assets after deducting the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

1. Significant Accounting Policies

o. 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:

Asset Class	Years
Land improvements	15 years
Buildings	50 years
Engineered structures - Water System	45 - 75 years
Engineered structures - Wastewater	45 - 75 years
Engineered structures - Storm Sewer	45 - 75 years
Engineered structures - Roads	10 - 40 years
Information Systems - Computer Hardware and Software	10 years
Machinery and equipment	18 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.

2. Cash & Temporary Investments

Cash includes short term deposits, which are all highly marketable securities with a maturity of three months or less when purchased. Short term deposits are held to maturity and valued at cost.

Council has designated funds of \$469,994 (2009 - \$469,994) included in the cash and other financial assets to be held in reserve for specific purposes.

Included in cash and temporary investments is a restricted amount of \$6,182 (2009 - \$159,532) received from developers as deposits and are held in trust.

Cash and temporary investments are comprised of the following:

	2010	2009
Bank balances	\$ 742,537	\$ 323,612
Cash on hand - domestic currency	300	300
Restricted cash	6,182	159,532
Domestic term deposits	12,404	213,225
Total	\$ 761,423	\$ 696,669

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

3. Taxes and Grants in Place of Taxes Receivable

	2010	2009
Taxes receivable - current	\$ 104,313	\$ 50,510
Taxes receivable - arrears	17,884	27,989
Allowance for doubtful accounts - taxes	-	(4,071)
Total	\$ 122,197	\$ 74,428

4. Receivables From Other Governments

Receivables from other governments consist of the following:

	2010	2009
2008 Street Improvement Grant	\$ -	\$ 92,040
2009 Street Improvement Grant	-	92,040
2010 Street Improvement Grant	92,040	-
2008 NDCC Grant	39,110	39,110
2009 NDCC Grant	78,170	78,170
2010 NDCC Grant	78,170	-
2010 MSI Operating	81,221	-
2010 MSI Capital	166,240	-
Municipal Sponsorship Program	291,908	15,738
GST rebates receivable	13,438	9,539
Total	\$ 840,297	\$ 326,637

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

5. Tangible Capital Assets

Tangible capital assets consist of the following:

			2010	2009
	Capitalized Value	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 175,611	\$ -	\$ 175,611	\$ 175,611
Land improvements	19,101	(6,366)	12,735	14,008
Buildings	1,501,078	(294,416)	1,206,662	958,440
Engineered structures	13,695,926	(5,140,770)	8,555,156	8,786,923
Information systems, computer hardware & software	36,961	(12,794)	24,167	2,622
Machinery and equipment	757,509	(174,419)	583,090	204,376
Vehicles	335,696	(270,924)	64,772	55,441
Total	\$ 16,521,882	\$ (5,899,689)	\$ 10,622,193	\$ 10,197,421

Town of Bon Accord owns various artwork, cultural and historic objects that appear in various locations in the municipality. Artwork, cultural and historical items are not recorded as tangible capital assets in the financial statements and are not amortized.

6. Equity in Tangible Capital Assets

	2010	2009
Tangible capital assets (Note 5.)	\$ 16,521,882	\$ 15,697,798
Accumulated amortization (Note 5.)	(5,899,689)	(5,500,377)
Total long term debt (Note 10.)	(1,087,945)	(1,007,322)
Total	\$ 9,534,248	\$ 9,190,099

7. Demand bank loan

Demand bank loans consist of:

	2010	2009
ATB Financial loan due on demand with no repayment terms. The loan bears interest at the bank's prime rate. The rate in effect as at December 31, 2010 is 3%	\$ 290,631	\$ -
Total	\$ 290,631	\$ -

Bank indebtedness is secured by general security agreements covering certain assets of the town, guarantees and

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

postponement of claims signed by the town.

8. Deferred Revenue

Deferred municipal revenue consists of the following:

	2010	2009
Street Improvement Grant	\$ 69,289	\$ 26,265
NDCC Grant	142,240	64,076
Municipal Sponsorship Grant	291,845	15,738
MSI Capital Grant	40,902	117,640
MSI Operating Grant	18,914	15,156
Community Service Grant - Park Benches	-	2,000
CARF Grant	50,000	-
RCAP Grant	145,234	-
Prepaid property tax	9,816	13,905
Prepaid licenses	120	310
Total	\$ 768,360	\$ 255,090

Government Grant revenue is recognized in the period the funds are expended on approved projects qualifying under the grant program. To the extent that approved projects have not been allocated to grants received or receivable the revenue is deferred.

9. Trust Funds & Deposits

The Town of Bon Accord has received the following deposits which are held in trust:

	2010	2009
Contract deposit - Waste management contract	\$ 1,500	\$ 1,500
WGP Developments Ltd. development deposit	6,185	159,532
Rental damage deposits	1,150	1,350
Water meter security deposits	34,345	29,370
Building permit security deposits	2,450	1,750
Offsite levy deposits	21,520	8,594
Registration fee deposit	1,100	-
Total	\$ 68,250	\$ 202,096

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

10. Term Debt

Term debt consists of the following:

	2010	2009
ATB Financial term loan repayable in equal monthly installments of \$ 1,575 including principal and interest. The loan bears interest at the bank's prime rate. The rate in effect at year December 31, 2010 is 3.00%.	\$ 176,677	\$ 190,830
ATB Financial term loan repayable in equal monthly installments of \$ 2,375 including principal and interest. The loan bears interest at the bank's prime rate. The rate in effect at December 31, 2010 is 3.00%.	273,279	294,446
ATB Financial term loan repayable in equal monthly installments of \$ 5,025 including interest and principal. The loan bears interest at the bank's prime rate. The rate in effect at year December 31, 2010 is 3.00%.	227,424	281,148
ATB Financial term loan repayable in annual principal installments of \$ 26,000. The loan bears interest at the bank's prime rate which is calculated on the daily outstanding principal and is payable on the last day of each month. The rate in effect at year December 31, 2010 is 3.00%.	130,000	-
John Deere Credit loan repayable in annual installments of \$ 14,606 including principal and interest at 7.85%. The loan is secured by a backhoe.	37,250	48,081
Debenture payable to Alberta Capital Finance Authority payable in semi-annually March and September each year. The loan is non-interest bearing and matures and is fully paid September 2011.	55,181	108,037
Debenture payable to Alberta Capital Finance Authority repayable in semi-annual installments of \$ 22,265 on June 15 and December 15. The debenture bears interest at 4%. The debenture matures and is fully paid December 2011.	43,229	84,780
Debenture payable to Alberta Capital Finance Authority repayable in semi-annual installments of \$ 17,155 including interest on June 15 and December 15. The debenture bears interest at 2.575%. The debenture matures and is fully paid June 2015.	144,905	-
Total debt	1,087,945	1,007,322

Principal and interest repayments are as follows:

	Principal	Interest	Total
2011	\$ 225,457	\$ 27,289	\$ 252,746
2012	174,426	23,461	197,887
2013	152,452	16,011	168,463
2014	155,173	12,359	167,532
2015	83,116	9,443	92,559
Thereafter	267,321	20,449	287,770
	\$ 1,057,945	\$ 109,012	\$ 1,166,957

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

10. Term Debt

Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town Bon Accord be disclosed as follows:

	2010	2009
Total debt limit	\$ 3,797,861	\$ 3,485,160
Total debt	(1,378,576)	(1,007,322)
Amount of debt limit unused	\$ 2,419,285	\$ 2,477,838
Debt Servicing Limit	\$ 632,977	\$ 580,860
Debt Servicing Costs	(238,144)	(217,466)
Amount of debt servicing limit unused	\$ 394,833	\$ 363,394

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at 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.

11. Financial Instruments

The town's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long term debt. It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments.

The town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. In addition, credit risk is reduced as the municipality has the right to cease property under a tax sale to recovery unpaid taxes.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

12. Segmented Disclosure

The Town of Bon Accord provides a range of services to its ratepayers. 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 financial statements as disclosed in Note 1. Refer to the Schedule of Segmented Disclosure for detailed information.

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

13. Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2010	2009
Unrestricted surplus	\$ 397,549	\$ 295,342
Restricted surplus		
General operating reserve	46,166	44,510
Council reserve	-	257
General assessment reserve	-	12
Administration project reserve	10,782	8,031
Fire reserve	80,722	80,722
Emergency management	1,506	1,506
PIR rebate reserve	-	2,750
Building reserve	61,332	61,332
Water reserve system	99,081	99,081
Sanitary sewer project reserve	140,301	140,301
Recycling reserve	-	1,387
Cemetery reserve	10,800	10,800
Economic & community development reserve	618	618
Parks & Recreation reserve	11,353	11,353
Karing for kids reserve	3,382	3,382
Lillian Schick School reserve	3,951	3,951
	469,994	469,993
Equity in tangible capital assets	9,534,248	9,190,099
Total	\$ 10,401,791	\$ 9,955,434

Restricted Surplus/Reserves

Restricted surplus consists of various reserves as established by Council from time to time. Reserves are at the discretion of Council and can be changed at anytime at the discretion of the duly elected Council by way of motion at a Council meeting. Current Councils are also not bound by the reserves established by previous Councils. As such, the restricted surplus is an internal restriction only and financial resources are not restricted and have not been set aside to fund specific reserves.

Town of Bon Accord

Notes to the Financial Statements

December 31, 2010

14. Salary 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:

			2010	2009
	Salary	Benefits & Allowances	Total	Total
Chief Administration Officer	\$ 90,045	\$ 9,647	\$ 99,692	\$ 97,326
Mayor Van Dusan	10,200	-	10,200	12,306
Mayor Boyd	2,000	-	2,000	-
Councilor Boyd	5,450	-	5,450	6,000
Councilor Mackenzie	6,000	-	6,000	6,000
Councilor Melnyk	6,000	-	6,000	6,000
Councilor Saunders	6,000	-	6,000	6,000
Councilor Jamison	1,000	-	1,000	-
Total	\$ 126,695	\$ 9,647	\$ 136,342	\$ 133,632

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

Employer's share of all employee benefits and contributions or payments 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

15. Approval of Financial Statements

Council and management have approved these financial statements as of May 3, 2011.

16. Contingencies

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

17. Changes in Presentation of Comparative Financial Statements

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