

Annual Financial Statements
And Supporting Schedules

City of Melfort
For the Year Ended December 31, 2010

CITY OF MELFORT

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Year ended December 31, 2010

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MANAGEMENT'S RESPONSIBILITY

His Worship The Mayor and Council
City of Melfort, Saskatchewan

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

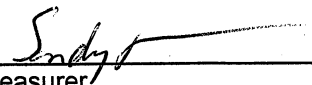
Council is composed entirely of Aldermen who are neither management nor employees of the City. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the City's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Mayor and Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Mayor and management to discuss their audit findings.

May 16th, 2011



Commissioner



Treasurer

INDEPENDENT AUDITORS' REPORT

His Worship The Mayor and Council
City of Melfort, Saskatchewan

We have audited the accompanying financial statements of the City of Melfort which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statement of financial activities, statement of changes in net financial assets, changes in financial position and the related schedules 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.

Auditors' 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 auditors' 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 purposes 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 City of Melfort as at December 31, 2010 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Melfort, Saskatchewan

May 16, 2011

Mayas Nois Penny LLP

Chartered Accountants



CITY OF MELFORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


Year ended December 31, 2010

| | 2010 \$ | 2009 \$ |
|--|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Current Financial Assets | | |
| Cash | 1,759,935 | 1,782,702 |
| Short-term investments (Note 4) | 6,263,794 | 6,484,905 |
| Accounts receivable (Note 2) | 1,646,926 | 2,394,099 |
| Accrued interest receivable | 1,180 | 68,502 |
| Taxes receivable (Note 3) | 259,359 | 233,341 |
| | <u>9,931,194</u> | <u>10,963,549</u> |
| Long-term investments (Note 4) | - | 115,985 |
| Tax title property (Note 5) | 138,126 | 117,533 |
| Local improvements receivable (Note 6) | 191,131 | 141,037 |
| Land for resale (Note 7) | 2,098,441 | 2,145,193 |
| Loans receivable | 73,261 | 101,479 |
| | <u>12,432,153</u> | <u>13,584,776</u> |
| FINANCIAL LIABILITIES AND EQUITY | | |
| Current Financial Liabilities | | |
| Accounts payable and accrued liabilities | 637,897 | 1,776,120 |
| Growth incentive rebates | 191,700 | 143,800 |
| Funds held in trust (Note 8) | 13,810 | - |
| Utility deposits | 182,398 | 175,354 |
| Deferred revenue | 92,457 | 4,476,205 |
| | <u>1,118,262</u> | <u>6,571,479</u> |
| Long-term debt (Note 9) | 4,170,364 | 4,170,364 |
| | <u>5,288,626</u> | <u>10,741,843</u> |
| NET FINANCIAL ASSETS | 7,143,527 | 2,842,933 |
| NON FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 11) | 37,718,800 | 22,392,915 |
| Prepaid expenses | 93,496 | 89,954 |
| Assets under construction | - | 12,646,604 |
| Inventory | 130,883 | 136,245 |
| Total non-financial assets | <u>37,943,179</u> | <u>35,265,718</u> |
| ACCUMULATED SURPLUS (Schedule 9) | <u>45,086,706</u> | <u>38,108,651</u> |

Approved on behalf of City Council:



Mayor



Deputy Mayor

CITY OF MELFORT

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31, 2010

| Budget 2010 \$ (unaudited) | | Total 2010 \$ | Total 2009 \$ |
|-------------------------------------|--|---------------------|---------------------|
| REVENUES | | | |
| Operational | | | |
| 3,842,089 | Taxation | 3,837,806 | 3,634,807 |
| 546,886 | Grants in lieu of taxes | 505,795 | 537,394 |
| 773,457 | Government grants | 1,118,470 | 1,667,855 |
| 741,427 | Fiscal revenues | 949,419 | 994,384 |
| 7,000 | General government | 8,277 | 10,615 |
| 107,050 | Protective services | 127,133 | 118,126 |
| 103,740 | Transportation services | 118,412 | 112,333 |
| 32,000 | Environmental & public health | 26,465 | 39,860 |
| 550 | Economic development | 2,406 | 7,793 |
| 576,274 | Recreation and cultural services | 654,734 | 564,227 |
| 1,820,101 | Utility fees | 1,818,096 | 1,766,071 |
| 222,900 | Landfill fees (Environmental services) | 433,810 | 216,696 |
| 200,052 | Waste collection fees (Environmental services) | 196,609 | 200,820 |
| Capital | | | |
| - | Government grants | 3,100,249 | - |
| | Federal Government grants | 2,758,032 | |
| | Community Donations for Multi-use facility | 800,894 | - |
| - | Profit from land sales | 600 | 2,000 |
| - | Sale of assets | (232,230) | (14,595) |
| - | Frontage assessment | 132,525 | 31,235 |
| - | Other capital revenue | 36,208 | 35,702 |
| <u>8,973,526</u> | | <u>16,393,710</u> | <u>9,925,323</u> |
| EXPENSES | | | |
| Operational | | | |
| 821,932 | General government services | 969,768 | 1,055,962 |
| 1,071,518 | Protective services | 1,038,206 | 928,841 |
| 1,461,037 | Transportation services | 2,043,455 | 1,858,704 |
| 40,830 | Public health services | 43,573 | 46,701 |
| 198,243 | Environmental development services | 169,655 | 157,536 |
| 2,197,981 | Recreation and cultural services | 2,762,085 | 2,437,059 |
| 1,669,198 | Utilities | 1,992,481 | 2,085,712 |
| 251,219 | Landfill | 247,309 | 194,433 |
| 146,800 | Waste collection | 149,122 | 150,556 |
| <u>7,858,758</u> | | <u>9,415,654</u> | <u>8,915,504</u> |
| <u>1,114,768</u> | EXCESS OF REVENUES OVER EXPENSES | <u>6,978,056</u> | <u>1,009,819</u> |
| | Accumulated Surplus, Beginning of year | <u>38,108,651</u> | <u>37,098,832</u> |
| | Accumulated Surplus, End of year | <u>45,086,706</u> | <u>38,108,651</u> |

CITY OF MELFORT**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**
Year ended December 31, 2010

| | Total 2010 \$ | Total 2009 \$ |
|--|------------------------------|------------------------------|
| SURPLUS | 6,978,056 | 1,009,819 |
| (Acquisition) of tangible capital assets | (17,106,314) | (1,723,710) |
| Amortization of tangible capital assets | 1,548,069 | 1,386,378 |
| Proceeds on disposal of tangible capital assets | 130 | 16,512 |
| Loss on the disposal of tangible capital assets | 232,230 | 14,595 |
| Inventory | 5,362 | 3,009 |
| Prepays/Deposits | (3,542) | (89,954) |
| (Increase) Decrease in Assets under construction | 12,646,604 | (6,454,123) |
| DEFICIT OF CAPITAL EXPENSES OVER EXPENDITURES | (2,677,461) | (6,847,293) |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | 4,300,595 | (5,837,475) |
| NET FINANCIAL ASSETS - BEGINNING OF YEAR | 2,842,933 | 8,680,407 |
| NET FINANCIAL ASSETS - END OF YEAR | 7,143,527 | 2,842,933 |

CITY OF MELFORT**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**Year ended December 31, 2010

| | 2010 \$ | 2009 \$ |
|---|---------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenditures | 6,978,056 | 1,009,819 |
| Amortization | 1,548,070 | 1,386,378 |
| Loss on disposal of tangible capital assets | 232,230 | 14,595 |
| | <u>8,758,356</u> | <u>2,410,792</u> |
| CHANGES IN NON-CASH WORKING CAPITAL | | |
| (Increase) in accounts receivable | 747,173 | (1,147,607) |
| Decrease in accrued interest receivable | 67,322 | 44,385 |
| (Increase) in taxes receivable | (26,019) | (16,528) |
| (Increase) decrease in inventory | 5,362 | 3,009 |
| Increase (decrease) in accounts payable and accrued liabilities | (1,138,223) | 723,197 |
| Increase (decrease) in growth incentive liability | 47,900 | (78,200) |
| Increase in prepayments and deposits | 7,044 | 8,285 |
| Increase (decrease) in deferred revenue | (4,383,748) | 2,848,331 |
| | <u>4,085,167</u> | <u>4,795,664</u> |
| CAPITAL ACTIVITIES | | |
| Acquisition of capital assets | (17,106,314) | (1,723,710) |
| Proceeds from the disposal of capital assets | 130 | 16,512 |
| | <u>(17,106,184)</u> | <u>(1,707,198)</u> |
| INVESTING ACTIVITIES | | |
| (Increase) decrease in short-term investments | 221,111 | (89,580) |
| Decrease in long-term investments | 115,985 | 1,360,457 |
| Increase in Funds held in trust | 13,810 | - |
| (Increase) decrease in land for resale | 46,752 | (563,782) |
| Decrease (increase) in tax title property | (20,593) | 16,527 |
| (Increase) decrease in local improvement receivable | (50,094) | 19,037 |
| (Increase) decrease in loans receivable | 28,218 | 31,957 |
| (Increase) in prepaid expenses | (3,542) | (89,954) |
| (Increase) decrease in assets under construction | 12,646,604 | (6,454,124) |
| | <u>12,998,251</u> | <u>(5,769,462)</u> |
| FINANCING ACTIVITIES | | |
| Advancement of long-term debt proceeds | - | 4,170,364 |
| | <u>(22,766)</u> | <u>1,489,368</u> |
| INCREASE (DECREASE) IN CASH RESOURCES | (22,766) | 1,489,368 |
| CASH RESOURCES, BEGINNING OF YEAR | 1,782,701 | 293,333 |
| CASH RESOURCES, END OF YEAR | 1,759,935 | 1,782,701 |

CITY OF MELFORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The City follows the normal practice for local government accounting according to the principles of fund accounting. Under this practice the financial resources are segregated into various funds used for specific activities or to meet certain objectives. A fund may contain assets, liabilities, equity, revenues, expenditures, gains and losses. The City consolidates the General Fund, Water and Sewer Utility Fund, Land Development Fund, Reserve Funds, and the Capital Trust Fund in these financial statements.

All interfund loans, other than normal trade accounts payable/receivable, have been eliminated through consolidation.

Basis of Accounting

The consolidated financial statements of the City have been prepared by management in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

(i) Accounting for school board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the North East School Division are not reflected in the municipal fund balances of these financial statements.

(ii) Land for resale

Costs associated with property for resale are capitalized to specific developments and proceeds from the sale of these properties are credited to the specific development. No income from developments is recorded until all costs have been recovered.

(iii) Growth incentive rebates

These rebates relate to the sale of lots within the City of Melfort. Purchasers have an option to receive \$6,000 cash back or a three year tax rate incentive. At the time of purchase the desired incentive must be indicated. At the time of sale the amount is accrued as a liability and is paid out when the purchaser has fulfilled all required conditions.

(iv) Reserve funds

Reserve funds are set-up by council through resolutions to set aside funds for a specific purpose in the future. The maintenance of these funds is completed through the budgeting process and projections of capital projects in the future. Decisions made to utilize these funds are done through council resolutions at the time of preparing the yearly budget.

Inventory

Inventory of stock and supplies for internal use is valued at the lower of cost and replacement cost.

Investments

Investments are recorded at the lower of cost or market value. There is a clearly demonstrated intention to hold all investments until maturity, therefore cost is not impaired by the current market value.

Local Improvement Charges

Local improvement projects which are financed by frontage taxes recognize the prepayment charge as revenue in the period in which the related expenditures occurred. A long-term receivable is recorded for the principal portion of unpaid frontage which are financed through local improvement and frontage levies.

CITY OF MELFORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

Revenues are accounted for in the period in which the transactions or events occurred that give rise to the revenues.

Property tax levies are recognized as revenue in the year in which they are levied.

Water and sewer utility consumers are billed on a cyclical basis and may include estimates. No accrual is made for revenues not billed at the year-end.

Government transfers are recognized as revenues in the period that the event giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality and reasonable estimates for the amounts can be made. Revenue received in advance of the related expenditures is deferred to the period when the expenditures are incurred.

Contributions received from donations in relation to the community facility are reported as received. A number of organizations and individuals have made pledges for contributions to be paid over a period of time. These contributions have not been recorded in the financial statements as the ultimate collection cannot be reasonably assured at this time.

Expenditure Recognition

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred. They also include grants and contributions made when no direct goods or services were acquired.

Basis of Segmentation

City services have been segmented by grouping activities that have similar service objectives. The segments are as follows:

General Government: The general government segment provides for the administration of the city.

Protective Services: Protective services is comprised of expenses for police and fire protection.

Transportation Services: The transportation services segment is responsible for the delivery of public works services related to the development and maintenance of roadway systems and street lighting.

Environmental and Public Health: The environmental segment provides waste disposal and other environmental services. The public health segment provides for expenses related to public health services in the city.

Planning and Development: The planning and development segment provides for neighbourhood development and sustainability.

Recreation and Culture: The recreation and culture segment provides for community services through the provision of recreation and leisure services.

Utility Services: The utility services segment provides for delivery of water, collecting and treating of wastewater and providing collection and disposal of solid waste.

CITY OF MELFORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Uncertainty

The preparation of financial statements in conformity with 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 expenditures during the period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Tangible Capital Assets

All tangible capital asset acquisitions or betterments made throughout the year are recorded at the acquisition cost. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The cost of these tangible capital assets less any residual value are amortized over each asset's useful life using the straight-line method of amortization. The Cities capital asset useful lives are estimate as follows:

| General Assets | Useful Life (years) |
|--------------------------------|---------------------|
| Land | Indefinite |
| Land Improvements | 20 |
| Buildings | 25 - 50 |
| Machinery & Equipment | |
| Information Technology | 5 |
| Office Equipment | 8 |
| Other Equipment | 10 |
| Food Service Equipment | 15 |
| Water and Wastewater Equipment | 25 |
| Infrastructure | |
| Roads | 25 - 40 |
| Sidewalks | 30 |
| Traffic Lights | 25 |
| Airport Runway and Lighting | 30 |
| Watermains | 25 |
| Hydrants | 30 |
| Reservoirs | 50 |
| Sanitary Lines | 50 |
| Lift Stations | 45 |
| Wastewater Treatment | 50 |
| Other Storm and Sewer Networks | 40 |

CITY OF MELFORT**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year ended December 31, 2010

| | 2010 | 2009 |
|---|------------------|------------------|
| | \$ | \$ |
| 2. ACCOUNTS RECEIVABLE | | |
| Government grants - federal | - | - |
| Government grants - provincial | - | 71,397 |
| Saskatchewan Power and Energy | 139,493 | 129,040 |
| Goods and Services Tax | 126,055 | 159,654 |
| | <u>265,548</u> | <u>360,091</u> |
| Trade accounts | 2,486,966 | 3,331,720 |
| Less allowance for doubtful accounts | (72,999) | (73,000) |
| Less: Amounts for fund-raising pledges not yet received | (1,267,166) | (1,425,722) |
| | <u>1,146,801</u> | <u>1,832,998</u> |
| Water and sewage receivables | 252,931 | 219,309 |
| Less allowance for doubtful accounts | (18,300) | (18,300) |
| | <u>234,631</u> | <u>201,009</u> |
| | <u>1,646,980</u> | <u>2,394,098</u> |
| 3. TAXES RECEIVABLE | | |
| Taxes receivable - municipal portion | 305,618 | 279,600 |
| Less general allowance for doubtful accounts | (46,259) | (46,259) |
| | <u>259,359</u> | <u>233,341</u> |

The City of Melfort is also responsible for assessing and collecting taxes on behalf of other organizations under the Cities Act. As of December 31, 2010, \$137,400 (\$118,013 at December 31, 2009) in property taxes were collectable on behalf of these organizations. As well, \$189,660 (\$163,940 at December 31, 2009) worth of tax title property is being administered on their behalf.

CITY OF MELFORT**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year ended December 31, 2010

| | 2010 | 2009 |
|--|--------------------|--------------------|
| | \$ | \$ |
| 4. LONG-TERM INVESTMENTS | | |
| Long-term investments | 6,263,794 | 6,600,890 |
| Less investments maturing within one year | <u>(6,263,794)</u> | <u>(6,484,905)</u> |
| | <u>-</u> | <u>115,985</u> |
| <p>Investments maturing within three months are included in cash; those maturing between three months and one year from the balance sheet date are presented as short-term investments on the statement of financial position.</p> | | |
| 5. TAX TITLE PROPERTY | | |
| Tax title property | 336,437 | 306,769 |
| Less allowance for market value adjustment | <u>(198,311)</u> | <u>(189,236)</u> |
| | <u>138,126</u> | <u>117,533</u> |
| 6. LOCAL IMPROVEMENT RECEIVABLE | | |
| <p>Local improvements are financed by the municipality and then charged to the individual taxpayers over seven years. These loans bear interest at the rate set out in the uniform rate bylaw.</p> | | |
| | <u>191,131</u> | <u>141,037</u> |
| 7. LAND FOR RESALE | | |
| Balance beginning of year | 2,145,193 | 1,581,410 |
| Costs incurred for land development | 663,968 | 2,104,516 |
| Growth incentive rebates set up in 2010 | 104,300 | 43,700 |
| Land sales | <u>(815,020)</u> | <u>(1,584,433)</u> |
| Balance end of year | <u>2,098,441</u> | <u>2,145,193</u> |
| <p>The City has allocated funds for the purchasing and servicing of land for resale. Revenue from the sale of lots will be used to offset the development costs of each subdivision on a cost recovery basis.</p> | | |
| 8. FUNDS HELD IN TRUST | | |
| <p>Funds held in trust are being held on behalf of the 2006 Saskatchewan Winter Games committee and restricted to being used for a specific community group or project.</p> | | |
| | 13,810 | - |

CITY OF MELFORT**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year ended December 31, 2010

| | 2010 | 2009 |
|--|------------------|------------------|
| | \$ | \$ |
| 9. LONG-TERM DEBT/DEBENTURES | | |
| The cities authorized debt limit is \$8,000,000. The city borrowed funds to assist in covering costs in relation to new land developments. The amounts borrowed are recorded below: | | |
| Debenture payable to the Municipal Financing Corporation of Saskatchewan, bearing interest at 3.10%, payable in interest only payments made annually commencing May 2010, principal due 2014 | 3,655,000 | 3,655,000 |
| Term loan bearing interest at 4.63%, payable in interest only monthly instalments, principal due 2014 | 515,364 | 515,364 |
| | <u>4,170,364</u> | <u>4,170,364</u> |

The city has received funding from the Saskatchewan Infrastructure Growth Initiative fund, which is a program that covers the interest payments to be made on the above debt. The program covers interest payments up to a maximum percentage based on the agreement signed. Debenture interest is covered up to a maximum of 3.1%, the term loan is covered up to a maximum of 3.3%. As a result the city is responsible for covering the remaining portion. Both funding agreements are in place up to a maximum of five years.

10. RESERVE FUND

| | | |
|-------------------------------|------------------|------------------|
| General operating fund | | |
| Operating reserves | 789,164 | 789,164 |
| Capital reserves | 2,831,386 | 2,871,442 |
| Utility operating fund | | |
| Capital reserves | 380,070 | 1,187,517 |
| | <u>4,000,620</u> | <u>4,848,124</u> |

11. CAPITAL TRUST FUND

The fund represents a pool of capital that enables internal financing of capital projects. Cash reserves for the fund are held by the General Operating Fund.

| | | |
|--------------------------------|------------------|------------------|
| Approved fund equity - general | 1,400,000 | 1,400,000 |
| Approved fund equity - utility | 4,100,000 | 4,100,000 |
| | <u>5,500,000</u> | <u>5,500,000</u> |
| Less: | | |
| Internally financed loans | 5,500,000 | 5,500,000 |
| Fund balance | <u>-</u> | <u>-</u> |

CITY OF MELFORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended December 31, 2010

| | 2010 | 2009 |
|---|------------------|------------------|
| | \$ | \$ |
| 11. CAPITAL TRUST FUND - continued | | |
| INTERNALLY FINANCED LOANS | | |
| Multi-Use Facility & Main Lift Station: | | |
| Interest bearing loan payable at a 5% interest rate, repayable in an annual instalment of \$771,000 from 2010 to 2024. Of the total borrowing, \$2,534,113 will be repaid to the general reserves first. Once replenished, the remaining will be repaid to the capital trust fund in the amount of \$5,500,000. | <u>8,034,113</u> | <u>7,142,681</u> |
| Internally Financed Loans | <u>8,034,113</u> | <u>7,142,681</u> |

In consideration of Capital Trust Fund Utility Equity being used for non-utility purposes Council has agreed to transfer \$100,000 annually from the operating fund to the utility fund in lieu of interest.

Of the above loan \$593,018 relates to the Main Lift Station and the remaining \$7,441,095 relates to the Multi-use facility.

CITY OF MELFORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2010

12. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2010, the Public Sector Accounting Board (PSAB) issued PS 3510 Tax Revenue to provide guidance on how to account for and report tax revenue. This section establishes recognition, measurement, presentation and disclosure requirements for tax revenue. PS 3510 is effective for fiscal years beginning on or after April 1, 2012. The City has not yet determined the effect of the new section on its financial statements.

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements. PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The City has not yet determined the effect of the new section on its consolidated financial statements.

13. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The City operates a waste disposal utility that is responsible for the waste collection, landfill operations and future site restoration costs. Future site restoration costs are recognized based on assumptions, engineering studies and estimates to the costs of future removal and site restoration. Changes to the underlying assumptions or legislative change in the future could have a material impact on the statements. As these costs are not readily determinable, the City has not provided for future site restoration costs.

14. CONTINGENCY LIABILITY

The City had guaranteed the indebtedness of the Melfort Golf Club to a maximum of \$354,506. Should the Golf Club default on the loan, the city is required to resume payments on their behalf immediately.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.

18. BUDGET

Budget figures provided are for information purposes only and have not been audited.

CITY OF MELFORT

SCHEDULE 1 - SCHEDULE OF GENERAL OPERATING REVENUES

Year ended December 31, 2010

| Budget 2010 \$ | | Actual 2010 \$ | Actual 2009 \$ |
|-------------------------------|---|-------------------------------|-------------------------------|
| (unaudited) | | | |
| | TAXATION | | |
| 3,883,801 | Property levy | 3,878,065 | 3,674,125 |
| 3,288 | Mobile trailer license fees | 3,210 | 3,235 |
| (45,000) | Less other jurisdictional requests | | |
| | Sask. Assessment Management Agency | (43,469) | (42,553) |
| 3,842,089 | | 3,837,806 | 3,634,807 |
| | GRANTS IN LIEU OF TAXES | | |
| 14,815 | Federal | 15,666 | 14,815 |
| | Provincial | | |
| 235,831 | S.P.C. Electric | 248,911 | 231,207 |
| 248,314 | Sask Energy Gas | 190,542 | 243,446 |
| 47,926 | Other provincial | 50,676 | 47,926 |
| 546,886 | | 505,795 | 537,394 |
| | PROVINCIAL GRANT - REVENUE SHARING | 750,121 | 750,121 |
| 750,000 | GOVERNMENT GRANTS - FEDERAL | 330,549 | 447,456 |
| | GOVERNMENT GRANTS - PROVINCIAL | 37,800 | 470,278 |
| 23,457 | | 1,118,470 | 1,667,855 |
| 773,457 | | | |
| | FISCAL REVENUES | | |
| 487,531 | S.P.C. electric surcharge | 514,281 | 477,972 |
| 83,000 | Licenses and permits | 100,775 | 80,896 |
| 10,576 | Property rentals | 10,558 | 11,576 |
| 110,320 | Return on investments | 182,422 | 266,946 |
| 50,000 | Tax penalties | 60,188 | 55,777 |
| - | Tax title property sales | 27,447 | 29,819 |
| - | Other | 53,748 | 71,398 |
| 741,427 | | 949,419 | 994,384 |
| | TOTAL TAXATION AND OTHER UNCONDITIONAL REVENUE | 6,411,490 | 6,834,440 |
| | PROGRAM REVENUES | | |
| 7,000 | General government | 8,277 | 10,615 |
| | Protective services: | | |
| 37,000 | Police protection | 55,825 | 37,995 |
| 61,850 | Fire protection | 54,790 | 64,778 |
| - | Building inspection | - | - |
| - | Mosquito control | 7,033 | 5,819 |
| 700 | Bylaw enforcement | 881 | 794 |
| 500 | 911 system | 651 | 760 |
| 7,000 | Animal control | 7,953 | 7,980 |
| 107,050 | | 127,133 | 118,126 |

CITY OF MELFORT

SCHEDULE 1 - SCHEDULE OF GENERAL OPERATING REVENUES

Year ended December 31, 2010

| Budget 2010 \$ | | Actual 2010 \$ | Actual 2009 \$ |
|-------------------------------|------------------------------------|-------------------------------|-------------------------------|
| (unaudited) | | | |
| | Transportation services: | | |
| 12,000 | Mechanic and shop charges | 24,938 | 16,514 |
| 55,728 | Roads and streets | 44,764 | 55,312 |
| 9,012 | Air transportation | 5,340 | 9,065 |
| 27,000 | Disabled transit | 43,370 | 31,442 |
| 103,740 | | 118,412 | 112,333 |
| 32,000 | Cemetery | 26,465 | 39,860 |
| 550 | Economic development | 2,406 | 7,793 |
| | Recreation: | | |
| 1,000 | Community leadership | 1,176 | 819 |
| 36,944 | Trust initiative program | 37,994 | 36,944 |
| 96,000 | Kerry Vicker Centre | 142,208 | |
| | Northern Lights Palace | | |
| 136,950 | Arena | 130,874 | 120,611 |
| 182,480 | Leisure pool | 219,274 | 191,814 |
| 20,000 | Concession | 18,225 | 21,071 |
| 8,000 | Lobby | 10,584 | 9,406 |
| 42,500 | Main Arena | 46,894 | 38,848 |
| | Multi-purpose facility fundraising | - | 24,138 |
| | North East Leisure Centre | - | 24,817 |
| | Parks | 4,280 | 35,832 |
| 15,000 | Campgrounds | 14,675 | 17,604 |
| 7,400 | Sports fields | 6,940 | 7,155 |
| 30,000 | Heritage grant | 21,610 | 35,168 |
| 576,274 | | 654,734 | 564,227 |
| | TOTAL PROGRAM REVENUES | 937,427 | 852,954 |
| | TOTAL OPERATING REVENUES | 7,348,917 | 7,687,394 |

CITY OF MELFORT

SCHEDULE 2 - SCHEDULE OF GENERAL OPERATING EXPENSES
 Year ended December 31, 2010

| Budget 2010 \$ (unaudited) | | Actual 2010 \$ | Actual 2009 \$ |
|-------------------------------------|--------------------------------------|----------------------|----------------------|
| GENERAL GOVERNMENT | | | |
| - | Amortization | 55,019 | 54,389 |
| 72,825 | City Hall | 62,323 | 65,152 |
| - | Contract review services | - | - |
| 56,700 | Debt charges | 170,967 | 250,846 |
| 535,539 | Finance and administration | 529,780 | 536,468 |
| 156,868 | Legislative | 151,679 | 149,107 |
| <u>821,932</u> | | <u>969,768</u> | <u>1,055,962</u> |
| PROTECTIVE SERVICES | | | |
| 8,490 | 911 system | 8,023 | 8,533 |
| 15,140 | Animal control | 14,970 | 16,059 |
| | Amortization | 36,064 | 35,608 |
| 68,246 | Building inspection | 71,916 | 72,548 |
| 6,845 | Bylaw enforcement | 6,519 | 358 |
| 163,771 | Fire protection | 155,715 | 160,583 |
| 5,280 | Mosquito control | 476 | 2,430 |
| 7,666 | Other protective services | 7,088 | 5,312 |
| 796,080 | Police protection | 737,435 | 627,410 |
| <u>1,071,518</u> | | <u>1,038,206</u> | <u>928,841</u> |
| TRANSPORTATION SERVICES | | | |
| 115,684 | Administration | 93,272 | 127,274 |
| 29,501 | Air transportation | 36,216 | 28,617 |
| | Amortization | 609,606 | 613,598 |
| 58,477 | Disabled transit | 57,164 | 56,239 |
| | Roads and streets | | |
| 25,500 | Crack filling | 15,944 | 398 |
| 30,000 | Dust control | 35,699 | 42,513 |
| 681,976 | General | 527,085 | 387,675 |
| 12,000 | Patching | 22,163 | 79,643 |
| 9,250 | Snow and ice removal | 61,685 | 33,199 |
| 25,500 | Sidewalks | 51,162 | 16,412 |
| 207,000 | Street lighting and traffic services | 193,467 | 169,208 |
| 128,385 | Workshop | 173,832 | 173,207 |
| 137,764 | Vehicle and equipment pool | 166,160 | 130,721 |
| <u>1,461,037</u> | | <u>2,043,455</u> | <u>1,858,704</u> |

CITY OF MELFORT

SCHEDULE 2 - SCHEDULE OF GENERAL OPERATING EXPENSES

Year ended December 31, 2010

| Budget 2010 \$ (unaudited) | | Actual 2010 \$ | Actual 2009 \$ |
|---|------------------------------------|----------------------|----------------------|
| PUBLIC HEALTH SERVICES | | | |
| - | Amortization | 3,509 | 3,509 |
| 40,830 | Cemetery | 40,064 | 43,192 |
| <u>40,830</u> | | <u>43,573</u> | <u>46,701</u> |
| ECONOMIC DEVELOPMENT SERVICES | | | |
| - | Amortization | - | - |
| 67,500 | Community development | 49,432 | 53,591 |
| 33,039 | Community planning | 31,784 | 31,714 |
| 97,704 | Economic development | 88,439 | 72,231 |
| <u>198,243</u> | | <u>169,655</u> | <u>157,536</u> |
| RECREATION AND CULTURE SERVICES | | | |
| 237,125 | Administration | 237,511 | 235,752 |
| | Amortization | 430,990 | 304,909 |
| 32,600 | Campgrounds | 30,223 | 32,804 |
| 82,403 | Heritage | 70,498 | 81,313 |
| 266,900 | Kerry Vickar Centre | 370,458 | - |
| 127,758 | Libraries (Wapiti and Local) | 117,945 | 115,092 |
| 115,320 | Main Arena | 109,558 | 119,189 |
| | Multi-purpose facility fundraising | - | 24,138 |
| 200,264 | Municipal and regional parks | 188,116 | 197,937 |
| | North East Leisure Centre | - | 173,389 |
| | Northern Lights Palace | | |
| 351,851 | Arena | 348,575 | 365,536 |
| 580,800 | Leisure pool | 666,232 | 596,256 |
| 47,992 | Lobby | 46,691 | 49,112 |
| 21,749 | Playgrounds | 21,393 | 18,064 |
| 25,450 | Sports fields | 27,757 | 18,086 |
| 36,944 | Trust initiative program | 37,119 | 38,069 |
| 70,825 | Vehicle pool and storage | 59,019 | 67,413 |
| <u>2,197,981</u> | | <u>2,762,085</u> | <u>2,437,059</u> |
| TOTAL EXPENSES | | <u>7,026,742</u> | <u>6,484,803</u> |
| EXCESS OF GENERAL OPERATING REVENUES OVER EXPENSES | | <u>322,175</u> | <u>1,202,591</u> |

CITY OF MELFORT

SCHEDULE 3 - SCHEDULE OF WATER AND SEWER UTILITY OPERATIONS

Year ended December 31, 2010

| Budget 2010 \$ (unaudited) | | Actual 2010 \$ | Actual 2009 \$ |
|-------------------------------------|--|----------------------|----------------------|
| REVENUES | | | |
| 1,787,897 | Sale of water | 1,778,271 | 1,742,947 |
| 32,204 | Other water revenues | 39,825 | 23,124 |
| <u>1,820,101</u> | | <u>1,818,096</u> | <u>1,766,071</u> |
| EXPENSES | | | |
| 153,100 | Administration | 168,654 | 154,898 |
| - | Amortization | 412,880 | 374,365 |
| 5,885 | Bad debt | - | - |
| 56,866 | Meter reading | 59,047 | 57,291 |
| 98,072 | Sewage collection | 56,730 | 76,878 |
| 11,500 | Sewage lagoons | 14,561 | 13,319 |
| 54,450 | Sewage pump stations | 102,515 | 52,708 |
| 94,702 | Tools and equipment | 106,995 | 95,789 |
| 897,900 | Treated water purchase - Sask Water | 921,558 | 1,083,251 |
| 6,500 | Utility service connections | 19,917 | 26,990 |
| 252,723 | Water distribution | 106,542 | 106,275 |
| 37,500 | Water treatment | 23,082 | 43,948 |
| <u>1,669,198</u> | | <u>1,992,481</u> | <u>2,085,711</u> |
| 150,903 | EXCESS OF REVENUE OVER EXPENSES | (174,385) | (319,640) |
| 100,000 | Interest payment from general fund | 100,000 | 100,000 |
| (236,500) | Transfers to capital reserves | (236,500) | (236,500) |
| <u>14,403</u> | DECREASE IN BALANCE | <u>(310,885)</u> | <u>(456,140)</u> |

CITY OF MELFORT**SCHEDULE 4 - SCHEDULE OF LANDFILL OPERATIONS**Year ended December 31, 2010

| Budget 2010 \$ (unaudited) | | Actual 2010 \$ | Actual 2009 \$ |
|---|--|-------------------------------|-------------------------------|
| | REVENUES | | |
| 215,000 | Waste Disposal | 422,730 | 208,075 |
| 7,900 | Eco Centre | 11,080 | 8,621 |
| 222,900 | | 433,810 | 216,696 |
| | EXPENSES | | |
| 250,284 | Waste Disposal | 247,366 | 193,489 |
| 935 | Eco Centre | (57) | 944 |
| 251,219 | | 247,309 | 194,433 |
| (28,319) | EXCESS OF REVENUE OVER EXPENSES | 186,501 | 22,263 |
| 43,425 | Transfer from Waste Collection Fund | 43,425 | 39,000 |
| 15,106 | INCREASE IN BALANCE | 229,926 | 61,263 |

CITY OF MELFORT

SCHEDULE 5 - SCHEDULE OF WASTE COLLECTION OPERATIONS

Year ended December 31, 2010

| Budget 2010 \$ (unaudited) | | Actual 2010 \$ | Actual 2009 \$ |
|---|--|-------------------------------|-------------------------------|
| | REVENUES | | |
| 200,052 | Waste Collection | 196,609 | 200,820 |
| | EXPENSES | | |
| 146,800 | Waste Collection | 149,122 | 150,556 |
| 53,252 | EXCESS OF REVENUE OVER EXPENSES | 47,487 | 50,264 |
| (43,425) | Transfer to Landfill Operating Fund | (43,425) | (39,000) |
| 9,827 | INCREASE IN BALANCE | 4,062 | 11,264 |

CITY OF MELFORT

SCHEDULE 6 - SCHEDULE OF CAPITAL OPERATIONS

Year ended December 31, 2010

| Budget 2010 \$ (unaudited) | 2010 \$ | 2009 \$ |
|---|--------------------|--------------------|
| REVENUES | | |
| - Government grants | 3,100,249 | - |
| - Federal Capital Grants | 2,758,032 | - |
| - Community Donations for Multi-use facility | 800,894 | - |
| - Profit from land sales | 600 | 2,000 |
| - Gain on sale assets | (232,230) | (14,595) |
| - Frontage assessment | 132,525 | 31,235 |
| - Other capital revenue | 36,208 | 35,702 |
| - | <u>6,596,278</u> | <u>54,342</u> |
| EXPENSES | | |
| - General government services | - | - |
| - Protective services | - | - |
| - Transportation services | - | - |
| - Recreation and culture services | - | - |
| - Utilities | - | - |
| - | <u>-</u> | <u>-</u> |
| - | <u>6,596,278</u> | <u>54,342</u> |
| EXCESS OF REVENUE OVER EXPENSES | | |

CITY OF MELFORT

SCHEDULE 7 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION

Year ended December 31, 2010

| | General Government | Protective Services | Transportation Services | Environmental & Recreation and Public Health Culture* | Utility Services | Other capital revenues | Total |
|---|--------------------|---------------------|-------------------------|---|------------------|------------------------|------------------|
| Revenues | 2,905 | 50,448 | 34,358 | 26,465 | 545,330 | 2,397,610 | 3,057,116 |
| Fees and charges | | 38,753 | - | | 37,994 | | 38,753 |
| Municipal grants | | 7,033 | 14,028 | | 71,409 | | 59,055 |
| Other grants | 5,372 | 30,901 | 70,025 | 2,406 | | | 221,670 |
| Other revenues | | | | | | | 9,350 |
| Interest income | | | | | | | (232,230) |
| Tangible Capital Assets (loss) | 600 | | | | | | 600 |
| Land Sales Gain | | | | | | | 5,858,281 |
| Government grants - capital | | | | | 800,894 | | 800,894 |
| Capital fund-raising | | | | | | | 168,733 |
| Other revenues | | | 168,733 | | | | |
| Total Revenues | 8,877 | 127,135 | 287,144 | 28,871 | 7,313,908 | 2,216,286 | 9,982,222 |
| Expenses | 490,419 | 168,348 | 538,783 | 129,845 | 1,013,046 | 415,879 | 2,756,320 |
| Wages and benefits | 31,864 | 670,359 | 97,649 | 8,761 | 79,639 | 163,756 | 1,052,029 |
| Professional/contractual services | 43,970 | 17,965 | 168,333 | 2,740 | 585,269 | 63,871 | 882,148 |
| Utilities | 12,549 | 2,721 | 30,369 | - | 90,437 | 21,908 | 157,984 |
| Insurance | 31,463 | 35,747 | 579,890 | 5,494 | 375,673 | 1,212,149 | 2,240,415 |
| Maintenance, materials and supplies | | | | 36,100 | 169,757 | | 205,857 |
| Grants and contribution | 55,018 | 36,064 | 609,607 | 3,509 | 430,990 | 412,880 | 1,548,069 |
| Amortization | 170,966 | | | | | | 170,966 |
| Interest | 133,518 | 107,003 | 18,822 | 26,778 | | 98,463 | 401,868 |
| Other | | | | | | | |
| Total Expenses | 969,768 | 1,038,207 | 2,043,453 | 213,227 | 2,762,095 | 2,388,906 | 9,415,656 |
| Surplus (deficit) by Function | (960,890) | (911,072) | (1,756,309) | (184,356) | 4,551,813 | (172,620) | 566,566 |
| Taxation and other unconditional revenue (Schedule 1) | | | | | | | 6,411,490 |
| Excess of revenues over expenses | | | | | | | 6,978,056 |

* Includes Economic Development Services from Schedule 2

CITY OF MELFORT**SCHEDULE 8 - SCHEDULE OF CHANGES IN UNAPPROPRIATED SURPLUS**Year ended December 31, 2010

| | 2010 | 2009 |
|---|---------------------|------------------|
| | \$ | \$ |
| BALANCE, BEGINNING OF YEAR | 9,104,671 | 1,261,099 |
| SOURCES | | |
| Excess of revenues over expenses | | |
| General operating fund | 322,175 | 1,202,591 |
| Utility operating fund | (174,385) | (319,641) |
| Landfill operating fund | 186,501 | 22,263 |
| Waste collection operating fund | 47,487 | 50,264 |
| Capital fund | 6,596,278 | 54,342 |
| | 6,978,056 | 1,009,819 |
| Net change in unappropriated surplus | 16,082,727 | 2,270,918 |
| Transfers from reserve to surplus | 778,535 | 639,078 |
| Transfer from surplus to repayment of internal borrowing | (413,865) | (748,578) |
| Transfers from surplus to general reserves | (739,376) | (498,942) |
| Transfer of prior year surplus to reserves | (82,648) | - |
| Transfer from (to) investment in capital | (15,327,635) | (306,224) |
| Transfer from Capital Trust funds for internal borrowing purposes | - | 6,105,738 |
| Transfer from general reserves for internal borrowing purposes | 1,305,277 | 1,642,681 |
| Balance, end of year | 1,603,015 | 9,104,671 |

CITY OF MELFORT**SCHEDULE 9 - SCHEDULE OF APPROPRIATED AND ACCUMULATED SURPLUS**Year ended December 31, 2010

| | 2010 \$ | 2009 \$ |
|---|--------------------|--------------------|
| GENERAL CAPITAL RESERVES | | |
| Balance, beginning of year | 4,848,123 | 6,630,940 |
| Additions | | |
| General capital fund | 503,295 | 289,442 |
| Utility operating fund | 236,500 | 236,500 |
| Prior years excess | 82,649 | - |
| Repayment of internal debt | 413,865 | - |
| | <u>1,236,309</u> | <u>525,942</u> |
| Deductions | | |
| Mill rate stabilization | - | (27,000) |
| General capital fund | (466,687) | (447,467) |
| Utility capital fund | (311,848) | (191,611) |
| Internal borrowing from general reserves | (1,305,277) | (1,642,681) |
| | <u>(2,083,812)</u> | <u>(2,308,759)</u> |
| Balance, end of year | <u>4,000,620</u> | <u>4,848,123</u> |
| <hr/> | | |
| LAND DEVELOPMENT FUND | | |
| Balance, beginning of year | 1,762,943 | 1,762,943 |
| Additions | 1,328 | - |
| Deductions | - | - |
| Balance, end of year | <u>1,764,271</u> | <u>1,762,943</u> |
| <hr/> | | |
| CAPITAL TRUST FUND | | |
| Balance, beginning of year | - | 5,357,160 |
| Additions | | |
| Transfer from unappropriated Surplus | - | 748,578 |
| | - | - |
| Deductions | | |
| Transfers for internal borrowing purposes | - | 6,105,738 |
| Balance, end of year | <u>-</u> | <u>-</u> |

CITY OF MELFORT

SCHEDULE 9 - SCHEDULE OF APPROPRIATED AND ACCUMULATED SURPLUS
Year ended December 31, 2010

| | 2010 | 2009 |
|--|--------------------|-------------|
| | \$ | \$ |
| INVESTMENT IN TANGIBLE CAPITAL ASSETS | | |
| Balance, beginning of year | 22,392,914 | 22,086,690 |
| Additions | | |
| Capital purchases | 17,106,314 | 1,723,709 |
| Deductions | | |
| Amortization | (1,548,069) | (1,386,378) |
| Capital asset disposals (cost less accumulated amortization) | 232,229 | 31,107 |
| Proceeds on disposal | (130) | |
| | (1,315,970) | (1,355,271) |
| Balance, end of year | 37,718,800 | 22,392,914 |
| TOTAL APPROPRIATED SURPLUS | 43,483,691 | 29,003,980 |
| TOTAL UNAPPROPRIATED SURPLUS (Schedule 8) | 1,603,015 | 9,104,671 |
| ACCUMULATED SURPLUS | 45,086,706 | 38,108,651 |

CITY OF MELFORT

SCHEDULE 10 - SCHEDULE OF RESERVES

Year ended December 31, 2010

| | Balance, Beginning of Year \$ | Transfers from (to) Operations \$ | Transfer (to) from Equity \$ | Transfers for Capital Purposes \$ | Balance, End of Year \$ |
|------------------------------------|--|--|---------------------------------------|--|----------------------------------|
| A. GENERAL FUND | | | | | |
| OPERATING RESERVES | | | | | |
| Mill rate stabilization | 622,981 | - | - | - | 622,981 |
| Economic development study | 166,183 | - | - | - | 166,183 |
| | 789,164 | - | - | - | 789,164 |
| CAPITAL RESERVES | | | | | |
| General government: | | | | | |
| Computer equipment and software | 37,136 | 20,131 | - | - | 57,267 |
| Protective services: | | | | | |
| Fire trucks | 216,895 | 30,197 | - | - | 247,092 |
| Fire hall and equipment | 598 | - | - | - | 598 |
| Police/EMO Equipment | 161,633 | - | - | (4,565) | 157,068 |
| Transportation services: | | | | | |
| Transportation machinery/equipment | 311,577 | 70,461 | - | (122,887) | 259,151 |
| Workshop equipment | 50,439 | - | - | - | 50,439 |
| Airport equipment/site/facilities | 98,898 | 10,066 | - | - | 108,964 |
| Special needs transit van | 28,082 | - | - | - | 28,082 |
| Local improvements | 934,403 | 35,231 | - | (25,293) | 944,341 |
| Prepaid flankage | 5,962 | - | - | - | 5,962 |
| General street upgrades | 333,484 | 25,165 | - | - | 358,649 |
| Sidewalks | 156,180 | 35,230 | - | (29,434) | 161,976 |
| Environmental health services: | | | | | |
| Waste disposal site building | 80,163 | - | 61,263 | (22,476) | 118,950 |
| Waste collection equipment | 3,846 | - | 11,264 | - | 15,110 |
| Public health services: | | | | | |
| Cemetery site | 4,590 | - | - | - | 4,590 |
| Recreation and culture services: | | | | | |
| Administration | 13,200 | - | - | - | 13,200 |
| Playgrounds | 39,520 | - | - | - | 39,520 |
| Parks | 12,133 | 5,033 | - | (20,623) | (3,457) |
| Parks equipment - replacement | 411,064 | 45,296 | (192,600) | (44,877) | 218,883 |
| Northern Lights Palace | 62,013 | 25,164 | (44,847) | (42,330) | - |
| Special Capital | - | - | 149,202 | (104,202) | 45,000 |
| City facilities | (90,375) | 201,321 | (60,946) | (50,000) | - |
| | 2,871,442 | 503,295 | (76,664) | (466,687) | 2,831,386 |
| TOTAL GENERAL RESERVES | 3,660,606 | 503,295 | (76,664) | (466,687) | 3,620,550 |

Reserves continued on next page

CITY OF MELFORT**SCHEDULE 10 - SCHEDULE OF RESERVES**
Year ended December 31, 2010

| | Balance, Beginning of Year \$ | Transfers from (to) Operations \$ | Transfer (to) from Equity \$ | Transfers for Capital Purposes \$ | Balance, End of Year \$ |
|-------------------------------|--|--|---|--|--|
| B. UTILITY FUND | | | | | |
| Water conservation program | 15,419 | 20,000 | - | (27,429) | 7,990 |
| Utility equipment | (67,745) | 50,000 | - | (29,419) | (47,164) |
| Water distribution system | 865,396 | 156,500 | (593,018) | (255,000) | 173,878 |
| Water rate stabilization | 193,550 | - | (139,081) | - | 54,469 |
| Sewage disposal system | 180,897 | 10,000 | - | - | 190,897 |
| TOTAL UTILITY RESERVES | 1,187,517 | 236,500 | (732,099) | (311,848) | 380,070 |
| TOTAL RESERVES | 4,848,123 | 739,795 | (808,763) | (778,535) | 4,000,620 |

CITY OF MELFORT

SCHEDULE 11 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY OBJECT

Year ended December 31, 2010

| | 2010 | | | | | | 2009 | |
|--|----------------|-------------------|------------|-----------------------|-----------------------|-------------------------|---------------------------|------------|
| | General Assets | | | Infrastructure Assets | | General/ Infrastructure | | Total |
| | Land | Land Improvements | Buildings | Vehicles | Machinery & Equipment | Linear assets | Assets Under Construction | |
| ASSET COST | | | | | | | | |
| Opening Asset costs | 306,630 | 1,539,383 | 15,281,716 | 772,478 | 4,829,947 | 26,514,521 | 12,646,604 | 61,891,279 |
| Additions during the year | | 161,445 | 1,065,161 | 197,184 | 36,560 | 2,999,359 | | 4,459,710 |
| Disposals and write-downs during the year | | | | -42811 | | -885,977 | | (928,788) |
| Transfers (from) assets under construction | | | 12646604 | | | | -12646604 | - |
| CLOSING ASSET COSTS | 306,630 | 1,700,828 | 26,993,481 | 926,851 | 4,866,507 | 28,627,903 | - | 65,422,201 |
| ACCUMULATED AMORTIZATION COST | | | | | | | | |
| Opening Accumulated Amortization Costs | 0 | 1,069,613 | 5,877,735 | 495,512 | 2,760,915 | 16,647,886 | - | 26,851,762 |
| Add: Amortization taken | | 55,633 | 445,943 | 48,252 | 208,290 | 789,951 | | 1,548,069 |
| Less: Accumulated Amortization on disposals | | | | (38,511) | | (657,919) | | (696,430) |
| CLOSING ACCUMULATED AMORTIZATION COSTS | - | 1,125,246 | 6,323,678 | 505,253 | 2,969,205 | 16,780,018 | - | 27,703,401 |
| NET BOOK VALUE | 306,630 | 575,582 | 22,669,803 | 421,598 | 1,897,302 | 11,847,885 | - | 37,718,800 |
| Less assets under construction | | | | | | | -12,646,604 | - |
| Net book value as reported on statement of financial position | | | | | | | | 37,718,800 |
| | | | | | | | | 22,392,914 |

CITY OF MELFORT

SCHEDULE 12 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY FUNCTION

Year ended December 31, 2010

| | 2010 | | | | | 2009 | |
|---|--------------------|---------------------|-------------------------|-------------------------------|----------------------|-------------------|-------------------|
| | General Government | Protective Services | Transportation Services | Environmental & Public Health | Recreation & Culture | Water & Sewer | Total |
| ASSET COST | | | | | | | |
| Opening Asset costs | 2,416,925 | 1,481,002 | 17,779,453 | 49,149 | 13,982,307 | 13,535,838 | 47,898,724 |
| Additions during the year | | 9,131 | 1,071,473 | | 11,618,816 | 4,406,894 | 1,723,708 |
| Disposals and write-downs during the year | | | (751,506) | | | (177,283) | (377,757) |
| Transfers (from) assets under construction | | | | | | (928,789) | |
| CLOSING ASSET COSTS | 2,416,925 | 1,490,133 | 18,099,420 | 49,149 | 25,601,123 | 17,765,449 | 49,244,675 |
| ACCUMULATED AMORTIZATION COST | | | | | | | |
| Opening Accumulated Amortization Costs | 700,928 | 910,297 | 11,430,167 | 22,958 | 5,995,875 | 7,791,536 | 25,812,033 |
| Add: Amortization taken | 55,019 | 36,064 | 609,606 | 3,509 | 430,990 | 412,881 | 1,386,378 |
| Less: Accumulated Amortization on disposals | | | (519,148) | | | (177,283) | (346,650) |
| CLOSING ACCUMULATED AMORTIZATION COSTS | 755,947 | 946,361 | 11,520,625 | 26,467 | 6,426,865 | 8,027,134 | 26,851,761 |
| NET BOOK VALUE | 1,660,978 | 543,772 | 6,578,795 | 22,682 | 19,174,258 | 9,738,315 | 22,392,914 |