

**Annual Financial Statements**  
And Supporting Schedules

**City of Melfort**  
For the Year Ended December 31, 2009

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**CITY OF MELFORT**

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Year ended December 31, 2009

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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.

March 29, 2010

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Commissioner

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Treasurer

## AUDITORS' REPORT

His Worship The Mayor and Council  
City of Melfort, Saskatchewan

We have audited the consolidated statement of financial position of the City of Melfort as at December 31, 2009 and the consolidated statement of financial activities, statement of changes in net financial assets and statement of changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the City, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly the financial position of the City as at December 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian Generally Accepted Accounting Principles.

Melfort, Saskatchewan

March 29, 2010

*Mayas Nois Penny LLP*

Chartered Accountants



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**CITY OF MELFORT****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**Year ended December 31, 2009

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	2009	2008
	\$	\$
<b>FINANCIAL ASSETS</b>		
Current Financial Assets		
Cash	1,782,702	293,333
Short-term investments (Note 4)	6,484,905	6,395,325
Accounts receivable (Note 2)	2,394,099	1,246,492
Accrued interest receivable	68,502	112,888
Taxes receivable (Note 3)	233,341	216,813
	<b>10,963,549</b>	<b>8,264,851</b>
Long-term investments (Note 4)	115,985	1,476,442
Tax title property (Note 5)	117,533	134,060
Local improvements receivable (Note 6)	141,037	160,074
Land for resale (Note 7)	2,145,193	1,581,410
Loans receivable	101,479	133,436
	<b>13,584,776</b>	<b>11,750,273</b>
<b>FINANCIAL LIABILITIES AND EQUITY</b>		
Current Financial Liabilities		
Accounts payable and accrued liabilities	1,776,120	1,052,923
Growth incentive rebates	143,800	222,000
Utility deposits	175,354	167,069
Deferred revenue	4,476,205	1,627,874
	<b>6,571,479</b>	<b>3,069,866</b>
Long-term debt (Note 8)	4,170,364	-
	<b>10,741,843</b>	<b>3,069,866</b>
<b>NET FINANCIAL ASSETS</b>	<b>2,842,933</b>	<b>8,680,407</b>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 11)	22,392,915	22,086,690
Prepaid expenses	89,954	-
Assets under construction	12,646,604	6,192,481
Inventory	136,245	139,254
<b>Total non-financial assets</b>	<b>35,265,718</b>	<b>28,418,425</b>
<b>ACCUMULATED SURPLUS (Schedule 9)</b>	<b>38,108,651</b>	<b>37,098,832</b>

Approved on behalf of City Council:

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Mayor

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Deputy Mayor

CITY OF MELFORT

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31, 2009

Budget 2009 \$ (unaudited)		Total 2009 \$	Total 2008 \$
<b>REVENUES</b>			
<b>Operational</b>			
3,515,518	Taxation	3,634,807	3,230,434
520,030	Grants in lieu of taxes	537,394	499,783
750,000	Government grants	1,667,855	527,088
881,635	Fiscal revenues	994,384	1,208,664
8,750	General government	10,615	7,393
90,147	Protective services	118,126	106,004
96,967	Transportation services	112,333	47,785
32,000	Environmental & public health	39,860	36,242
550	Economic development	7,793	25,575
532,830	Recreation and cultural services	564,227	522,691
1,761,978	Utility fees	1,766,071	1,703,817
165,200	Landfill fees (Environmental services)	216,696	155,048
197,000	Waste collection fees (Environmental services)	200,820	201,204
<b>Capital</b>			
-	Government grants	-	-
-	Profit from land sales	2,000	-
-	Sale of assets	(14,595)	3,502
-	Frontage assessment	31,235	52,619
-	Other capital revenue	35,702	218,166
<b>8,552,605</b>		<b>9,925,323</b>	<b>8,546,015</b>
<b>EXPENSES</b>			
<b>Operational</b>			
817,841	General government services	1,055,962	790,161
969,929	Protective services	928,841	932,729
1,220,459	Transportation services	1,858,704	1,739,154
40,550	Public health services	46,701	38,376
178,111	Environmental development services	157,536	162,508
2,023,157	Recreation and cultural services	2,437,059	2,196,172
1,596,753	Utilities	2,085,712	1,951,795
186,155	Landfill	194,433	217,121
155,600	Waste collection	150,556	153,502
<b>7,188,555</b>		<b>8,915,504</b>	<b>8,181,518</b>
<b>1,364,050</b>	<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>1,009,819</b>	<b>364,497</b>
	Accumulated Surplus, Beginning of year	<b>37,098,832</b>	36,734,335
	Accumulated Surplus, End of year	<b>38,108,651</b>	37,098,832

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CITY OF MELFORT

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended December 31, 2009

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	Total 2009 \$	Total 2008 \$
<b>SURPLUS</b>	<b>1,009,819</b>	364,497
(Acquisition) of tangible capital assets	(1,723,710)	(994,957)
Amortization of tangible capital assets	1,386,378	1,274,279
Proceeds on disposal of tangible capital assets	16,512	-
Loss on the disposal of tangible capital assets	14,595	-
Inventory	3,009	(12,193)
Prepays/Deposits	(89,954)	-
Increase in Assets under construction	(6,454,123)	(5,283,365)
<b>DEFICIT OF CAPITAL EXPENSES OVER EXPENDITURES</b>	<b>(6,847,293)</b>	(5,016,236)
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(5,837,475)</b>	(4,651,739)
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	<b>8,680,407</b>	13,332,146
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>2,842,933</b>	8,680,407

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**CITY OF MELFORT****CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**Year ended December 31, 2009

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	2009	2008
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	1,009,819	364,497
Amortization	1,386,378	1,274,279
Loss on disposal of tangible capital assets	14,595	-
	<u>2,410,792</u>	<u>1,638,776</u>
 <b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
(Increase) in accounts receivable	(1,147,607)	(188,071)
Decrease in accrued interest receivable	44,385	120,310
(Increase) in taxes receivable	(16,528)	(10,388)
(Increase) decrease in inventory	3,009	(12,193)
Increase in accounts payable and accrued liabilities	723,197	551,716
Increase (decrease) in growth incentive liability	(78,200)	54,000
Increase in prepayments and deposits	8,285	5,540
Increase in deferred revenue	2,848,331	1,209,177
	<u>4,795,664</u>	<u>3,368,867</u>
 <b>CAPITAL ACTIVITIES</b>		
Acquisition of capital assets	(1,723,710)	(994,957)
Proceeds from the disposal of capital assets	16,512	-
	<u>(1,707,198)</u>	<u>(994,957)</u>
 <b>INVESTING ACTIVITIES</b>		
(Increase) decrease in short-term investments	(89,580)	783,168
Decrease in long-term investments	1,360,457	692,682
(Increase) in land for resale	(563,782)	(464,231)
Decrease in tax title property	16,527	126,070
(Increase) decrease in local improvement receivable	19,037	(13,645)
(Increase) decrease in loans receivable	31,957	(39,786)
(Increase) in prepaid expenses	(89,954)	-
(Increase) in assets under construction	(6,454,124)	(5,283,366)
	<u>(5,769,462)</u>	<u>(4,199,108)</u>
 <b>FINANCING ACTIVITIES</b>		
Advancement of long-term debt proceeds	4,170,364	-
 <b>INCREASE (DECREASE) IN CASH RESOURCES</b>	<u>1,489,368</u>	<u>(1,825,198)</u>
 <b>CASH RESOURCES, BEGINNING OF YEAR</b>	<u>293,333</u>	<u>2,118,531</u>
 <b>CASH RESOURCES, END OF YEAR</b>	<u>1,782,701</u>	<u>293,333</u>

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**CITY OF MELFORT**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended December 31, 2009

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**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.

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CITY OF MELFORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**Assets Under Construction**

Relates to expenditures for unfinished capital projects. The entire project costs and revenue sources will be reported in the period in which the project(s) are completed.

**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.

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CITY OF MELFORT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2009

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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.

The 'Opening assets costs' of tangible capital assets have been estimated where the actual costs were not available. Amortization is based on the estimated useful lives of tangible capital assets.

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. Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. 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

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**CITY OF MELFORT****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year ended December 31, 2009

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	2009	2008
	\$	\$
<b>2. ACCOUNTS RECEIVABLE</b>		
Government grants - federal	-	-
Government grants - provincial	71,397	8,928
Saskatchewan Power and Energy	129,040	124,170
Goods and Services Tax	159,654	101,084
	<u>360,091</u>	<u>234,182</u>
Trade accounts	3,331,720	855,208
Less allowance for doubtful accounts	(1,498,721)	(34,000)
	<u>1,832,999</u>	<u>821,208</u>
Water and sewage receivables	219,309	202,558
Less allowance for doubtful accounts	(18,300)	(11,456)
	<u>201,009</u>	<u>191,102</u>
	<u><u>2,394,099</u></u>	<u><u>1,246,492</u></u>
<b>3. TAXES RECEIVABLE</b>		
Taxes receivable - municipal portion	279,600	263,072
Less general allowance for doubtful accounts	(46,259)	(46,259)
	<u>233,341</u>	<u>216,813</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, 2009, \$118,013 (\$262,281 at December 31, 2008) in property taxes were collectable on behalf of these organizations. As well, \$163,940 (\$178,301 at December 31, 2008) worth of tax title property is being administered on their behalf.

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**CITY OF MELFORT****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year ended December 31, 2009

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	2009	2008
	\$	\$
<b>4. LONG-TERM INVESTMENTS</b>		
Long-term investments	6,600,887	7,871,767
Less investments maturing within one year	<u>(6,484,905)</u>	<u>(6,395,325)</u>
	<u>115,982</u>	<u>1,476,442</u>
<p>Long-term investments are recorded at amortized cost. As at December 31, 2009 the market value of the investments on hand approximates their carrying value. The market value as at December 31, 2008 was \$7,859,873. These investments may include any combination of bonds, commercial paper, or bankers acceptance and consist of terms to maturity from one to seven years at interest rates from 4.5% to 6.69%.</p> <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>		
<b>5. TAX TITLE PROPERTY</b>		
Tax title property	306,769	342,235
Less allowance for market value adjustment	<u>(189,236)</u>	<u>(208,175)</u>
	<u>117,533</u>	<u>134,060</u>
<b>6. LOCAL IMPROVEMENT RECEIVABLE</b>		
Local improvements are financed by the municipality and then charged to the individual taxpayers over seven years. These loans bear interest at the prime rate in effect when the improvements are completed.	<u>141,037</u>	<u>160,074</u>
<b>7. LAND FOR RESALE</b>		
Balance beginning of year	1,581,410	1,117,180
Costs incurred for land development	2,104,516	817,673
Growth incentive rebates set up in 2009	43,700	126,000
Land sales during 2009 and 2008, respectively	<u>(1,584,433)</u>	<u>(479,443)</u>
<b>Balance end of year</b>	<u>2,145,193</u>	<u>1,581,410</u>

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.

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**CITY OF MELFORT****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year ended December 31, 2009

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	2009 \$	2008 \$
<b>8. LONG-TERM DEBT/DEBENTURES</b>		
During 2009, 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	-
Term loan bearing interest at 4.63%, payable in interest only monthly instalments, principal due 2014		
	515,364	-
	<u>4,170,364</u>	<u>-</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.		
<b>9. RESERVE FUND</b>		
<b>General operating fund</b>		
Operating reserves	789,164	839,333
Capital reserves	2,871,442	4,648,978
<b>Utility operating fund</b>		
Capital reserves	1,187,517	1,142,628
	<u>4,848,123</u>	<u>6,630,940</u>
<b>10. CAPITAL TRUST FUND</b>		
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	142,840
Fund balance	<u>-</u>	<u>5,357,160</u>

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**CITY OF MELFORT**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended December 31, 2009

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	<u>2009</u>	<u>2008</u>
	\$	\$
<b>10. CAPITAL TRUST FUND - continued</b>		
<b>INTERNALLY FINANCED LOANS</b>		
<b>City Hall funding:</b>		
Non-interest bearing loan payable to Capital Trust Fund repayable in an annual instalment of \$80,000 with the remainder to be paid in 2009.	-	85,000
<b>Parkland replacement:</b>		
Interest bearing loan payable to Capital Trust Fund at a 6% interest rate, the entire loan will be repaid during the 2009 fiscal year.	-	57,840
<b>Multi-Use Facility:</b>		
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, \$5,500,000 will be repaid to the capital trust fund and the remaining \$1,642,681 borrowed from general reserves will be replenished over the same time period.	<u>7,142,681</u>	-
<b>Internally Financed Loans</b>	<u><u>7,142,681</u></u>	<u><u>142,840</u></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.

**11. FINANCIAL INSTRUMENTS**

The City of Melfort, as part of its operations, carries a number of financial instruments. It is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these instruments except as otherwise disclosed.

All significant financial assets, financial liabilities and equity instruments of the City are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

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**CITY OF MELFORT****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year ended December 31, 2009

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**12. RECENT ACCOUNTING PRONOUNCEMENTS**

In February 2007, the Canadian Institute of Chartered Accountants issued amendments to the recommendations in Section PS 1200 Financial Statement Presentation. PS 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. The amendments to this Section consisted of expanding its scope to include local governments and introducing a new financial statement reporting model based on full accrual accounting principles. Revised PS 1200 is effective for interim and annual financial statements of local governments with fiscal years beginning on or after January 1, 2009.

**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 \$200,000 in 2002. This guarantee is still in place. The amount outstanding is as follows:

Melfort Golf Club	\$85,650
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**15. CHANGE IN ACCOUNTING POLICIES**

Effective January 1, 2009, the Municipality has adopted the Public Sector Accounting Board's recommendations for recording tangible capital assets and the new financial statement presentation. The tangible capital asset section, PSAB 3150, establishes standards on how to account for and report tangible capital assets in government financial statements. The financial statement presentation section, PSAB 1200, establishes general reporting principles and standards for the disclosure of information based on the underlying financial statement concepts and objectives of the government financial statements. The City has chosen to apply the new policies retroactively, with restatement of 2008. The adjustment to reflect the new accounting policy for tangible capital assets has been made to 2008's opening accumulated surplus. Please refer to Schedule 13.

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**CITY OF MELFORT**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended December 31, 2009

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**16. ASSETS UNDER CONSTRUCTION / COMMITMENTS**

In 2007 the City began two major capital projects, a sewer forcemain and a new community facility. In 2008 the city took on another project at the Spruce Haven Park, building washrooms and kitchenette. During 2009, the project at Spruce Haven Park was completed, with the other projects still in process as at December 2009. Grants and other revenues received related to these projects are presented as deferred revenue. Actual costs for the multi-use facility exceeded budgeted estimates in 2009 and the city funded the overage through the capital trust fund as identified in Note 10.

The details of the projects are as follows:

	Total budgeted cost	Revenues received to date	Project expenditures to date
Community facility	11,256,920	2,754,312	10,502,732
Sewer forcemain	2,411,000	1,557,501	2,143,872
	<b>13,667,920</b>	<b>4,311,813</b>	<b>12,646,604</b>

**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, 2009

<b>Budget 2009 \$</b>		<b>Actual 2009 \$</b>	<b>Actual 2008 \$</b>
<b>(unaudited)</b>			
	<b>TAXATION</b>		
<b>3,557,318</b>	Property levy	<b>3,674,125</b>	3,269,885
<b>3,200</b>	Mobile trailer license fees	<b>3,235</b>	3,109
<b>(45,000)</b>	Less other jurisdictional requests	<b>(42,553)</b>	(42,560)
<b>3,515,518</b>	Sask. Assessment Management Agency	<b>3,634,807</b>	3,230,434
	<b>GRANTS IN LIEU OF TAXES</b>		
<b>12,500</b>	Federal	<b>14,815</b>	11,350
	Provincial		
<b>231,306</b>	S.P.C. Electric	<b>231,207</b>	216,174
<b>225,000</b>	Sask Energy Gas	<b>243,446</b>	222,982
<b>51,224</b>	Other provincial	<b>47,926</b>	49,277
<b>520,030</b>		<b>537,394</b>	499,783
<b>750,000</b>	<b>PROVINCIAL GRANT - REVENUE SHARING</b>	<b>750,121</b>	527,088
	<b>GOVERNMENT GRANTS - FEDERAL</b>	<b>447,456</b>	-
	<b>GOVERNMENT GRANTS - PROVINCIAL</b>	<b>470,278</b>	-
		<b>1,667,855</b>	527,088
	<b>FISCAL REVENUES</b>		
<b>478,559</b>	S.P.C. electric surcharge	<b>477,972</b>	447,252
<b>80,000</b>	Licenses and permits	<b>80,896</b>	105,440
<b>10,576</b>	Property rentals	<b>11,576</b>	10,576
<b>267,000</b>	Return on investments	<b>266,946</b>	530,466
<b>45,000</b>	Tax penalties	<b>55,777</b>	52,080
<b>-</b>	Tax title property sales	<b>29,819</b>	62,600
<b>500</b>	Other	<b>71,398</b>	250
<b>881,635</b>		<b>994,384</b>	1,208,664
	<b>TOTAL TAXATION AND OTHER UNCONDITIONAL REVENUE</b>	<b>6,834,440</b>	<b>5,465,969</b>
	<b>PROGRAM REVENUES</b>		
<b>8,750</b>	General government	<b>10,615</b>	7,393
	Protective services:		
<b>37,000</b>	Police protection	<b>37,995</b>	43,133
<b>41,000</b>	Fire protection	<b>64,778</b>	48,768
<b>-</b>	Building inspection	<b>-</b>	109
<b>4,267</b>	Mosquito control	<b>5,819</b>	5,738
<b>300</b>	Bylaw enforcement	<b>794</b>	170
<b>500</b>	911 system	<b>760</b>	660
<b>7,080</b>	Animal control	<b>7,980</b>	7,426
<b>90,147</b>		<b>118,126</b>	106,004

**CITY OF MELFORT**

**SCHEDULE 1 - SCHEDULE OF GENERAL OPERATING REVENUES**

Year ended December 31, 2009

<b>Budget 2009 \$ (unaudited)</b>		<b>Actual 2009 \$</b>	<b>Actual 2008 \$</b>
	Transportation services:		
<b>6,000</b>	Mechanic and shop charges	<b>16,514</b>	10,836
<b>55,500</b>	Roads and streets	<b>55,312</b>	3,928
<b>12,312</b>	Air transportation	<b>9,065</b>	13,648
<b>23,155</b>	Disabled transit	<b>31,442</b>	19,373
<b>96,967</b>		<b>112,333</b>	47,785
<b>32,000</b>	Cemetery	<b>39,860</b>	36,242
<b>550</b>	Economic development	<b>7,793</b>	25,575
	Recreation:		
<b>1,100</b>	Community leadership	<b>819</b>	1,020
<b>36,130</b>	Trust initiative program	<b>36,944</b>	36,944
	Northern Lights Palace		
<b>137,180</b>	Arena	<b>120,611</b>	125,493
<b>183,420</b>	Leisure pool	<b>191,814</b>	173,162
<b>20,000</b>	Concession	<b>21,071</b>	19,336
<b>11,200</b>	Lobby	<b>9,406</b>	8,517
<b>46,500</b>	Main Arena	<b>38,848</b>	38,877
	Multi-purpose facility fundraising	<b>24,138</b>	32,286
<b>46,000</b>	North East Leisure Centre	<b>24,817</b>	40,285
<b>3,800</b>	Parks	<b>35,832</b>	3,080
<b>10,500</b>	Campgrounds	<b>17,604</b>	8,015
<b>7,000</b>	Sports fields	<b>7,155</b>	5,798
<b>30,000</b>	Heritage grant	<b>35,168</b>	29,878
<b>532,830</b>		<b>564,227</b>	522,691
	<b>TOTAL PROGRAM REVENUES</b>	<b>852,954</b>	<b>745,690</b>
	<b>TOTAL OPERATING REVENUES</b>	<b>7,687,394</b>	<b>6,211,659</b>

**CITY OF MELFORT**

**SCHEDULE 2 - SCHEDULE OF GENERAL OPERATING EXPENSES**

Year ended December 31, 2009

Budget 2009 \$ (unaudited)		Actual 2009 \$	Actual 2008 \$
<b>GENERAL GOVERNMENT</b>			
-	Amortization	54,389	50,713
80,500	City Hall	65,152	68,166
5,500	Contract review services	-	6,013
37,210	Debt charges	250,846	66,238
536,653	Finance and administration	536,468	450,716
157,978	Legislative	149,107	148,315
<u>817,841</u>		<u>1,055,962</u>	<u>790,161</u>
<b>PROTECTIVE SERVICES</b>			
8,449	911 system	8,533	8,402
10,584	Animal control	16,059	14,702
-	Amortization	35,608	35,608
65,095	Building inspection	72,548	61,669
6,417	Bylaw enforcement	358	16,286
152,899	Fire protection	160,583	135,043
6,160	Mosquito control	2,430	46
5,884	Other protective services	5,312	5,266
714,441	Police protection	627,410	655,707
<u>969,929</u>		<u>928,841</u>	<u>932,729</u>
<b>TRANSPORTATION SERVICES</b>			
128,408	Administration	127,274	113,870
17,926	Air transportation	28,617	20,238
-	Amortization	613,598	584,693
53,977	Disabled transit	56,239	54,919
	Roads and streets		
38,000	Crack filling	398	27,136
40,000	Dust control	42,513	29,235
551,896	General	387,675	351,997
12,300	Patching	79,643	19,641
4,750	Snow and ice removal	33,199	29,527
25,200	Sidewalks	16,412	15,641
165,500	Street lighting and traffic services	169,208	157,711
115,934	Workshop	173,207	155,006
66,568	Vehicle and equipment pool	130,721	179,540
<u>1,220,459</u>		<u>1,858,704</u>	<u>1,739,154</u>

**CITY OF MELFORT**

**SCHEDULE 2 - SCHEDULE OF GENERAL OPERATING EXPENSES**

Year ended December 31, 2009

<b>Budget 2009 \$ (unaudited)</b>		<b>Actual 2009 \$</b>	<b>Actual 2008 \$</b>
<b>PUBLIC HEALTH SERVICES</b>			
-	Amortization	3,509	2,284
<b>40,550</b>	Cemetery	<b>43,192</b>	36,092
<b>40,550</b>		<b>46,701</b>	<b>38,376</b>
<b>ECONOMIC DEVELOPMENT SERVICES</b>			
-	Amortization	-	-
<b>53,600</b>	Community development	<b>53,591</b>	51,618
<b>31,704</b>	Community planning	<b>31,714</b>	27,720
<b>92,807</b>	Economic development	<b>72,231</b>	83,170
<b>178,111</b>		<b>157,536</b>	<b>162,508</b>
<b>RECREATION AND CULTURE SERVICES</b>			
<b>234,361</b>	Administration	<b>235,752</b>	225,000
-	Amortization	<b>304,909</b>	298,489
<b>28,000</b>	Campgrounds	<b>32,804</b>	26,758
<b>79,419</b>	Heritage	<b>81,313</b>	73,132
<b>122,858</b>	Libraries (Wapiti and Local)	<b>115,092</b>	112,896
<b>115,120</b>	Main Arena	<b>119,189</b>	97,480
	Multi-purpose facility fundraising	<b>24,138</b>	38,202
<b>194,150</b>	Municipal and regional parks	<b>197,937</b>	179,764
<b>182,697</b>	North East Leisure Centre	<b>173,389</b>	138,405
	Northern Lights Palace		
<b>343,869</b>	Arena	<b>365,536</b>	338,588
<b>530,510</b>	Leisure pool	<b>596,256</b>	479,236
<b>43,020</b>	Lobby	<b>49,112</b>	42,229
<b>21,500</b>	Playgrounds	<b>18,064</b>	18,869
<b>25,980</b>	Sports fields	<b>18,086</b>	25,579
<b>36,130</b>	Trust initiative program	<b>38,069</b>	38,945
<b>65,543</b>	Vehicle pool and storage	<b>67,413</b>	62,598
<b>2,023,157</b>		<b>2,437,059</b>	<b>2,196,172</b>
<b>TOTAL EXPENSES</b>		<b>6,484,803</b>	<b>5,859,100</b>

**CITY OF MELFORT**

**SCHEDULE 3 - SCHEDULE OF WATER AND SEWER UTILITY OPERATIONS**

Year ended December 31, 2009

<b>Budget 2009 \$</b>		<b>Actual 2009 \$</b>	<b>Actual 2008 \$</b>
<b>(unaudited)</b>			
	<b>REVENUES</b>		
<b>1,741,128</b>	Sale of water	<b>1,742,947</b>	1,686,867
<b>20,850</b>	Other water revenues	<b>23,124</b>	16,950
<b>1,761,978</b>		<b>1,766,071</b>	<b>1,703,817</b>
	<b>EXPENSES</b>		
<b>139,300</b>	Administration	<b>154,898</b>	146,182
-	Amortization	<b>374,365</b>	302,529
-	Bad debt	-	-
<b>54,230</b>	Meter reading	<b>57,291</b>	49,521
<b>91,010</b>	Sewage collection	<b>76,878</b>	63,319
<b>13,500</b>	Sewage lagoons	<b>13,319</b>	14,907
<b>49,000</b>	Sewage pump stations	<b>52,708</b>	48,033
<b>88,256</b>	Tools and equipment	<b>95,789</b>	101,292
<b>1,063,866</b>	Treated water purchase - Sask Water	<b>1,083,251</b>	1,073,682
<b>6,500</b>	Utility service connections	<b>26,990</b>	48,831
<b>61,091</b>	Water distribution	<b>106,275</b>	69,706
<b>30,000</b>	Water treatment	<b>43,948</b>	33,794
<b>1,596,753</b>		<b>2,085,712</b>	<b>1,951,795</b>
<b>165,225</b>	<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>(319,641)</b>	<b>(247,978)</b>
	Interest payment from general fund	<b>100,000</b>	100,000
	Transfers to capital reserves	<b>(236,500)</b>	(236,500)
<b>165,225</b>	<b>DECREASE IN BALANCE</b>	<b>(456,141)</b>	<b>(384,478)</b>

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**CITY OF MELFORT****SCHEDULE 4 - SCHEDULE OF LANDFILL OPERATIONS**Year ended December 31, 2009

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<b>Budget 2009 \$</b>		<b>Actual 2009 \$</b>	<b>Actual 2008 \$</b>
<b>(unaudited)</b>			
	<b>REVENUES</b>		
<b>157,000</b>	Waste Disposal	<b>208,075</b>	146,448
<b>8,200</b>	Eco Centre	<b>8,621</b>	8,600
<b>165,200</b>		<b>216,696</b>	155,048
	<b>EXPENSES</b>		
<b>185,425</b>	Waste Disposal	<b>193,489</b>	215,947
<b>730</b>	Eco Centre	<b>944</b>	1,174
<b>186,155</b>		<b>194,433</b>	217,121
<b>(20,955)</b>	<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>22,263</b>	(62,073)
<b>39,000</b>	Transfer from Waste Collection Fund	<b>39,000</b>	39,000
<b>18,045</b>	<b>INCREASE (DECREASE) IN BALANCE</b>	<b>61,263</b>	(23,073)

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**CITY OF MELFORT**

**SCHEDULE 5 - SCHEDULE OF WASTE COLLECTION OPERATIONS**

Year ended December 31, 2009

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<b>Budget 2009 \$</b>		<b>Actual 2009 \$</b>	<b>Actual 2008 \$</b>
<b>(unaudited)</b>			
	<b>REVENUES</b>		
<b>197,000</b>	Waste Collection	<b>200,820</b>	201,204
	<b>EXPENSES</b>		
<b>155,600</b>	Waste Collection	<b>150,556</b>	153,502
<b>41,400</b>	<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>50,264</b>	47,702
<b>(39,000)</b>	Transfer to Landfill Operating Fund	<b>(39,000)</b>	(39,000)
<b>2,400</b>	<b>INCREASE IN BALANCE</b>	<b>11,264</b>	8,702

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**CITY OF MELFORT****SCHEDULE 6 - SCHEDULE OF CAPITAL OPERATIONS**Year ended December 31, 2009

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<b>Budget 2009 \$ (unaudited)</b>		<b>2009 \$</b>	<b>2008 \$</b>
	<b>REVENUES</b>		
-	Government grants	-	-
-	Profit from land sales	2,000	-
-	Gain on sale assets	(14,595)	3,502
-	Frontage assessment	31,235	52,619
-	Other capital revenue	35,702	218,166
-		<u>54,342</u>	<u>274,287</u>
	<b>EXPENSES</b>		
-	General government services	-	-
-	Protective services	-	-
-	Transportation services	-	-
-	Recreation and culture services	-	-
-	Utilities	-	-
-		<u>-</u>	<u>-</u>
-	<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>54,342</u>	<u>274,287</u>
	Transfer from reserves	639,080	783,274
-	Transfers to reserves	-	-
-	<b>INCREASE IN BALANCE</b>	<u>693,422</u>	<u>1,057,561</u>

CITY OF MELFORT

SCHEDULE 7 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION

Year ended December 31, 2009

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Recreation and Culture*	Utility Services	Other capital revenues	Total
Revenues	10,615	794	25,576	416,093	362,605	1,732,241		2,547,924
Fees and charges		37,676						37,676
Municipal grants		5,819	13,640		72,456			91,915
Other grants		73,837	73,120	41,282	136,957	23,926		349,122
Other revenues						9,904	54,342	64,246
Interest income								-
<b>Total Revenues</b>	<b>10,615</b>	<b>118,126</b>	<b>112,336</b>	<b>457,375</b>	<b>572,018</b>	<b>1,766,071</b>	<b>54,342</b>	<b>3,090,883</b>
Expenses	473,865	164,191	491,796	122,564	1,042,452	300,562		2,595,430
Wages and benefits	64,473	583,245	47,214	148,823	22,211	4,752		870,718
Professional/contractual services	46,552	20,237	165,465	2,421	536,686	65,912		837,273
Utilities	19,015	3,122	31,751	981	87,460	51,212		193,541
Insurance	58,762	26,232	469,080	31,962	359,562	159,839		1,105,437
Maintenance, materials and supplies	-	-	-	-	-	-		-
Grants and contribution	54,389	35,608	613,598	3,509	304,909	374,365		1,386,378
Amortization	250,847	-	-	-	208,543	-		459,390
Interest	88,049	96,206	39,800	81,430	32,772	1,129,080		1,467,337
Other								-
<b>Total Expenses</b>	<b>1,055,952</b>	<b>928,841</b>	<b>1,858,704</b>	<b>391,690</b>	<b>2,594,595</b>	<b>2,085,722</b>	<b>-</b>	<b>8,915,504</b>
Surplus (deficit) by Function	(1,045,337)	(810,715)	(1,746,368)	65,685	(2,022,577)	(319,651)	54,342	(5,824,621)
Taxation and other unconditional revenue (Schedule 1)								6,834,440
<b>Excess of revenues over expenses</b>								<b>1,009,819</b>

\* Includes Economic Development Services from Schedule 2

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**CITY OF MELFORT****SCHEDULE 8 - SCHEDULE OF CHANGES IN UNAPPROPRIATED SURPLUS**Year ended December 31, 2009

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	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>1,261,099</b>	<b>1,497,447</b>
<b>SOURCES</b>		
Excess of revenues over expenses		
General operating fund	<b>1,202,591</b>	352,559
Utility operating fund	<b>(319,641)</b>	(247,978)
Landfill operating fund	<b>22,263</b>	(62,073)
Waste collection operating fund	<b>50,264</b>	47,702
Capital fund	<b>54,342</b>	274,287
	<b>1,009,819</b>	<b>364,497</b>
<b>Net change in unappropriated surplus</b>	<b>2,270,918</b>	<b>1,861,944</b>
Transfers from reserve to surplus	<b>2,281,759</b>	783,270
Transfers from surplus to capital trust fund	<b>(748,578)</b>	(671,683)
Transfers from surplus to general reserves	<b>(498,942)</b>	(753,655)
Transfer of prior year surplus to reserves	-	(238,070)
Transfer from (to) investment in capital	<b>(306,224)</b>	279,293
Transfer from Capital Trust funds for internal borrowing purposes	<b>6,105,738</b>	-
<b>Balance, end of year</b>	<b>9,104,671</b>	<b>1,261,099</b>

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**CITY OF MELFORT****SCHEDULE 9 - SCHEDULE OF APPROPRIATED AND ACCUMULATED SURPLUS**Year ended December 31, 2009

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	2009 \$	2008 \$
<b>GENERAL CAPITAL RESERVES</b>		
<b>Balance, beginning of year</b>	6,630,940	6,422,489
<b>Additions</b>		
General capital fund	289,442	569,655
Utility operating fund	236,500	236,500
Prior years excess	-	238,070
	<u>525,942</u>	<u>1,044,225</u>
<b>Deductions</b>		
Mill rate stabilization	(27,000)	(52,500)
General capital fund	(2,090,148)	(496,458)
Utility capital fund	(191,611)	(286,816)
	<u>(2,308,759)</u>	<u>(835,774)</u>
<b>Balance, end of year</b>	<u>4,848,123</u>	<u>6,630,940</u>
<b>LAND DEVELOPMENT FUND</b>		
<b>Balance, beginning of year</b>	1,762,943	1,762,943
<b>Additions</b>	-	-
<b>Deductions</b>	-	-
<b>Balance, end of year</b>	<u>1,762,943</u>	<u>1,762,943</u>
<b>CAPITAL TRUST FUND</b>		
<b>Balance, beginning of year</b>	5,357,160	4,685,477
<b>Additions</b>		
Transfer from unappropriated Surplus	748,578	671,683
	-	-
<b>Deductions</b>		
Transfers for internal borrowing purposes	6,105,738	-
<b>Balance, end of year</b>	<u>-</u>	<u>5,357,160</u>

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**CITY OF MELFORT****SCHEDULE 9 - SCHEDULE OF APPROPRIATED AND ACCUMULATED SURPLUS**Year ended December 31, 2009

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	<u>2009</u>	<u>2008</u>
	\$	\$
<b>INVESTMENT IN TANGIBLE CAPITAL ASSETS</b>		
<b>Balance, beginning of year</b>	<b>22,086,690</b>	22,366,012
<b>Additions</b>		
Capital purchases	<u>1,723,709</u>	994,957
<b>Deductions</b>		
Amortization	<b>(1,386,378)</b>	(1,274,279)
Capital asset disposals (cost less accumulated amortization)	<u>31,107</u>	
	<b>(1,355,271)</b>	<b>(1,274,279)</b>
<b>Balance, end of year</b>	<u><b>22,392,914</b></u>	<u>22,086,690</u>
<b>TOTAL APPROPRIATED SURPLUS</b>	<b>29,003,980</b>	35,837,733
<b>TOTAL UNAPPROPRIATED SURPLUS (Schedule 8)</b>	<u><b>9,104,671</b></u>	<u>1,261,099</u>
<b>ACCUMULATED SURPLUS</b>	<u><b>38,108,651</b></u>	<u><b>37,098,832</b></u>

**CITY OF MELFORT**

**SCHEDULE 10 - SCHEDULE OF RESERVES**

Year ended December 31, 2009

	Balance, Beginning of Year \$	Transfers from (to) Operations \$	Transfer (to) from Equity \$	Transfers for Capital Purposes \$	Balance, End of Year \$
<b>A. GENERAL FUND</b>					
<b>OPERATING RESERVES</b>					
Mill rate stabilization	673,150	(27,000)		(23,169)	622,981
Economic development study	166,183	-		-	166,183
	<b>839,333</b>	<b>(27,000)</b>	-	<b>(23,169)</b>	<b>789,164</b>
<b>CAPITAL RESERVES</b>					
General government:					
Computer equipment and software	31,840	11,596	-	(6,300)	37,136
Protective services:					
Fire trucks	199,530	17,365	-	-	216,895
Fire hall and equipment	598	-	-	-	598
Police/EMO Equipment	161,633		-	-	161,633
Transportation services:					
Transportation machinery/equipment	442,640	37,624	-	(168,687)	311,577
Workshop equipment	50,439	-	-	-	50,439
Airport equipment/site/facilities	92,766	6,132	-	-	98,898
Special needs transit van	27,000	1,082	-	-	28,082
Local improvements	1,023,957	20,259	-	(109,813)	934,403
Prepaid flankage	5,962	-	-	-	5,962
General street upgrades	319,013	14,471	-	-	333,484
Sidewalks	135,921	20,259	-	-	156,180
Environmental health services:					
Waste disposal site building	77,269	2,894	-	-	80,163
Waste collection equipment	3,846	-	-	-	3,846
Public health services:					
Cemetery site	4,590	-	-	-	4,590
Recreation and culture services:					
Administration	13,200	-	-	-	13,200
Playgrounds	38,258	1,262	-	-	39,520
Parks	43,944	3,609	-	(35,420)	12,133
Parks equipment - replacement	408,695	26,047	-	(23,678)	411,064
Northern Lights Palace	309,312	14,471	-	(261,770)	62,013
City facilities	1,258,565	112,371	-	(1,461,311)	(90,375)
	<b>4,648,979</b>	<b>289,442</b>	-	<b>(2,066,979)</b>	<b>2,871,442</b>
<b>TOTAL GENERAL RESERVES</b>	<b>5,488,312</b>	<b>262,442</b>	-	<b>(2,090,148)</b>	<b>3,660,606</b>

*Reserves continued on next page*

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**CITY OF MELFORT****SCHEDULE 10 - SCHEDULE OF RESERVES**Year ended December 31, 2009

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	<b>Balance, Beginning of Year</b>	<b>Transfers from (to) Operations</b>	<b>Transfer (to) from Equity</b>	<b>Transfers for Capital Purposes</b>	<b>Balance, End of Year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>B. UTILITY FUND</b>					
Water conservation program	36,693	20,000	-	(41,274)	15,419
Utility equipment	(908)	50,000	-	(116,837)	(67,745)
Water distribution system	742,396	156,500	-	(33,500)	865,396
Water rate stabilization	193,550	-	-	-	193,550
Sewage disposal system	170,897	10,000	-	-	180,897
<b>TOTAL UTILITY RESERVES</b>	<b>1,142,628</b>	<b>236,500</b>	<b>-</b>	<b>(191,611)</b>	<b>1,187,517</b>
<b>TOTAL RESERVES</b>	<b>6,630,940</b>	<b>498,942</b>	<b>-</b>	<b>(2,281,759)</b>	<b>4,848,123</b>

**CITY OF MELFORT**

**SCHEDULE 11 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY OBJECT**

Year ended December 31, 2009

	2009					2008	
	General Assets			Infrastructure Assets	General/Infrastructure Assets Under Construction	Total	Total
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets	Total
<b>ASSET COST</b>							
Opening Asset costs	306,630	1,516,214	15,127,412	723,989	4,613,629	25,610,850	54,091,205
Additions during the year		23,169	154,304	48,489	334,449	1,163,298	8,177,832
Disposals and write-downs during the year					(118,131)	(259,627)	(377,758)
Transfers (from) assets under construction							
<b>CLOSING ASSET COSTS</b>	306,630	1,539,383	15,281,716	772,478	4,829,947	26,514,521	61,891,279
<b>ACCUMULATED AMORTIZATION COST</b>							
Opening Accumulated Amortization Costs	0	1,018,580	5,572,848	455,132	2,664,451	16,101,021	25,812,033
Add: Amortization taken		51,033	304,887	40,380	202,795	787,283	1,386,378
Less: Accumulated Amortization on disposals					(106,331)	(240,319)	(346,650)
<b>CLOSING ACCUMULATED AMORTIZATION COSTS</b>	-	1,069,613	5,877,735	495,512	2,760,915	16,647,985	25,812,033
<b>NET BOOK VALUE</b>	306,630	469,770	9,403,981	276,966	2,069,032	9,866,536	35,039,518
Less assets under construction						12,646,604	12,646,604
<b>Net book value as reported on statement of financial position</b>							22,392,914
							6,192,481
							22,086,691

**CITY OF MELFORT**

**SCHEDULE 12 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY FUNCTION**

Year ended December 31, 2009

	2009					2008	
	General Government	Protective Services	Transportation Services	Environmental & Public Health	Recreation & Culture	Water & Sewer	Total
<b>ASSET COST</b>							
Opening Asset costs	2,410,625	1,481,002	17,425,314	49,149	13,778,164	12,754,470	46,903,767
Additions during the year	6,300	-	693,128	-	204,143	820,137	994,957
Disposals and write-downs during the year			(338,989)			(38,769)	
Transfers (from) assets under construction						(377,757)	
<b>CLOSING ASSET COSTS</b>	<b>2,416,925</b>	<b>1,481,002</b>	<b>17,779,453</b>	<b>49,149</b>	<b>13,982,307</b>	<b>13,535,838</b>	<b>47,898,724</b>
<b>ACCUMULATED AMORTIZATION COST</b>							
Opening Accumulated Amortization Costs	646,539	874,689	10,922,900	19,449	5,690,970	7,657,486	24,537,754
Add: Amortization taken	54,389	35,608	613,598	3,509	304,905	374,369	1,274,279
Less: Accumulated Amortization on disposals			(106,331)			(240,319)	
<b>CLOSING ACCUMULATED AMORTIZATION COSTS</b>	<b>700,928</b>	<b>910,297</b>	<b>11,430,167</b>	<b>22,958</b>	<b>5,995,875</b>	<b>7,791,536</b>	<b>25,812,033</b>
<b>NET BOOK VALUE</b>	<b>1,715,997</b>	<b>570,705</b>	<b>6,349,286</b>	<b>26,191</b>	<b>7,986,432</b>	<b>5,744,302</b>	<b>22,086,691</b>

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**CITY OF MELFORT****SCHEDULE 13 - SCHEDULE OF FINANCIAL STATEMENT ADJUSTMENTS**Year ended December 31, 2009

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The city has restated its financial statements to conform to the guidelines set out in the Public Sector Accounting Board's 3150 Tangible Capital Asset guideline. This guideline requires cities to report and amortize their tangible capital assets on their financial statements.

**EFFECT OF CHANGE ON 2008 STATEMENT OF FINANCIAL POSITION**

2008 Accumulated Surplus/Deficit as previously reported	15,012,139
Add:	
Net book value of tangible capital assets recorded	28,279,172
Less:	
Amounts included in Surplus previously recorded in WIP	6,192,481
<b>RESTATED 2008 ACCUMULATED SURPLUS/DEFICIT</b>	<b><u>37,098,830</u></b>

**EFFECT OF CHANGE TO 2008 STATEMENT OF OPERATIONS**

Previously reported 'Change in Net Assets'	643,820
Add:	
Tangible capital asset expenditures	994,956
Gain on disposal of capital assets	-
Less:	
Amortization expense	1,274,279
Loss on disposal of capital assets	-
Proceeds on sale of capital assets	-
<b>RESTATED SURPLUS (DEFICIT) OF REVENUE OVER EXPENSES</b>	<b><u>364,497</u></b>