

Consolidated Financial Statements of

**REGIONAL MUNICIPALITY
OF WOOD BUFFALO**

Year ended December 31, 2010

Consolidated Financial Statements of
REGIONAL MUNICIPALITY OF WOOD BUFFALO
Year ended December 31, 2010

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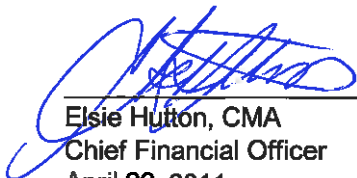
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Regional Municipality of Wood Buffalo (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies followed by the Municipality are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

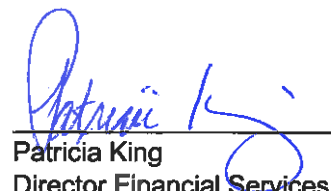
The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Mayor and Members of Council meet with management and the external auditors to review the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to the approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Elsie Hutton, CMA
Chief Financial Officer
April 29, 2011



Patricia King
Director Financial Services
April 29, 2011



KPMG LLP
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of the Regional Municipality of Wood Buffalo

We have audited the accompanying consolidated financial statements of the Regional Municipality of Wood Buffalo, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

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

KPMG LLP

Chartered Accountants

April 29, 2011
Edmonton, Canada

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Financial Position

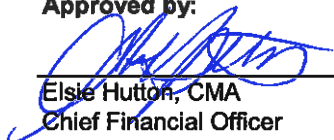
December 31, 2010, with comparative figures for 2009

	2010	2009
		(Restated - note 2)
Financial assets		
Cash	\$64,635,605	\$38,713,079
Restricted cash (Note 3)	4,465,115	2,217,711
Taxes and grants in lieu receivable (Note 4)	5,965,468	3,983,194
Trade and other receivables (Note 5)	87,070,494	115,191,430
Inventories held for resale (Note 6)	71,176,504	70,210,645
Investments (Note 7)	835,078,699	528,589,624
Interest in subsidiary operation (discontinued) (Note 8)	-	52,676,161
	<u>1,068,391,885</u>	<u>811,581,844</u>
Liabilities		
Accounts payable and accrued liabilities	130,342,919	124,037,674
Deposit liabilities	7,845,436	9,068,618
Deferred revenue (Note 9)	269,486,139	248,832,852
Employee benefit obligations (Note 10)	15,384,343	12,362,777
Provision for landfill closure and post-closure obligation (Note 11)	8,657,101	10,973,986
Long-term debt (Note 12,13)	478,268,140	309,169,200
	<u>909,984,078</u>	<u>714,445,107</u>
Net financial assets	<u>158,407,807</u>	<u>97,136,737</u>
Non-financial assets		
Tangible capital assets (Note 14)	2,091,015,089	1,795,679,377
Consumable inventories	860,049	1,085,459
Prepaid expenses and deposits	4,230,014	1,339,700
	<u>2,096,105,152</u>	<u>1,798,104,536</u>
Accumulated surplus (Note 15)	<u>\$2,254,512,959</u>	<u>\$1,895,241,273</u>

Commitments and contingent liabilities (Note 16)

See accompanying notes to consolidated financial statements.

Approved by:


 Elsie Hutton, CMA
 Chief Financial Officer


 Patricia King
 Director Financial Services

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2010, with comparative figures for 2009

	Budget (Unaudited - note 19)	2010	2009 (Restated - note 2)
Revenue:			
Net taxes available for municipal purposes (Schedule 1)	\$ 432,662,696	\$ 432,085,357	\$ 381,436,472
Government transfers (Schedule 2)	243,654,629	127,870,322	154,046,713
Sales and user charges (Schedule 3)	86,155,785	96,809,819	55,153,452
Sales to other governments	2,082,988	1,690,032	1,407,582
Penalties and costs on taxes	921,330	1,543,375	1,192,275
Licenses and permits	6,903,273	11,380,602	5,341,065
Fines	3,174,000	3,001,260	3,359,813
Franchise and concession contracts	5,320,854	4,582,643	4,253,287
Returns on investments	9,664,324	13,835,898	13,935,653
Rentals	225,369	12,612,073	10,795,179
Transfers from local boards and agencies	-	62,000	62,000
Developers' agreements and levies	11,206,972	5,971,414	4,207,813
Other	1,915,766	6,355,986	3,321,634
Gain on disposal of tangible capital assets	-	5,715,212	-
Contributions of tangible capital assets	-	74,558,193	82,147,070
	803,887,986	798,074,186	720,660,008
Expenses: (Schedule 4)			
Council and other legislative	1,695,828	1,299,712	1,185,453
General administration	74,521,076	63,786,044	47,426,226
Other general government	4,012,808	3,851,812	2,403,396
Police	31,784,611	26,142,614	24,389,077
Fire	24,720,228	21,439,599	26,170,045
Disaster and emergency measures	729,369	682,462	580,313
Ambulance and first aid	7,722,696	7,781,997	-
Bylaws enforcement	5,433,307	4,256,799	3,138,682
Common and equipment pool	19,708,136	15,274,275	13,396,441
Roads, streets, walks, lighting	27,034,977	25,196,628	23,648,279
Public transport	15,546,808	16,097,376	13,578,780
Storm sewers and drainage	417,244	200,370	217,258
Water supply and distribution	20,819,761	17,065,090	15,090,719
Wastewater treatment and disposal	18,146,239	17,152,557	13,980,149
Waste management	11,242,559	11,390,789	10,174,569
Family and community support	6,127,209	6,743,476	3,629,113
Day care	15,000	15,000	15,000
Cemeteries and crematoriums	180,785	1,429,447	90,050
Land use planning, zoning and development	15,715,450	11,070,242	8,134,557
Subdivision land and development	4,232,551	2,910,518	2,165,598
Public housing operations	35,066,586	40,510,009	31,069,185
Recreation boards	940,114	1,453,902	658,786
Parks and recreation	49,096,122	45,054,846	35,283,258
Culture: libraries, museums, halls	7,454,747	5,625,298	3,537,876
Other	121,937	199,466	36,601
Loss on disposal of tangible capital assets	-	-	170,244
Amortization of tangible capital assets	-	39,496,011	29,297,313
	382,485,948	386,126,339	309,466,968
Annual surplus before the undemoted	421,402,038	411,947,847	411,193,040
Subsidiary operation (discontinued) (Note 8)	-	(52,676,161)	4,003,425
Annual surplus	421,402,038	359,271,686	415,196,465
Accumulated surplus, beginning of year	1,895,241,273	1,895,241,273	1,480,044,808
Accumulated surplus, end of year	\$ 2,316,643,311	\$ 2,254,512,959	\$ 1,895,241,273

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Change In Net Financial Assets

Year ended December 31, 2010, with comparative figures for 2009

	Budget	2010	2009
	(Unaudited - note 19)		(Restated - note 2)
Annual surplus	\$ 421,402,038	\$ 359,271,686	\$ 415,196,465
Acquisition of tangible capital assets	(811,365,777)	(260,554,838)	(255,632,013)
Contributions of tangible capital assets	-	(74,558,193)	(82,147,070)
Gain on disposal of tangible capital assets	-	(5,715,212)	-
Loss on disposal of tangible capital assets	-	-	170,244
Amortization of tangible capital assets	-	39,496,011	29,297,313
Proceeds on disposal of tangible capital assets	-	5,996,520	402,197
	(389,963,739)	63,935,974	107,287,136
Consumption of consumable inventories	-	225,410	205,135
Use of (increase in) prepaid expenses and deposits	-	(2,890,314)	258,769
Change in net financial assets	(389,963,739)	61,271,070	107,751,040
Net financial assets, beginning of year	97,136,737	97,136,737	(10,614,303)
Net financial assets (net debt), end of year	\$ (292,827,002)	\$ 158,407,807	\$ 97,136,737

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
		(Restated - note 2)
Cash provided by (used in):		
Operating:		
Annual surplus	\$ 359,271,686	\$ 415,196,465
Add (deduct) non-cash items:		
Contributions of tangible capital assets	(74,558,193)	(82,147,070)
Gain on disposal of tangible capital assets	(5,715,212)	-
Loss on disposal of tangible capital assets	-	170,244
Amortization of tangible capital assets	39,496,011	29,297,313
Change in non-cash operating working capital:		
Restricted cash	(2,247,404)	(174,937)
Taxes and grants in lieu receivable	(1,982,274)	(212,354)
Trade and other receivables	28,120,936	78,093,792
Inventories held for resale	(965,859)	(28,126,377)
Accounts payable and accrued liabilities	6,305,245	(3,886,172)
Deposit liabilities	(1,223,182)	(3,169,266)
Deferred revenue	20,653,287	(40,646,897)
Employee benefit obligations	3,021,566	6,795,898
Provision for landfill closure and post closure costs	(2,316,885)	2,366,458
Consumable inventories	225,410	205,135
Prepaid expenses and deposits	(2,890,314)	258,769
Cash provided by continuing operations	365,194,818	374,021,001
Subsidiary operation (discontinued) (note 8)	52,676,161	(4,003,425)
Cash provided by operating transactions	417,870,979	370,017,576
Capital:		
Proceeds on disposal of tangible capital assets	5,996,520	402,197
Acquisition of tangible capital assets	(260,554,838)	(255,632,013)
Cash applied to capital transactions	(254,558,318)	(255,229,816)
Investing:		
Increase in investments, net	(306,489,075)	(153,406,877)
Cash applied to investing transactions	(306,489,075)	(153,406,877)
Financing:		
Proceeds from long-term debt	201,744,172	22,618,177
Repayment of long-term debt	(32,645,232)	(11,400,872)
Cash provided by financing transactions	169,098,940	11,217,305
Increase (decrease) in cash	25,922,526	(27,401,812)
Cash beginning of year	38,713,079	66,114,891
Cash end of year	\$ 64,635,605	\$ 38,713,079

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2010

The Regional Municipality of Wood Buffalo (the Municipality) is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c.M-26, as amended (MGA).

1. Significant accounting policies:

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

(a) Government reporting entity:

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, accumulated surplus, change in net financial assets and cash flows of the government reporting entity. The government reporting entity is comprised of entities whose operations and assets are under the control of the Municipality. In addition to general municipal tax supported operations, they include:

Regional Municipality of Wood Buffalo Library Board
Wood Buffalo Housing & Development Corporation
MacDonald Island Park Corporation
Fort McMurray Regional Airport Commission (Note 8)

Interdepartmental and inter-organizational transactions and balances have been eliminated.

(ii) Other boards and commissions

The Municipality is a member of various other boards and commissions that are not included in the government reporting entity.

(iii) School Board and senior lodges

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

(iv) Trust funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

1. Significant accounting policies, continued:

(b) Basis of accounting:

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Property tax revenue is based on market value assessments determined in accordance with the MGA. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on assessment appeals outstanding at December 31.

Government transfers are recognized in the consolidated financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Municipality, and the reasonable estimates of the amounts can be made.

Revenues for the provision of goods or services are recognized in the period in which the goods are provided or the services are rendered.

Proceeds from the sale of lifetime golf memberships are deferred and recognized as revenue over a period of ten years.

Revenues from sponsorships are recognized over the terms of the sponsorship agreements.

Rental income is recognized as revenue in the relevant tenancy period.

Revenues from land and building sales are recognized when title transfers and all of the rights and responsibilities of ownership have transferred.

Amounts received under rights holder agreements have been deferred and are recognized as revenue on a straight line basis over the 25 year life of the agreements.

Investment income is recorded as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Expenses are recognized as they are incurred and are measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Budget information, as approved by Council, is reported on an accrual basis, consistent with accounting principles applied in the consolidated financial statements.

(c) Excess collections and under-levies:

Excess collections and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is recorded as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is recorded as a receivable and property tax revenue is increased.

Mill-rates in a subsequent year are adjusted for any excess collections or under-levies of the prior year.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

1. Significant accounting policies, continued:

(d) Investments:

Investments are recorded at amortized cost. Investment premiums and discounts are amortized proportionately over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Inventories held for resale:

Property and other inventories are recorded at the lower of cost and net realizable value. Property inventory held under equity and affordability programs which have been sold, but where revenue recognition criteria have not been met, are recorded at the lower of cost and net realizable value.

Cost is determined using either the first-in, first-out or average cost method, depending on the nature of the inventory. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. When circumstances which previously caused inventories to be written down no longer exist, the previous impairment is reversed.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

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

Asset	Useful Life - Years
Land improvements	10 to 30
Buildings and building improvements	5 to 50
Engineered structures	10 to 75
Machinery and equipment	4 to 25
Vehicles	5 to 15

Annual amortization is charged at 50% in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

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

(iii) Natural resources

Natural resources that have not been purchased are not recognized as tangible capital assets in these consolidated financial statements.

(iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as tangible capital assets in these consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

1. Significant accounting policies, continued:

(f) Non-financial assets (continued):

(v) Capitalization of costs

The Municipality does not capitalize interest costs associated with the acquisition or construction of tangible capital asset with the exception of direct costs relating to certain rental properties under development, including carrying costs such as property taxes, interest on debt specifically related to the properties and other costs. General and administrative indirect overhead expenses are not allocated and capitalized to properties.

(vi) Leased tangible capital assets

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

(vii) Consumable inventories

Consumable inventories are recorded at the lower of cost and replacement cost.

(g) Landfill closure and post-closure obligation

The *Alberta Environmental Protection and Enhancement Act* sets out the regulatory requirements to properly close and maintain all landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The estimated costs relating to this requirement are being accrued over the estimated remaining life of the landfill site based on usage.

The reported obligation may be affected by changes and factors such as the estimated total expenditures, regulatory requirements, inflation, and interest rates. Due to the inherent uncertainty involved in making such estimates and assumptions, actual costs reported in future periods could differ from those estimates.

(h) Employee future benefits

The costs of multi-employer defined benefit pension plan benefits such as LAPP and APEX pension plans are the employer's contributions to the plan in the period. Health and dental benefits are administered by Great West Life on an administrative services only basis. The Municipality is responsible for the employer share of benefit premiums throughout the year as well as any shortfall or surplus at the end of the period.

(i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Management has used estimates to determine employee benefit obligations, landfill closure and post closure costs, accrued liabilities, provisions for tax assessment appeals, tangible capital asset useful lives as well as provisions made for allowances for taxes and other receivables and inventories.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

2. Restatements:

(a) Subsidiary corporations

Previously, in accordance with the requirements of the Public Sector Accounting Board Handbook PS 1300.07 and transitional provisions included in PS 1300.47 for government organizations, the activities of certain subsidiary corporations (Wood Buffalo Housing & Development Corporation and MacDonald Island Park Corporation) were accounted for on a modified equity basis. Under the modified equity basis, the subsidiary corporations' accounting principles were not adjusted to conform to those of the Municipality and inter-organizational transactions were not eliminated. In 2010, the Municipality has fully consolidated the activities of these subsidiary corporations. This change in accounting policy has been applied on a retroactive basis and the 2009 consolidated financial statements have been restated.

(b) Tangible capital assets

In 2009, the Municipality implemented Public Sector Accounting Board Handbook PS3150 which required local governments to record and amortize their tangible capital assets in their consolidated financial statements. When the Municipality implemented this accounting standard change, certain amounts were not recorded as required by the accounting standards. Although not material to the overall consolidated financial position and results of operations of the Municipality in the prior year, management has recorded the adjustments on a retroactive basis and the 2009 consolidated financial statements have been restated.

(c) Restatement summary

The impact of these restatements on the previously reported 2009 consolidated financial statements is as follows:

	2009 Previously reported	Restatements	2009 As Restated
<u>Consolidated Statement of Financial Position</u>			
Financial assets	\$ 708,933,077	\$ 102,648,767	\$ 811,581,844
Liabilities	539,114,503	175,330,604	714,445,107
Net financial assets	169,818,574	(72,681,837)	97,136,737
Non-financial assets	1,648,851,504	149,253,032	1,798,104,536
Accumulated surplus	\$ 1,818,670,078	\$ 76,571,195	\$ 1,895,241,273
<u>Consolidated Statement of Operations and Accumulated Surplus</u>			
Revenue	\$ 660,081,548	\$ 60,578,460	\$ 720,660,008
Expenses	274,314,291	35,152,677	309,466,968
Annual surplus before the undernoted	385,767,257	25,425,783	411,193,040
Subsidiary operation (discontinued)	4,003,425	-	4,003,425
Annual surplus	389,770,682	25,425,783	415,196,465
Accumulated surplus, beginning of year	1,428,899,396	39,163,320	1,480,044,808
Accumulated surplus, end of year	\$ 1,818,670,078	\$ 64,589,103	\$ 1,895,241,273

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

3. Restricted cash:

Restricted cash is comprised of security deposits received from tenants in the amount of \$810,809 (2009 - \$718,650) held in trust accounts that bear interest at bank prime rate less 1.9%, restricted replacement reserves in the amount of \$1,328,029 (2009 - \$633,995), amounts restricted for the purchase and maintenance of Rotary House and other projects in the amount of \$982,280 (2009 - \$865,066), capital grant funds to support the development of affordable housing units in Parsons Creek in the amount of \$730,000 (2009 - \$ nil) and rent supplement funds payable to Alberta Housing & Urban Affairs in the amount of \$613,997 (2009 - \$ nil).

Under the terms of certain mortgage agreements, the Municipality deposits 4% of the gross income of the related properties into a restricted replacement reserves account. This amount is reserved for major capital repairs. Withdrawals require prior approval by the bank following submission of paid invoices for approved major capital repairs.

4. Taxes and grants in lieu receivable:

	2010	2009
Current	\$ 4,827,081	\$ 3,315,387
Arrears**	1,266,209	787,217
	<u>6,093,290</u>	<u>4,102,604</u>
Less allowance for doubtful accounts	127,822	119,410
	<u>\$ 5,965,468</u>	<u>\$ 3,983,194</u>

** levies which were imposed prior to January 1, 2010

5. Trade and other receivables:

	2010	2009
		(Restated - note 2)
Government transfers	59,668,476	\$ 90,975,141
GST recoverable	6,341,921	9,564,737
Utility receivables	4,047,542	3,224,800
Developer charges	1,997,648	2,376,944
Other receivables	15,014,907	9,049,808
	<u>\$ 87,070,494</u>	<u>\$ 115,191,430</u>

The allowance for doubtful accounts for trade and other receivables is \$1,738,809 (2009 - \$1,588,606).

6. Inventories held for resale:

	2010	2009
		(Restated - note 2)
Inventories held for resale	\$ 238,041	\$ 191,461
Property inventory:		
Taiganova Eco Industrial Park	8,249,052	30,377,269
Other properties under development	20,315,923	22,912,312
Held under equity and affordability programs (Note 9)	42,373,488	16,729,603
	<u>\$ 71,176,504</u>	<u>\$ 70,210,645</u>

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

7. Investments:

	2010		2009 (Restated - note 2)	
	Cost	Market Value	Cost	Market Value
Cash	\$ 7,528,275	\$ 7,528,275	\$ 2,992,721	\$ 2,992,721
Bankers acceptances, notes and bonds	349,023,460	349,677,014	118,633,295	118,530,387
Mortgages and notes receivable	3,237,434	3,237,434	3,743,619	3,743,619
Government and government guaranteed bonds	280,564,769	282,483,536	239,637,849	239,051,231
Corporate bonds and debentures	192,655,034	194,369,850	161,875,502	161,900,327
Accrued interest	2,069,727	2,069,727	1,706,638	1,706,638
	\$ 835,078,699	\$ 839,365,836	\$ 528,589,624	\$ 527,924,923

Bankers acceptances, notes and bonds have maturities of less than one year and average stated interest rates of 1.068%.

The mortgages and notes receivable include housing affordability loans, bearing interest at rates ranging from nil % to 6% per annum, compounded semi-annually, payable in monthly instalments of interest only, repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees. In addition, mortgages and notes receivable includes home equity loans which are non interest bearing, without monthly repayment terms, with principal repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees. Further, mortgages and notes receivable includes demand promissory notes receivable and second mortgages receivable bearing interest at nil % to 6% per annum, with monthly repayment terms representing a 25 year amortization period, secured by land and buildings.

The mortgages and notes receivable bear interest at stated interest rates between nil % and 6%, depending on the level of family income of the mortgage and note holders and have effective interest rates between 6% and 8%. The mortgages and notes receivable are all assumed to have a 25 year amortization period. Under the various agreements, the Municipality effectively provides an annual subsidy to the mortgage and note holders representing the difference between a fair market value interest rate on the mortgages and notes receivable between 6% and 8% and the amount of interest actually received from the mortgage and note holders. The Municipality records this difference each year as an increase to interest income. The interest subsidy added to interest income during the year was \$165,449 (2009 - \$167,604).

Government and government guaranteed bonds, bearing interest at stated average interest rates from 1.441% to 8.231% (2009 - 0.971% to 6.074%).

Corporate bonds and debentures, bearing interest at stated average interest rates from 0.110% to 9.74% (2009 - 0.085% to 7.953%).

The market value of certain investments fluctuates with changing market interest rates. The carrying value of certain investments has not been written down to market value because management has concluded, based on a review of market information for these investments, there is no obvious indication of significant impairment that is other than temporary.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

8. Interest in subsidiary operation (discontinued):

Fort McMurray Regional Airport Commission (the "Commission") was a wholly owned subsidiary of the Municipality and is incorporated under the Companies Act (Alberta) as a not-for-profit Part IX Corporation. Until December 31, 2009, the Commission operated and maintained the Fort McMurray airport. On January 1, 2010, the Commission, along with certain other tangible capital assets held by the Municipality were transferred to the newly established Fort McMurray Regional Airport Authority (the "Authority"), an entity outside the government reporting entity of the Municipality.

	2009	Net assets transferred to the Authority	2010
	(Restated - note 2)		
Fort McMurray Regional Airport Commission net assets (see below)	\$ 18,687,426	\$ (18,687,426)	\$ -
Airport tangible capital assets held by the Municipality (land and land improvements)	33,988,735	(33,988,735)	-
	<u>\$ 52,676,161</u>	<u>\$ (52,676,161)</u>	<u>\$ -</u>

The following table provides condensed supplementary financial information for the Commission prior to transfer to the Authority on January 1, 2010:

	2009
Financial Position:	
Current assets	\$ 7,517,059
Non-current assets	1,154,368
Tangible capital assets	32,046,730
Total assets	40,718,157
Current liabilities	16,046,972
Non-current liabilities	5,983,759
Total liabilities	22,030,731
Net assets	\$ 18,687,426
Results of Operations:	
Revenues	\$ 13,784,439
Expenses	(9,781,014)
Excess of revenues over expenses	\$ 4,003,425

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

9. Deferred revenue:

	2009 (Restated - note 2)	Increases	Decreases	2010
<u>Government transfers</u>				
Operating:				
Community Housing Plan Grant	\$ 890,884	\$ 1,730,966	\$ 2,438,454	\$ 183,396
Economic Development Strategy Grant	150,468	-	150,468	-
Rent Supplement Program Grant	1,838,014	749,943	1,838,014	749,943
Marshall House Grant	852,277	-	329,637	522,640
Alberta Housing & Urban Affairs	-	203,618	-	203,618
Sustainable Remote Housing Grant	120,000	-	8,040	111,960
Other Grants	202,716	846,231	660,282	388,665
RCMP Grant	261,600	1,018,816	1,025,712	254,704
	<u>4,315,959</u>	<u>4,549,574</u>	<u>6,450,607</u>	<u>2,414,926</u>
Capital:				
Community Development Plan (1)	88,866,469	98,608,523	21,296,374	166,178,618
Alberta Municipal Infrastructure Program (2)	16,832,479	98,938	4,169,830	12,761,587
Alberta Municipal Waste Water Grant	264,008	-	264,008	-
Alberta Municipal Waste Water Grant (3)	11,311,961	43,243	11,355,204	-
Alberta Municipal Waste Water Grant (4)	5,678,146	30,424	5,708,570	-
Alberta Municipal Waste Water Grant	602,910	-	602,910	-
Alberta Municipal Sponsorship Grant	143,763	1,005	-	144,768
Alberta Municipal Sustainability Initiative Grant (5)	15,735,609	17,498,456	7,842,620	25,391,445
Alberta Environment Landfill Grant (6)	6,484,295	10,049	6,494,344	-
Alberta Infrastructure Transportation Grant (7)	3,010,239	4,085,750	3,831,225	3,264,764
Canada-Alberta Municipal Rural Infrastructure Fund	244,119	-	244,119	-
New Deal for Cities and Communities Grant (8)	7,026,127	5,046,408	7,199,212	4,873,323
Western Economic Diversification Canada (9)	508,159	-	81,056	427,103
Canada Affordable Housing Initiative (10)	56,154,345	730,000	30,054,345	26,830,000
	<u>212,862,629</u>	<u>126,152,796</u>	<u>99,143,817</u>	<u>239,871,608</u>
	<u>217,178,588</u>	<u>130,702,370</u>	<u>105,594,424</u>	<u>242,286,534</u>
<u>Other</u>				
Corporate Donations and Naming Rights	2,672,775	1,120,000	2,260,322	1,532,453
Rights Holder Agreements (11)	1,862,400	-	84,800	1,777,600
Deferred Property Sales (12)	25,507,111	-	3,381,281	22,125,830
Lifetime golf and fitness memberships	208,988	2,645,317	1,759,035	1,095,270
Other	1,402,990	603,099	1,337,637	668,452
	<u>31,654,264</u>	<u>4,368,416</u>	<u>8,823,075</u>	<u>27,199,605</u>
	<u>\$ 248,832,852</u>	<u>\$ 135,070,786</u>	<u>\$ 114,417,499</u>	<u>\$ 269,486,139</u>

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

9. Deferred revenue, continued:

(1) The Municipality has entered into an agreement with the Province of Alberta to service the development of Crown Lands known as Parsons Creek and Saline Creek Plateau. To facilitate this servicing, for residential and other purposes, a grant totalling \$192,420,000 was provided by the Province. During 2010, the Municipality received a grant allocation of \$97,420,000 and recognized \$21,296,374 (2009-\$4,450,018) as government transfers. The Municipality allocated interest in the amount of \$1,188,523 (2009-\$277,602).

(2) The Provincial government introduced the Alberta Municipal Infrastructure Program (AMIP) in 2005 to assist municipalities in addressing capital infrastructure needs. The Municipality recognized \$4,169,830 (2009-\$12,446,079) as government transfers. The Municipality allocated interest on the unspent grant in the amount of \$98,938(2009-\$48,603). This program terminated in 2009.

(3) The Provincial government provided a \$30,000,000 grant in 2008, under the Alberta Municipal Waste Water Partnership (AMWWP), to fund the Lower Townsite Waste Water Collection System. The Municipality recognized \$11,355,204 (2009 - \$19,282,555) as government transfers. The Municipality allocated interest on the unspent grant in the amount of \$43,243 (2009-\$152,979).

(4) The Provincial government provided a \$103,000,000 grant under the Alberta Municipal Waste Water Partnership (AMWWP) received over a three year period (2006-2008) to fund the Water and Wastewater Treatment Plant projects. \$5,708,570 (2009 -\$46,049,349) was recognized as government transfers. The Municipality allocated interest on the unspent grant in the amount of \$30,424 (2009-\$77,444).

(5) In 2007, the Provincial government introduced the Municipal Sustainability Initiative (MSI) program to assist municipalities with managing growth pressures, provide sustainable funding and support infrastructure needs. In 2010, the Municipality received \$17,379,589 (2009-\$7916,195) and recognized \$7,842,620 (2009-\$4,265,314) as government transfers. The Municipality allocated interest on the unspent grant in the amount of \$118,867 (2009-\$58,948). Based on a pre-established formula and budget availability, the Municipality will receive an annual grant allocation until 2016. The Province has committed a total of \$219,500,697 over the term of this agreement.

(6) In 2008, the Municipality received a \$15,000,000 grant from Alberta Environment for the Regional Landfill. \$6,494,344 (2009-\$4,185,534) was recognized as government transfers. The Municipality allocated interest on the unspent grant in the amount of \$10,049 (2009-\$51,820).

(7) The Alberta Infrastructure Transportation Grant provides annual cost-shared financial assistance to cities for developing and implementing safe and effective roadway network and transportation systems. In 2010, the Municipality received \$4,065,726 (2009-\$4,171,980) and recognized \$3,831,225 (2009-\$5,909,256) as government transfers. The Municipality allocated interest on the unspent grant in the amount of \$20,024 (2009-\$19,851).

(8) The New Deal for Cities and Communities (NDCC) program assists municipalities in addressing their sustainable municipal capital infrastructure needs. Funding is received through the allocation of the federal gasoline tax to Alberta municipalities. In 2010, the Municipality received \$5,012,918 (2009-\$5,585,271) and recognized \$7,199,212 (2009-\$3,246,549) as government transfers. The Municipality allocated interest on the unspent grant in the amount of \$33,490 (2009-\$25,046). This grant program has been extended to 2013 and the Municipality will receive an additional \$5,012,918 each year from 2011 to 2013 under the terms of this agreement.

(9) In 2009, the Municipality received a \$1,000,000 grant from the Government of Canada (Western Economic Diversification Canada) for the construction of portable roof structures for four rural outdoor rinks. \$81,056 (2009-\$491,841) was recognized as government transfers.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

9. Deferred revenue, continued:

(10) The Municipality has entered into agreements with the Province of Alberta for the provision of affordable housing. During 2010, the Municipality received a grant of \$730,000 and recognized \$30,054,305 (2009-\$22,510,807) as government transfers.

(11) In exchange for contributions received totalling \$2,120,000 from certain entities within the Municipality, the Municipality granted rights holders the right to refer tenants for certain vacant units in apartment projects owned by the Municipality for a period of 25 years. The Municipality has the sole right to accept or reject the proposed tenants based on the Municipality's pre-established criteria. The rights holders have first right of refusal to certain vacant units and if there is no proposed or accepted tenant, the rights holder can lease the unit for a one year term so that the unit remains available for a future referred tenant, subject to acceptance by the Municipality's acceptance criteria. If there is no proposed or accepted tenant, and the rights holder does not exercise its option to lease the unit, then the Municipality can lease the unit to another tenant for a one year lease. The rights holders can assign or sell its rights under the agreements and have the right to both terminate the agreements and have the right of first refusal to renew the agreements after 25 years under new terms and conditions. Should the Municipality commit an act of default under the agreements, the contributions become repayable. The agreements do not convey any interest in land buildings to the rights holders and regular monthly rental payments are required under any unit rented.

(12) Deferred property sales represent the cash, mortgages and notes, net of discounting, received as consideration by the Municipality relating to properties under certain housing equity and affordability programs. The housing equity and affordability program agreements include certain market appreciation guarantees which establish the final amount to be paid to the Municipality once the mortgage and note holders sell or otherwise convey an interest in the the underlying properties. The amount to be paid to the Municipality, whether at the option of the mortgage and note holder, or as a result of sale, is the original amount of the note and mortgage receivable, plus a percentage of the increased market value of the property less any interest previously paid to the Municipality. During the year, the Municipality recognized \$3,381,281 in revenue relating to the sales of certain properties. As the ultimate selling price of the properties is uncertain and substantially all of the rights and responsibilities of ownership of the properties have not been transferred at the end of the year, the Municipality has not recognized revenue related to these sales. The properties are reflected as part of property inventory held under equity and affordability programs and related revenues have been deferred and will be recognized when there is greater certainty as to the ultimate proceeds.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

10. Employee benefit obligations:

	2010	2009 (Restated - note 2)
Accrued vacation pay and overtime bank	\$ 7,020,184	\$ 5,692,139
Accrued salary and benefits	8,364,159	6,670,638
	<u>\$ 15,384,343</u>	<u>\$ 12,362,777</u>

(a) Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

(b) Local Authorities Pension Plan

Employees of the Municipality participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. LAPP serves approximately 200,000 employees and approximately 400 employer organizations such as municipalities, hospitals and schools (non-teachers). It is financed by employer, employee and Government of Alberta contributions and investment earnings of the LAPP Fund.

The Municipality is required to make current service contributions to LAPP of 9.06% (2009-8.46%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 12.53% (2009-11.66%) for the excess. Employees of the Municipality are required to make current service contributions of 8.06% (2009-7.46%) of pensionable salary up to the year's maximum pensionable salary and 11.53% (2009-10.66%) on pensionable salary above this amount. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the Municipality to LAPP were \$9,584,421 (2009-\$7,127,720). Total current service contributions by the employees of the Municipality to LAPP in 2010 were \$8,679,946 (2009-\$6,402,899).

The LAPP reported a deficiency for the overall plan as at December 31, 2009 of \$3,998,614,000. Information as at December 31, 2010 was not available at the time of preparing these financial statements.

(c) APEX Supplementary Pension Plan

The APEX Supplementary Pension Plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees (approximately 96 beneficiaries). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the Municipality. Employees and the Municipality are required to make current service contributions to APEX of 2.5% and 3% respectively of pensionable earnings up to \$127,722.

Total current service contributions by the Municipality to APEX in 2010 were \$276,396 (2009-\$226,696). Total current service contributions by the employees of the Municipality were \$230,336 (2009-\$188,914).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation, and retirement age of employees. The cost of post retirement benefits is fully funded.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

10. Employee benefit obligations, continued:

(d) Other employee benefit plans

Basic Life, accidental death and dismemberment, short term disability, long term disability, extended health, dental and vision benefits are fully funded by the Municipality. The Municipality's contributions are expensed to the extent that they do not relate to discretionary reserves. The Municipality accrues its obligations for employee non-pension future benefits.

The Municipality sponsors certain employee registered and non-registered retirement plans, which are funded through employee and/or employer contributions.

(e) Employee housing initiative - designated housing units

On February 14, 2006, a designated housing unit program was established by the Municipality. Under this program, a specified number of rental units (18) are provided for exclusive use by employees of the Municipality to assist with transitional housing needs.

The program is for new employees requiring transitional housing, or in unique cases, for an existing employee where affordable housing cannot be secured by the employee within the Municipality. The designated rental units are allocated as per the qualifying incomes of the employees as determined by the Municipality. Units are allocated based on merit and employees enter into short term lease agreements for the rental of the designated rental units at an agreed upon monthly rental cost. The employee is responsible for the monthly rental cost and any required damage deposit.

Shared rental accommodation is also available for up to six months through several houses currently rented by the Municipality.

(f) Employee housing initiative - home equity protection program

On February 14, 2006, a home equity protection program was established by the Municipality. Under this program, any employee approved for participation in the program will be compensated by the Municipality in an amount equal to any loss in value of the employee's principal residence between the date of the employee's approval for participation in the program and the date of sale of the principal residence by the employee. Existing employees of the Municipality were eligible to join the program until June 30, 2007. After June 30, 2007, only new employees of the Municipality are eligible to join.

Employees who are approved for participation in the program become eligible for payment under the program after the employee has completed three years of uninterrupted permanent employment with the Municipality. If an employee ceases to be an employee of the Municipality within the three year period or if an employee is not in continuous occupancy of their principal residence, they are not eligible for payment under the program.

At December 31, 2010, no amounts have been accrued (2009 - \$ nil) within the financial statements relating to this program as management is of the opinion that, based on current market conditions, no obligations exist with respect to the outstanding arrangements.

At December 31, 2010, 241 employees were approved for participation under the program with an aggregate secured property value of \$132,934,144. Of the participating employees, 166 currently meet the eligibility requirements with a secured property value of \$89,534,311.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

11. Landfill closure and post-closure obligation:

The obligation recorded at December 31, 2010 for the landfill closure was \$8,657,101 (2009 - \$10,973,986) and represents the present value of closure and post-closure costs for 100% of the current site, using assumed annual rates of 0.70% (2009-2.30%) for inflation and 4.085% (2009-4.76%) for interest.

Closure of the existing facility will involve contouring the site to promote positive drainage to minimize leachate production, site slope reduction to prevent excessive erosion and cap damage, covering the site with low permeability clay to prevent water infiltration and application of topsoil and vegetation. Revised estimates are based on the current closure plan developed for and approved by Alberta Environment. Groundwater monitoring wells are already in existence, however, twenty-one were closed in 2009 as part of road construction and -closure operations. Twelve to twenty new wells will be installed after side slopes and cap replacement occurs in 2011. Post-closure activities are expected to occur for 25 years and will involve surface and ground water monitoring, landfill cover maintenance and erosion management as per Alberta Environment standards.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

12. Long-term debt:

	2010	2009 (Restated - note 2)
Municipal debt:		
Capital leases supported by general tax levies (i)	\$ 225,697	\$ 745,262
Debentures supported by general tax levies (ii)	222,258,928	82,868,990
Debentures supported by utility rates (ii)	154,774,429	153,614,500
	<u>377,259,054</u>	<u>237,228,752</u>
Controlled organizations debt:		
Capital leases (iii)	198,850	24,556
Demand loans - operating (iv)	10,203,077	16,078,660
Demand loans - capital (iv)	7,911,495	6,937,592
Long-term debt (v)	82,695,664	48,899,640
	<u>101,009,086</u>	<u>71,940,448</u>
	<u>\$ 478,268,140</u>	<u>\$ 309,169,200</u>

Municipal debt

(i) The Municipality has entered into capital lease agreements for computer and mobile equipment. The payments on principal and interest in the next three years are as follows:

	Principal	Interest	Total
2011	\$ 192,334	\$ 9,161	\$ 201,495
2012	8,006	1,457	9,463
2013	25,357	908	26,265
	<u>\$ 225,697</u>	<u>\$ 11,526</u>	<u>\$ 237,223</u>

Interest on capital leases in 2010 amounted to \$26,390 (2009 - \$54,707).

Implicit interest has been calculated at rates ranging from 0.50% to 8.95% (2009 - 0.50% to 8.95%) on the outstanding balances.

(ii) The payments on principal and interest for debentures supported by general tax levies and utility rates for the next five years are as follows:

	Principal	Interest	Total
2011	\$ 14,759,350	\$ 17,829,786	\$ 32,589,136
2012	14,919,579	17,082,627	32,002,206
2013	15,096,805	16,335,106	31,431,911
2014	15,227,065	15,584,747	30,811,812
2015	15,766,377	14,829,287	30,595,664
Thereafter	301,264,181	131,066,441	432,330,622
	<u>\$ 377,033,357</u>	<u>\$ 212,727,994</u>	<u>\$ 589,761,351</u>

Interest on long-term debt in 2010 amounted to \$12,372,682 (2009 - \$12,454,902).

Debenture debt repayable to Alberta Capital Finance Authority has interest rates ranging from 3.3% to 12.00% per annum, and matures in years 2010 through 2032.

The Alberta Capital Finance Authority provided a \$136 million loan to the Municipality on June 15, 2006. Proceeds from this loan are being used to fund the Wastewater Treatment Plant project. The Province of Alberta provided a special grant to subsidize the full amount of semi-annual interest cost for the first four years on the loan. In addition, principal repayment was deferred for four years, starting in 2010.

Debenture debt is issued on the credit and security of the Municipality.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

12. Long-term debt, continued:

Controlled organizations' debt

(iii) The Municipality has entered into lease agreements for computer and mobile equipment. The payments on principal and interest in the next year are as follows:

	Principal	Interest	Total
2011	\$ 65,009	\$ 14,307	\$ 79,316
2012	67,718	9,107	76,825
2013	66,123	2,895	69,018
	\$ 198,850	\$ 26,309	\$ 225,159

Interest on capital leases in 2010 amounted to \$11,536 (2009 - \$2,851).

Implicit interest has been calculated at rates ranging from 0% to 15.45% (2009 - 0% to 15.45%) on the outstanding balances.

(iv) Demand loans are comprised of a revolving demand loan with interest at prime rate plus 1.5% supporting the development of property inventory for resale, a revolving demand loan at prime rate plus 3.0% supporting construction in progress, and a revolving demand loan at a fixed rate of 5.06%. The demand loans have no established repayment terms or due dates. The prime rate as at December 31, 2010 was 3.0% (2009 - 2.25%).

(v) Long-term debt is comprised of Royal Bank of Canada commercial mortgages with interest rates ranging from 3.49% to 5.074%, payments of \$379,892 per month including principal and interest, maturities from November 1, 2012 to December 31, 2020, with land and buildings pledged as collateral.

Contractual principal repayments of long term debt over the next 5 years and thereafter are as follows:

	Principal	Interest	Total
2011	\$ 2,003,326	\$ 3,762,552	\$ 5,765,878
2012	2,098,379	3,667,500	5,765,879
2013	2,197,962	3,567,917	5,765,879
2014	2,302,297	3,463,582	5,765,879
2015	2,411,610	3,354,269	5,765,879
Thereafter	71,682,090	41,660,651	113,342,741
	\$ 82,695,664	\$ 59,476,471	\$ 142,172,135

The long term debt is also collateralized by property and equipment and a general assignment of rents, leases and sales proceeds, deposits and all other payments on the housing projects.

Interest on demand loans and long-term debt in 2010 amounted to \$2,905,374 (2009 - \$2,286,312).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

13. Debt and debt service limits:

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

Debt Limit

	<u>2010</u>	<u>2009</u>
Maximum allowable debt	\$ 1,082,278,430	\$ 938,688,022
Total municipal debt	<u>377,259,054</u>	<u>237,228,752</u>
Amount of total debt limit available	\$ 705,019,376	\$ 701,459,270
Percentage used	34.86%	25.27%

Debt service limit

Maximum allowable debt service	\$ 189,142,896	\$ 164,270,404
Annual payments on existing municipal debt	<u>32,790,631</u>	<u>20,529,368</u>
Amount of service on debt limit available	\$ 156,352,265	\$ 143,741,036
Percentage used	17.34%	12.50%

The debt limit is calculated at 2.0 times revenue of the Municipality (as defined in the Regulation as amended by Ministerial Order L:038/06) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs.

Pursuant to section 6(1) of the Regulation, the Municipality has elected to exclude revenues, total debt and debt service costs for certain controlled corporations from its debt limit and debt service limit calculations. The controlled corporations that have been excluded are Wood Buffalo Housing & Development Corporation, MacDonald Island Park Corporation and Fort McMurray Regional Airport Commission.

The Municipality's Debt Management Policy (amended July 13, 2010) has an established debt and debt service limit of 75% of the Municipal Government Act and regulation limits.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

14. Tangible capital assets:

	Land	Land Improvements	Buildings and Improvements	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2010
COST:								
<i>Balance, Beginning of Year</i>	\$ 214,323,176	\$ 27,221,994	\$ 233,592,635	\$ 1,012,664,699	\$ 31,159,034	\$ 41,854,534	\$ 611,264,277	\$ 2,172,080,349
Acquisition of tangible capital assets	19,353,042	6,695,341	213,800,869	303,720,177	10,197,041	8,439,507	(227,092,946)	335,113,031
Disposal of tangible capital assets	(88,723)	-	-	-	(424,933)	(348,503)	-	(862,159)
<i>Balance, End of Year</i>	\$ 233,587,495	\$ 33,917,335	\$ 447,393,504	\$ 1,316,384,876	\$ 40,931,142	\$ 49,945,538	\$ 384,171,331	\$ 2,506,331,221
ACCUMULATED AMORTIZATION:								
<i>Balance, Beginning of Year</i>	\$ -	\$ 9,840,542	\$ 26,596,978	\$ 311,170,144	\$ 13,371,635	\$ 15,421,673	\$ -	\$ 376,400,972
Annual amortization	-	1,411,940	7,639,903	21,713,084	3,892,108	4,638,976	-	39,496,011
Accumulated amortization on disposals	-	-	-	-	(255,208)	(325,643)	-	(580,851)
<i>Balance, End of Year</i>	\$ -	\$ 11,252,482	\$ 34,236,881	\$ 332,883,228	\$ 17,008,535	\$ 19,935,006	\$ -	\$ 415,316,132
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, End of Year	\$ 233,587,495	\$ 22,664,853	\$ 413,156,623	\$ 983,501,648	\$ 23,922,607	\$ 30,010,532	\$ 384,171,331	\$ 2,091,015,089

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

14. Tangible capital assets, continued:

	Land	Land Improvements	Buildings and Improvements	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2009 (Restated - note 2)
COST:								
Balance, Beginning of Year	\$ 185,367,204	\$ 24,585,003	\$ 136,319,243	\$ 901,074,505	\$ 23,951,041	\$ 29,554,514	\$ 535,949,919	\$ 1,836,801,429
Acquisition of tangible capital assets	28,955,972	2,636,991	97,320,218	111,590,194	7,965,314	13,996,036	75,314,358	337,779,083
Disposal of tangible capital assets	-	-	(46,826)	-	(757,321)	(1,696,016)	-	(2,500,163)
Balance, End of Year	\$ 214,323,176	\$ 27,221,994	\$ 233,592,635	\$ 1,012,664,699	\$ 31,159,034	\$ 41,854,534	\$ 611,264,277	\$ 2,172,080,349
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	\$ -	\$ 8,480,597	\$ 22,395,309	\$ 293,823,602	\$ 11,070,103	\$ 13,132,163	\$ -	\$ 348,901,774
Annual amortization	-	1,359,945	4,232,915	17,216,933	2,663,668	3,823,852	-	29,297,313
Accumulated amortization on disposals	-	-	(31,244)	-	(362,136)	(1,534,342)	-	(1,927,722)
Balance, End of Year	\$ -	\$ 9,840,542	\$ 26,596,978	\$ 311,170,144	\$ 19,371,635	\$ 15,421,673	\$ -	\$ 376,400,972
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, End of Year	\$ 214,323,176	\$ 17,381,452	\$ 206,995,657	\$ 701,494,555	\$ 17,787,399	\$ 26,432,861	\$ 611,264,277	\$ 1,795,679,377

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

14. Tangible capital assets (continued):

a) Assets under construction

Assets under construction having a value of \$384,171,331 (2009 - \$611,264,277) have not been amortized. Amortization of these assets will commence when the assets are put into service.

b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$74,558,193 (2009 - \$82,147,070).

c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, tangible capital assets are recognized at a nominal value.

d) Works of art and historical treasures

The Municipality manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Municipal sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

e) Building - Edgewater Court

On April 17, 2007, an apartment building that was part of the Edgewater Court project was damaged by fire. The building had a net book value of \$8,392,186 on April 17, 2007 and amortization of the building ceased on that date. The Municipality has replacement value insurance coverage on the building, however the expected proceeds to be received are not yet determinable as reconstruction of the building was not complete at December 31, 2010. Any difference between the net book value of the building and the insurance proceeds ultimately received will be reflected as a gain or loss in the period in which it is determinable which is expected to occur before the end of 2011.

In 2009, the Municipality entered into an arrangement with its insurers whereby the Municipality is acting on behalf of the insurers to complete certain activities relating to the building reconstruction. As part of this arrangement, the Municipality incurs costs on behalf of the insurers and is reimbursed by submitting amounts to the insurers for approval and payment through an account funded by the insurers and maintained at the Municipality's bank (balance at December 31, 2010 - \$127,516). Funds are released from the account when approved by the insurers. This account is not included in the consolidated financial statements of the Municipality.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

15. Accumulated surplus:

	2010	2009
		(Restated - note 2)
Operations:		
Surplus - undesignated	\$ 124,538	\$ 124,538
Operating reserves:		
General administration	172,687,174	110,634,487
Common services	145,003	145,003
Roads and streets	57,231	57,231
Municipal planning	33,526	33,526
Land and housing	547	547
Recreation	357,880	353,939
Urban parks	289,777	289,777
Library Board	2,510,397	1,970,831
Wood Buffalo Housing & Development Corporation	68,479,378	15,173,680
MacDonald Island Park Corporation	(460,153)	(368,243)
	<u>244,100,760</u>	<u>128,290,778</u>
Total operations	<u>244,225,298</u>	<u>128,415,316</u>
Capital:		
Deficiency - undesignated	(43,014,590)	(142,537,755)
Capital reserves:		
General	413,659,197	339,919,514
Equipment	704,168	490,471
Firefighting and preventive services	152,959	151,914
Common services	765,599	760,367
Roads and streets	161,307	160,354
Water supply	2,042,500	2,028,601
Sewage	2,324,731	2,309,030
Recreation	7,468,656	6,004,543
Wood Buffalo Housing & Development Corporation	2,598,309	1,801,461
MacDonald Island Park Corporation	474,799	472,459
	<u>430,352,225</u>	<u>354,098,714</u>
Invested in tangible capital assets	<u>1,622,950,026</u>	<u>1,502,588,837</u>
Total capital	<u>2,010,287,661</u>	<u>1,714,149,796</u>
Subsidiary operation held for disposition:		
Fort McMurray Regional Airport Commission	-	18,687,426
Invested in Airport tangible capital assets	-	33,988,735
Total subsidiary operation (discontinued)	<u>-</u>	<u>52,676,161</u>
Accumulated surplus	<u>\$ 2,254,512,959</u>	<u>\$ 1,895,241,273</u>

Reserves are a key tool used to set aside funds to replace existing capital assets, respond to emergent needs, stabilize tax rates, and fund future capital projects. Capital reserves are substantially committed to current budgeted capital projects.

Operating and capital reserves related to the Library Board, Wood Buffalo Housing & Development Corporation and MacDonald Island Park Corporation are dedicated for those entities and are not available for general use by the Municipality.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

16. Commitments and contingent liabilities:**(a) Operating leases**

The Municipality has entered into lease agreements for the leasing of office space and equipment until 2023. The annual lease payments in each of the following years are:

2011	\$ 3,654,181
2012	3,656,732
2013	3,748,928
2014	3,679,541
2015	3,623,347
Thereafter	<u>15,630,292</u>
	<u>\$ 33,993,021</u>

(b) Capital commitments

The 2011 Capital Budget was approved by Council on December 14, 2010 in the amount of \$314,860,521. The approved projects along with a number of capital projects in progress are expected to be completed in 2011. Significant projects include Parsons Creek and Saline Creek Development, Athabasca Water Treatment Plant Expansion, South Municipal Facility and Downtown Forcemain Project.

(c) Borrowing facilities (line of credit)

Pursuant to section 256 of the Municipal Government Act and Municipal Bylaw 01/091, the Municipality is authorized to borrow from the Municipality's financial institution, on a revolving basis, up to \$7.5 million for the purpose of meeting current operating expenditures and obligations of the Municipality when required. At December 31, 2010, the Municipality had authorized the line of credit available from its bank in the amount of \$7.5 million. At year end, no amounts were drawn against its available line of credit.

In addition, one of the Municipality's subsidiaries entered into a banking agreement that includes a revolving demand credit facility available in the amount of \$250,000 which bears interest at prime. At December 31, 2010, no amounts were drawn against this facility.

(d) Development agreements

Developers have entered into agreements with the Municipality in the amount of approximately \$69 million and are committed to installing and constructing certain works to serve the development of lands within the Municipality. The Municipality has taken security from developers in the form of deposit liabilities in the amount of \$6,933,072 (2009 - \$8,005,842) and letters of credit in the amount of \$41,645,634 to ensure performance by the developers under the agreements.

(e) Contingent liabilities

The Municipality is defendant in various lawsuits as at December 31, 2010. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included in accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the Municipality's administration believes there will be no material adverse effect on the financial position of the Municipality.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

17. Salary and benefits disclosure:

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officer by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits and Allowances (2,3)	Total 2010	Total 2009
Mayor Blake (4)	\$ 111,891	\$ 15,027	\$ 126,918	\$ 123,612
Ward 1				
Councillor Allen	32,951	5,808	38,759	36,869
Councillor Germain	32,951	6,246	39,197	37,154
Councillor Kirschner	4,821	1,843	6,664	-
Councillor Meagher	32,951	8,386	41,337	39,529
Councillor Scott	4,821	1,805	6,626	-
Councillor Thomas	4,821	1,805	6,626	-
Ward 2				
Councillor Blair	32,951	6,207	39,158	36,869
Councillor Flett	32,951	4,212	37,163	32,355
Ward 3				
Councillor Vinni	4,821	1,449	6,270	-
Ward 4				
Councillor Stroud	4,821	1,707	6,527	-
Former				
Councillor Byron	31,930	3,780	35,710	36,845
Councillor Clarkson	35,112	6,379	41,491	37,154
Councillor Janvier	28,257	3,618	31,876	36,869
Councillor Rebus	35,112	3,958	39,070	36,869
Councillor Vyboh	37,998	6,352	44,350	39,345
Chief Administrative Officers (4)				
Current	54,886	7,975	62,861	-
Former	839,669	36,769	876,438	389,131
Designated Officer	231,351	30,053	261,404	231,992
	<u>\$ 1,595,065</u>	<u>\$ 153,380</u>	<u>\$ 1,748,444</u>	<u>\$ 1,114,593</u>

(1) Salary includes regular base pay, lump sum payments, gross honoraria and any other remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan (CPP), Employment Insurance (EI), health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

(3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, travel and car allowances.

(4) An automobile is provided and no amount is included in the benefits and allowances figure.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

18. Segment disclosures:

The Municipality provides a wide range of services to its ratepayers. Segment disclosures are intended to enable users to better understand the government reporting entity and the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes. Segments include:

- (i) Municipal tax supported operations - consist of those that are directly supported by property taxes including the Regional Municipality of Wood Buffalo Library Board
- (ii) Public works utilities - consist of those operating on a cost recovery model to support operating requirements and to address long-term capital requirements
- (iii) Subsidiary entities - including the Wood Buffalo Housing & Development Corporation, MacDonald Island Park Corporation and Fort McMurray Regional Airport Commission (to December 31, 2009)

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the consolidated financial statements (Note 1).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

18. Segment disclosures (continued):

	2010			
	Municipal Tax Supported	Public Works Utilities	Subsidiary Entities	Total
Revenue:				
Net taxes available for municipal purposes	\$ 430,678,993	\$ -	\$ 1,406,364	\$ 432,085,357
Government transfers	39,914,951	45,538,622	42,416,749	127,870,322
Sales and user charges	19,696,730	27,690,313	49,422,776	96,809,819
Sales to other governments	218,657	1,471,375	-	1,690,032
Penalties and costs on taxes	1,421,670	121,705	-	1,543,375
Licenses and permits	11,380,602	-	-	11,380,602
Fines	3,001,260	-	-	3,001,260
Franchise and concession contracts	4,582,643	-	-	4,582,643
Returns on investments	11,810,400	1,381,836	643,662	13,835,898
Rentals	228,915	-	12,383,158	12,612,073
Transfers from local boards and agencies	62,000	-	-	62,000
Developers' agreements and levies	5,971,414	-	-	5,971,414
Other	4,311,899	21,016	2,023,071	6,355,986
Gain on disposal of tangible capital assets	5,649,824	-	65,388	5,715,212
Contributions of tangible capital assets	47,078,240	27,479,953	-	74,558,193
	586,008,198	103,704,820	108,361,168	798,074,186
Expenses:				
Salaries, wages and benefits	126,780,043	13,639,021	18,799,841	159,218,905
Contracted and general services	80,546,675	4,096,815	13,248,067	97,891,557
Purchases from other governments	17,576,918	-	-	17,576,918
Materials, goods, supplies and utilities	16,555,915	8,418,518	22,489,521	47,463,954
Provision for allowances	360,560	139,721	24,860	525,141
Transfers to other governments	48,519	-	-	48,519
Transfers to local boards and agencies	12,651,909	-	(8,840,621)	3,811,288
Transfers to individuals and organizations	4,195,605	-	-	4,195,605
Bank charges and short-term interest	252,436	3,787	73,792	330,015
Interest on long-term debt	4,483,019	7,916,053	2,916,910	15,315,982
Other	246,577	5,867	-	252,444
Amortization of tangible capital assets	22,026,775	13,631,986	3,837,250	39,496,011
	285,724,951	47,851,768	52,549,620	386,126,339
Annual surplus before the undernoted	300,283,247	55,853,052	55,811,548	411,947,847
Subsidiary operation (discontinued)	-	-	(52,676,161)	(52,676,161)
Annual surplus	\$ 300,283,247	\$ 55,853,052	\$ 3,135,387	\$ 359,271,686

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

18. Segment disclosures (continued):

	2009 (Restated - note 2)			
	Municipal Tax Supported	Public Works Utilities	Subsidiary Entities	Total
Revenue:				
Net taxes available for municipal purposes	\$ 379,613,795	\$ -	\$ 1,571,446	\$ 381,185,241
Government transfers	27,741,618	93,903,592	32,401,503	154,046,713
Sales to other governments	178,226	1,229,356	-	1,407,582
Sales and user charges	5,623,049	27,111,212	22,419,191	55,153,452
Penalties and costs on taxes	1,066,338	125,937	-	1,192,275
Licenses and permits	5,341,065	-	-	5,341,065
Fines	3,359,813	-	-	3,359,813
Franchise and concession contracts	4,253,287	-	-	4,253,287
Returns on investments	12,460,264	1,060,655	414,734	13,935,653
Rentals	305,058	-	10,490,121	10,795,179
Transfers from local boards and agencies	62,000	-	-	62,000
Developers' agreements and levies	341,962	3,865,851	-	4,207,813
Other	2,859,411	162,113	551,341	3,572,865
Contributions of tangible capital assets	23,599,805	51,990,045	6,557,220	82,147,070
	466,805,691	179,448,761	74,405,556	720,660,008
Expenses:				
Salaries, wages and benefits	98,040,171	14,483,167	13,241,031	125,764,369
Contracted and general services	60,856,135	9,287,643	10,746,419	80,890,197
Purchases from other governments	16,709,507	-	-	16,709,507
Materials, goods, supplies and utilities	13,466,714	7,892,614	13,014,518	34,373,846
Provision for allowances	(223,927)	(220,446)	(28,539)	(472,912)
Transfers to other governments	150	-	-	150
Transfers to local boards and agencies	12,893,204	-	(6,887,581)	6,005,623
Transfers to individuals and organizations	1,559,815	-	-	1,559,815
Bank charges and short-term interest	270,306	4,965	69,933	345,204
Interest on long-term debt	4,447,394	8,062,215	2,289,163	14,798,772
Other	20,544	4,296	-	24,840
Amortization of tangible capital assets	15,366,896	11,184,696	2,745,721	29,297,313
Loss on disposal of tangible capital assets	78,623	-	91,621	170,244
	223,485,532	50,699,150	35,282,286	309,466,968
Annual surplus before the undernoted	243,320,159	128,749,611	39,123,270	411,193,040
Subsidiary operation (discontinued)	-	-	4,003,425	4,003,425
Annual surplus	\$ 243,320,159	\$ 128,749,611	\$ 43,126,695	\$ 415,196,465

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

19. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 operating and capital budgets approved by Council and its subsidiaries.

Contributions of tangible capital assets, gain (loss) on disposal of tangible capital assets, and amortization of tangible capital assets were not contemplated on development of the budget and, as such, has not been included. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenue:	
Operating budget	\$ 513,379,614
Capital budget	811,365,777
Subsidiaries' budgets	51,373,738
Less:	
Transfers from other funds	263,044,257
Proceeds from issuance of long-term debt	309,186,886
Total revenue	803,887,986
Expenses:	
Operating budget	513,379,614
Capital budget	811,365,777
Subsidiaries' budgets	46,335,911
Less:	
Transfers to other funds	169,039,366
Capital expenditures	811,365,777
Long-term debt principal payments	8,190,211
Total expenses	382,485,948
Annual surplus	\$ 421,402,038

20. Financial instruments:

The Municipality's financial instruments consist of cash, restricted cash, taxes and grants in lieu receivable, trade and other receivables, investments, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations and long-term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Municipality is not exposed to significant currency risks from its financial instruments. The Municipality is subject to credit risk with respect to taxes and grants in lieu receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. The Municipality is subject to interest rate risk arising primarily from fluctuations in rates on its cash, investments and long-term debt.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

21. Comparative figures:

Certain other 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

22. Approval of financial statements:

These financial statements were approved by Management and presented to Mayor and Council.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Net Taxes Available For Municipal Purposes

Schedule 1

Year ended December 31, 2010, with comparative figures for 2009

	Budget	2010	2009
	(Unaudited - note 19)		(Restated - note 2)
Taxation:			
Real property taxes	\$ 464,384,840	\$ 463,731,384	\$ 410,187,346
Government grants in lieu of property taxes	1,213,688	1,228,989	1,005,532
Special assessments and local improvement taxes	463,687	353,594	392,964
Well drilling	150,000	463,545	85,914
	<u>466,212,215</u>	<u>465,777,512</u>	<u>411,671,756</u>
Requisitions:			
Alberta School Foundation Fund	32,711,881	32,778,133	29,486,332
School boards	837,638	914,022	748,952
	<u>33,549,519</u>	<u>33,692,155</u>	<u>30,235,284</u>
Net taxes available for municipal purposes	\$ 432,662,696	\$ 432,085,357	\$ 381,436,472

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Government Transfers

Schedule 2

Year ended December 31, 2010, with comparative figures for 2009

	Budget	2010	2009
	(Unaudited - note 19)		(Restated - note 2)
Federal transfers:			
Conditional shared cost agreements and grants			
- Operating	\$ 7,000	\$ 850,440	\$ 548,356
- Capital	15,264,392	888,529	878,223
Total federal government transfers	15,271,392	1,738,969	1,426,579
Provincial transfers:			
Conditional shared cost agreements and grants			
- Operating	16,026,117	28,819,713	23,182,542
- Capital	211,691,594	97,311,640	128,804,664
Unconditional shared cost agreements and grants			
- Operating	665,526	-	632,928
Total provincial government transfers	228,383,237	126,131,353	152,620,134
Total government transfers	\$ 243,654,629	\$ 127,870,322	\$ 154,046,713

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Sales and User Charges

Schedule 3

Year ended December 31, 2010, with comparative figures for 2009

	Budget	2010	2009
	(Unaudited - note 19)		(Restated - note 2)
Council and other legislative	\$ -	\$ -	\$ 45
General administration	312,660	407,547	349,400
Other general government	87,000	137,865	15,140
Police	1,131,000	919,837	1,093,504
Fire	40,050	13,009	72,010
Ambulance and first aid	1,357,500	1,325,849	1,008,096
Common and equipment pool	337	72,859	149,891
Roads, streets, walks, lighting	1,062,754	1,459,192	1,070,598
Public transport	1,200,140	1,195,098	1,227,410
Water supply and distribution	16,876,499	16,823,580	14,847,035
Wastewater treatment and disposal	9,236,590	10,866,732	5,818,154
Waste management	5,059,351	7,997,343	6,446,023
Family and community support	3,800	8,936	4,230
Cemeteries and crematoriums	38,276	19,469	26,417
Land use planning, zoning and development	186,000	172,729	103,733
Public housing operations	38,701,968	46,937,922	19,174,018
Recreation boards	-	10,787	11,515
Parks and recreation	10,861,860	8,441,065	3,736,233
Total sales and user charges	\$ 86,155,785	\$ 96,809,819	\$ 55,153,452

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Expenses by Object

Schedule 4

Year ended December 31, 2010, with comparative figures for 2009

	Budget	2010	2009
	(Unaudited - note 19)		(Restated - note 2)
Salaries, wages and benefits	\$ 184,262,384	\$ 159,218,905	\$ 125,764,369
Contracted and general services	99,899,204	97,891,557	80,890,197
Purchases from other governments	21,739,490	17,576,918	16,709,507
Materials, goods, supplies and utilities	50,782,247	47,463,954	34,373,846
Provision for allowances	274,960	525,141	(472,912)
Transfers to other governments	22,000	48,519	150
Transfers to local boards and agencies	4,308,155	3,811,288	6,005,623
Transfers to individuals and organizations	2,456,404	4,195,605	1,559,815
Bank charges and short-term interest	536,967	330,015	345,204
Interest on long-term debt	14,985,523	15,315,982	14,798,772
Loss on disposal of tangible capital assets	-	-	170,244
Amortization of tangible capital assets	-	39,496,011	29,297,313
Other	3,218,614	252,444	24,840
Total expenses	\$ 382,485,948	\$ 386,126,339	\$ 309,466,968

See accompanying notes to consolidated financial statements.