

**TOWN OF BEAVERLODGE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

TABLE OF CONTENTS

	<u>Page</u>
Management's Responsibility	1
Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities with Changes in Fund Balances	4
Consolidated Statement of Changes in Financial Position	5
Consolidated Schedule of Capital Fund Activities (Schedule 1)	6
Consolidated Schedule of Operating Fund Activities (Schedule 2)	7
Consolidated Schedule of Reserves (Schedule 3)	8
Consolidated Schedule of Equity in Physical Assets (Schedule 4)	9
Consolidated Schedule of Property Taxes Levied (Schedule 5)	10
Consolidated Schedule of Government Transfers (Schedule 6)	11
Consolidated Schedule of Expenditures by Object (Schedule 7)	12
Notes to the Consolidated Financial Statements	13

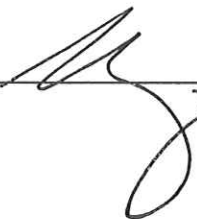
To the Members of Town of Beaverlodge:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. 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 consolidated 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.

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

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Councilors to audit the consolidated 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 Committee and management to discuss their audit findings.


Town Manager


Mayor



MEYERS NORRIS PENNY LLP

To the Members of Council of the Town of Beaverlodge:

We have audited the consolidated statement of financial position of the Town of Beaverlodge as at December 31, 2008 and the consolidated statement of financial activities with changes in fund balances, the consolidated statement of changes in financial position and schedules for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements and schedules 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 management, as well as evaluating the overall financial statement presentation.

In our opinion these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2008 and the results of its consolidated financial activities and the changes in consolidated financial position for the year then ended in accordance with Canadian generally accepted accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

Grande Prairie, Alberta

March 11, 2009

Meyers Norris Penny LLP

Chartered Accountants

**TOWN OF BEAVERLODGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
ASSETS		
Financial Assets		
Cash and temporary investments (Note 2)	\$ 2,304,732	\$ 1,830,802
Trust assets	75,685	73,580
Receivables		
Taxes and grants in place of taxes (Note 3)	88,532	73,180
Trade and other	138,404	182,225
Province of Alberta	-	34,835
Prepaid expenses and deposits	3,700	44,135
Long-term investments (Note 4)	5,529	5,242
Due from County of Grande Prairie No. 1	<u>16,346</u>	<u>31,634</u>
	2,632,928	2,275,633
Physical assets (Note 5)	<u>21,432,563</u>	<u>18,961,197</u>
TOTAL ASSETS	\$ <u>24,065,491</u>	\$ <u>21,236,830</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 672,259	\$ 308,491
Trust liabilities (Note 6)	75,685	73,580
Deposit liabilities	7,850	4,140
Deferred revenue (Note 7)	164,412	333,565
Long-term debt (Note 8)	<u>2,452,680</u>	<u>732,888</u>
TOTAL LIABILITIES	<u>3,372,886</u>	<u>1,452,664</u>
MUNICIPAL EQUITY		
Capital fund (Schedule 1)	78,996	78,996
Operating fund (Schedule 2)	236,535	233,030
Reserves (Schedule 3) (Note 11)	<u>1,397,191</u>	<u>1,243,831</u>
	1,712,722	1,555,857
Equity in physical assets (Schedule 4) (Note 10)	<u>18,979,883</u>	<u>18,228,309</u>
TOTAL MUNICIPAL EQUITY	<u>20,692,605</u>	<u>19,784,166</u>
TOTAL LIABILITIES AND MUNICIPAL EQUITY	\$ <u>24,065,491</u>	\$ <u>21,236,830</u>

TOWN OF BEAVERLODGE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES WITH CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget <u>Unaudited</u>	<u>2008</u>	<u>2007</u>
Revenues			
Net municipal property taxes (Schedule 5)	\$ 1,866,206	\$ 1,870,008	\$ 1,490,189
User fees and sale of goods	936,540	1,334,555	1,174,133
Government transfers (Schedule 6)	1,210,100	1,217,245	1,587,771
Investment income	35,500	63,475	94,899
Penalties and costs on taxes	31,000	22,762	19,290
Franchise and concession contracts	160,000	166,332	155,506
Development levies	-	16,450	30,429
Proceeds on sale of physical assets	-	-	70,380
Other	406,917	312,649	772,045
Total revenues	<u>4,646,263</u>	<u>5,003,477</u>	<u>5,394,642</u>
Expenditures (Schedule 7)			
Operating			
Legislative	83,300	101,200	69,086
Administrative	283,802	374,832	292,852
Fire and bylaw services	117,200	105,283	95,906
Roads, streets, walks, lighting and airport	1,660,242	1,566,159	1,632,127
Water, wastewater and waste management	776,155	887,377	900,201
Recreation and parks	627,079	582,984	583,694
Family and community support services	130,281	426,575	106,057
Planning and development	77,179	50,629	64,384
Other	-	-	9,710
Total operating expenditures	<u>3,755,238</u>	<u>4,095,039</u>	<u>3,754,017</u>
Capital			
Administrative	-	-	2,588
Water, wastewater and waste management	43,500	1,016,525	88,194
Roads, streets, walks, lighting and airport	-	18,902	115,110
Recreation and parks	408,909	936,214	858,773
Planning and development	-	499,725	752,659
Total capital expenditures	<u>452,409</u>	<u>2,471,366</u>	<u>1,817,324</u>
Total expenditures	<u>4,207,647</u>	<u>6,566,405</u>	<u>5,571,341</u>
Excess (deficit) of revenues over expenditures	438,616	(1,562,928)	(176,699)
Add: Capital debt issued	-	1,750,000	-
Less: Debt repayment	(30,208)	(30,207)	(27,971)
Changes in fund balance	408,408	156,865	(204,670)
Fund balances at the beginning of the year	<u>1,555,857</u>	<u>1,555,857</u>	<u>1,760,527</u>
Fund balances at the end of the year	<u>\$ 1,964,265</u>	<u>\$ 1,712,722</u>	<u>\$ 1,555,857</u>

TOWN OF BEAVERLODGE
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
Operations		
Deficit of revenues over expenditures	\$ (1,562,928)	\$ (176,699)
Adjustment for physical assets purchased in prior period	-	139,103
Increase (decrease) in deferred revenue	(169,153)	216,896
Decrease (increase) in taxes and grants in place of taxes	(15,352)	(13,046)
Decrease (increase) in trade and other receivables	43,821	(109,529)
Decrease in receivable from the Province of Alberta	34,835	11,931
Decrease (increase) in prepaid expenses	40,435	(40,000)
Decrease (increase) in land held for resale	-	16,880
Decrease (increase) in due from County of Grande Prairie No. 1	15,288	(28,062)
Increase (decrease) in accounts payable and accrued liabilities	363,768	(17,649)
Increase in deposit liabilities	3,710	1,140
Net cash from operations	<u>(1,245,576)</u>	<u>965</u>
Investing		
Increase in long-term investments	<u>(287)</u>	<u>(206)</u>
Financing		
Long-term debt issued	1,750,000	-
Long-term debt repaid	<u>(30,207)</u>	<u>(27,971)</u>
Net cash used for financing	<u>1,719,793</u>	<u>(27,971)</u>
Increase (decrease) in cash and temporary investments	473,930	(27,212)
Net cash and temporary investments at beginning of year	<u>1,830,802</u>	<u>1,858,014</u>
Net cash and temporary investments at end of year	\$ <u>2,304,732</u> \$	\$ <u>1,830,802</u>

TOWN OF BEAVERLODGE
CONSOLIDATED SCHEDULE OF CAPITAL FUND ACTIVITIES (Schedule 1)
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget <i>Unaudited</i>	<u>2008</u>	<u>2007</u>
Revenues			
Development levies	\$ 18,040	\$ 33,640	\$ 25,300
Government transfers	13,433	16,433	3,000
Investment income	-	26,615	28,490
Other revenue	-	16,450	30,429
Proceeds on sale of physical assets	30,000	-	-
	<u>61,473</u>	<u>93,138</u>	<u>87,219</u>
Expenditures			
Administrative	-	-	2,588
Water, wastewater and waste management	25,000	1,016,525	88,194
Roads, streets, walks, lighting and airport	18,500	18,902	115,110
Recreation and parks	408,909	936,214	858,773
Planning and development	-	499,725	613,556
	<u>452,409</u>	<u>2,471,366</u>	<u>1,678,221</u>
Shortfall of revenues over expenditures	<u>(390,936)</u>	<u>(2,378,228)</u>	<u>(1,591,002)</u>
Net interfund transfers			
From operating	390,936	628,228	1,591,002
Capital debt issued	-	1,750,000	-
	<u>390,936</u>	<u>2,378,228</u>	<u>1,591,002</u>
Increase in fund balance	-	-	-
Balance at beginning of year	<u>78,996</u>	<u>78,996</u>	<u>78,996</u>
Balance at end of year	\$ <u><u>78,996</u></u>	\$ <u><u>78,996</u></u>	\$ <u><u>78,996</u></u>

TOWN OF BEAVERLODGE
CONSOLIDATED SCHEDULE OF OPERATING FUND ACTIVITIES (Schedule 2)
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget <u>Unaudited</u>	<u>2008</u>	<u>2007</u>
Revenues			
Net municipal property taxes (Schedule 5)	\$ 1,866,206	\$ 1,870,008	\$ 1,490,189
User fees and sale of goods	1,098,750	1,334,555	1,174,133
Government transfers	1,210,100	1,200,812	1,584,771
Investment income	35,500	36,861	66,409
Penalties and costs of taxes	20,000	22,762	19,290
Franchise and concession contracts	160,000	166,332	155,506
Land sales	-	-	70,380
Other	194,234	279,010	746,745
	<u>4,584,790</u>	<u>4,910,340</u>	<u>5,307,423</u>
Expenditures			
Legislative	83,300	101,200	69,086
Administrative	283,802	374,832	292,852
Fire and bylaws enforcement	117,200	105,283	95,906
Roads, streets, walks, lighting and airport	1,660,242	1,566,159	1,632,127
Water, wastewater and waste management	776,155	887,377	900,201
Recreation and parks	627,079	582,984	583,694
Family and community support services	130,281	426,575	106,057
Planning and development	77,179	50,629	64,384
Other	-	-	9,710
	<u>3,755,238</u>	<u>4,095,039</u>	<u>3,754,017</u>
Excess of revenues over expenditures	<u>829,552</u>	<u>815,301</u>	<u>1,553,406</u>
Net interfund transfers			
To capital funds	(390,936)	(628,228)	(1,591,002)
To reserves	(389,113)	(153,360)	69,956
Debt repaid	(30,208)	(30,207)	(27,971)
	<u>(810,257)</u>	<u>(811,795)</u>	<u>(1,549,017)</u>
Increase in fund balance	19,295	3,506	4,389
Balance at beginning of year	<u>233,030</u>	<u>233,030</u>	<u>228,641</u>
Balance at end of year	\$ <u><u>252,325</u></u>	\$ <u><u>236,535</u></u>	\$ <u><u>233,030</u></u>

TOWN OF BEAVERLODGE
 CONSOLIDATED SCHEDULE OF RESERVES (Schedule 3)
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget <i>Unaudited</i>	2008	<u>2007</u>
Balance at beginning of year	\$ 1,243,831	\$ 1,243,831	\$ 1,313,787
Add/(deduct):			
Transfers from operating fund	389,113	353,360	282,643
Transfers to operating fund	<u>-</u>	<u>(200,000)</u>	<u>(352,599)</u>
Net transfer from operating fund	<u>389,113</u>	<u>153,360</u>	<u>(69,956)</u>
Transfers from capital fund	-	-	-
Transfers to capital fund	<u>-</u>	<u>-</u>	<u>-</u>
Net transfer to capital fund	<u>-</u>	<u>-</u>	<u>-</u>
Decrease in fund balance	<u>389,113</u>	<u>153,360</u>	<u>(69,956)</u>
Balance at end of year	\$ <u>1,632,944</u>	\$ <u>1,397,191</u>	\$ <u>1,243,831</u>

TOWN OF BEAVERLODGE
CONSOLIDATED SCHEDULE OF EQUITY IN PHYSICAL ASSETS (Schedule 4)
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget <u>Unaudited</u>	<u>2008</u>	<u>2007</u>
Acquisition of Capital Assets			
Administrative	\$ -	\$ -	\$ 2,588
Water, wastewater and waste management	43,500	1,016,525	88,194
Roads, streets, walks, lighting and airport	-	18,902	115,110
Recreation and parks	408,909	936,214	858,773
Planning and development	-	499,725	752,659
	<u>452,409</u>	<u>2,471,366</u>	<u>1,817,324</u>
Disposal of Capital Assets (Cost)	(30,000)	-	-
Capital Financing			
Capital debt issued	-	(1,750,000)	-
Capital debt repaid	30,208	30,207	27,971
	<u>30,208</u>	<u>30,207</u>	<u>27,971</u>
Change in Equity Balance	452,617	751,573	1,845,295
Equity Balance at Beginning of Year	<u>18,228,309</u>	<u>18,228,309</u>	<u>16,383,014</u>
Equity Balance at End of Year	<u>\$ 18,680,926</u>	<u>\$ 18,979,882</u>	<u>\$ 18,228,309</u>

TOWN OF BEAVERLODGE
CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED (Schedule 5)
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget <i>Unaudited</i>	2008	<u>2007</u>
Taxation			
Real property taxes	\$ 2,364,503	\$ 2,331,284	\$ 1,941,122
Linear property taxes	60,627	60,627	51,126
Government grants in place of property taxes	-	35,748	32,531
	<u>2,425,130</u>	<u>2,427,659</u>	<u>2,024,779</u>
Requisitions			
Alberta School Foundation Fund	550,924	550,924	527,847
Grande Spirit Foundation	8,000	6,727	6,743
	<u>558,924</u>	<u>557,651</u>	<u>534,590</u>
Net municipal property taxes	\$ <u>1,866,206</u>	\$ <u>1,870,008</u>	\$ <u>1,490,189</u>

TOWN OF BEAVERLODGE
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS (Schedule 6)
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget <i>Unaudited</i>	<u>2008</u>	<u>2007</u>
Federal transfers			
Shared-cost agreements and grants	\$ <u>63,719</u>	\$ <u>64,013</u>	\$ <u>50,962</u>
Provincial transfers			
Entitlements	-	5,680	5,680
Shared-cost agreements and grants	<u>1,057,493</u>	<u>1,052,232</u>	<u>1,436,666</u>
	<u>1,057,493</u>	<u>1,057,912</u>	<u>1,442,346</u>
Local government transfers			
Shared-cost agreements and grants	<u>94,463</u>	<u>95,320</u>	<u>94,463</u>
Total government transfers	\$ <u><u>1,215,675</u></u>	\$ <u><u>1,217,245</u></u>	\$ <u><u>1,587,771</u></u>

TOWN OF BEAVERLODGE
 CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT (Schedule 7)
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget <u>Unaudited</u>	<u>2008</u>	<u>2007</u>
Expenditures			
Bank charges and short-term interest	\$ 6,000	\$ 6,555	\$ 5,674
Contracted and general services	1,947,586	1,915,731	2,002,555
Grants to individuals and organizations	64,670	373,679	61,626
Interest on long term debt	55,767	110,516	58,003
Materials, goods and utilities	529,725	529,241	514,628
Other expenditures	57,900	98,821	62,194
Salaries, wages, and benefits	<u>1,093,590</u>	<u>1,060,495</u>	<u>1,049,337</u>
Total expenditures	<u>\$ 3,755,238</u>	<u>\$ 4,095,038</u>	<u>\$ 3,754,017</u>

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. Summary of Significant Accounting Policies

The consolidated financial statements of the Town of Beaverlodge are the representations of management prepared in accordance to Canadian generally accepted accounting principals for local government established by the Public Sector Accounting for Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town of Beaverlodge are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity.

This entity is comprised of all the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. They include the following:

West Grande Prairie County Solid Waste Management Authority 15% (2007 - 15%)

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

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

b) Basis of Accounting

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

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

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

c) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from land sales are recorded as operating fund revenues.

d) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. **Summary of Significant Accounting Policies, continued**

e) **Government Transfers**

Government transfers are recognized in the financial statements as revenues 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 reasonable estimates of the amounts can be made.

f) **Taxes and Grants in Place of Taxes Receivable**

Current taxes and grants in place of taxes receivable consist of current tax levies which remain outstanding at December 31, 2008.

Tax arrears and grants in place of taxes receivable consist of taxes that remain outstanding after December 31 of the year in which they were imposed.

g) **Investments**

Investments are recorded at 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.

h) **Inventories**

Land held for resale is recorded at the lower of cost or net realizable value. Costs includes cost for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

i) **Physical Assets**

Physical assets are reported as expenditures in the period they are acquired. Physical assets are recorded at cost except for donated assets, which are recorded at estimated fair value.

Government contributions for the acquisition of physical assets are recorded as capital revenue and do not reduce the related physical assets costs.

Physical assets for government purposes are not depreciated.

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. **Summary of Significant Accounting Policies, continued**

j) **Tangible Capital Assets**

Effective January 1, 2008, the Town of Beaverlodge adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to disclosure of tangible capital assets of local governments. PSG -7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009

During 2008, the Town of Beaverlodge continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the Town of Beaverlodge had indentified asset classes for which listings are not yet completed. A complete listing of assets and values for all asset classes has been completed by December 31, 2008.

k) **Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

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

l) **Operating Fund**

Operating fund represents the amounts available to offset future opeartional revenue requirements or the shortfall which will be financed from future operational revenues.

m) **Capital Fund**

Capital fund represents the amount available to finance or the shortfall in financing available for capital projects.

n) **Reserve fund**

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from operating reserves are reflected as an adjustment to the respective fund.

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. **Summary of Significant Accounting Policies, continued**

o) **Equity in Physical Assets**

Equity in physical assets represents the Town of Beaverlodge's net investment in its total physical assets, after deducting work in progress, the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases other capital liabilities.

p) **Requisition Over-levies and Under-levies**

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property taxes.

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

q) **Government Partnership**

The Town of Beaverlodge has entered into an agreement with the Town of Wembley and the County of Grande Prairie No. 1 to construct, operate and maintain a regional collection, transfer and disposal of garbage facilities for the benefit of all participating municipalities under the name of West Grande Prairie County Solid Waste Management Authority. The government partnership is accounted for using proportionate consolidation. Under proportionate consolidation, only the Town of Beaverlodge's interest 15% (2007 - 15%) in the government partnership is included in the consolidated financial statements.

r) **Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund a portion of the closure of the West Grande Prairie County Solid Waste Management Authority's landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

s) **Cash and cash equivalents**

Cash includes balance with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. Cash and Temporary Investments

	<u>2008</u>	<u>2007</u>
Cash	\$ 2,028,820	\$ 1,537,781
Temporary investments	275,912	293,021
	<u>\$ 2,304,732</u>	<u>\$ 1,830,802</u>

Council has designated funds of \$1,170,191 (2007 - \$1,243,831) to reserves.
Market value of temporary investments are equal to book value as of year end.
Cash balances accrue interest at prime less 2.00% after \$50,000.

Temporary investments are short-term deposits with original maturities of three months or less.

Term deposits are held in trust by the County of Grande Prairie No. 1 on behalf of the West Grande Prairie County Solid Waste Management Authority. Included in investments are restricted amounts totaling \$188,323 (2007 - \$216,088) which includes a restricted cash fund for closure & post closure \$6,493 (2007 - \$5,545) and Provincial government grants and accumulated interest held exclusively for capital projects \$181,830 (2007 - \$210,543).

3. Taxes and Grants in Place of Taxes Receivable

	<u>2008</u>	<u>2007</u>
Current taxes and grants in place of taxes	\$ 67,789	\$ 47,905
Arrears taxes	20,743	25,275
	<u>\$ 88,532</u>	<u>\$ 73,180</u>

4. Long-term Investments

	<u>2008</u>	<u>2007</u>
Alberta Municipal Finance Corporation - Shares	\$ 10	\$ 10
Alberta Association of Municipal Districts and Counties - Patronage account	235	235
United Farmers of Alberta - Patronage account	5,284	4,997
	<u>\$ 5,529</u>	<u>\$ 5,242</u>

5. Physical Assets

	<u>2008</u>	<u>2007</u>
Land	\$ 1,329,580	\$ 1,292,080
Buildings	4,304,234	3,504,445
Engineering structures	13,757,495	12,279,194
Machinery and equipment	919,004	782,129
Vehicles	1,122,251	1,103,349
	<u>\$ 21,432,564</u>	<u>\$ 18,961,197</u>

**TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

6. Trust Liability

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	73,580	263,871
Transfers	-	(200,000)
Interest earned	2,105	9,709
Balance, end of year	\$ <u>75,685</u>	\$ <u>73,580</u>

7. Deferred Revenue

	<u>2008</u>	<u>2007</u>
Deferred provincial grant	-	130,483
Prepaid grants	159,909	195,872
Prepaid property taxes	4,503	7,210
	\$ <u>164,412</u>	\$ <u>333,565</u>

8. Long-term Debt

	<u>2008</u>	<u>2007</u>
Self supported debentures	\$ <u>2,452,680</u>	\$ <u>732,888</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 59,769	\$ 139,580	\$ 199,349
2009	63,746	135,603	199,349
2010	68,008	131,341	199,349
2011	72,577	126,772	199,349
2012	77,478	121,871	199,349
Thereafter	<u>2,111,102</u>	<u>1,386,421</u>	<u>3,497,523</u>
	\$ <u>2,452,680</u>	\$ <u>2,041,588</u>	\$ <u>4,494,268</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 4.729 % to 9.375 % per annum, before Provincial subsidy, and mature in periods 2018 through 2036. Debenture debt is issued on the credit and security of the Town of Beaverlodge at large.

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

9. Landfill Closure and Post-Closure Liability

The accrued liability for closure and post-closure of the West Grande Prairie County Solid Waste Management Authority landfill is recognized over the life of the site, using the total estimated costs of closure and post-closure care, prorated on the basis of the current capacity in metric tonnes utilized over the total estimated capacity of the site.

The following summarizes the Town's portion of the total net present value for the estimated costs of closure and post-closure care:

	<u>2008</u>	<u>2007</u>
Estimated closure costs	\$ 76,883	\$ 76,883
Estimated post-closure costs	<u>7,500</u>	<u>7,500</u>
Estimated total costs	<u>84,383</u>	<u>84,383</u>
Amount accrued at December 31, 2008	<u>(7,036)</u>	<u>(6,275)</u>
Balance of estimated costs to accrue	<u>\$ 77,347</u>	<u>\$ 78,108</u>

Management estimates the site has approximately 872,622 metric tonnes of landfill capacity remaining. With an estimated annual utilization of 11,736 metric tonnes, the landfill has approximately 74.33 years of life remaining. It is estimated that post-closure care should be required for a period of 25 years. The Authority has implemented a restricted cash fund which is not less than the closure and post closure liability and is adjusted annually to ensure fund is sufficient to settle closure and post closure liabilities.

Accruals related to the liability are included in accounts payable and accrued liabilities.

10. Equity in Physical Assets

	<u>2008</u>	<u>2007</u>
Capital assets (Note 5)	21,432,563	18,961,197
Long-term debt (Note 7)	<u>(2,452,680)</u>	<u>(732,888)</u>
	<u>\$ 18,979,883</u>	<u>\$ 18,228,309</u>

11. Reserves

Reserves for operating and capital activities changed as follows:

	<u>2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>2008</u>
Operating reserves				
Senior citizens transportation	\$ 14,047	\$ 402	\$ -	\$ 14,449 ✓
Development	-	20,000	-	20,000
Operating contingencies	<u>435,924</u>	<u>9,633</u>	<u>(200,000)</u>	<u>245,557</u> ✓
	<u>449,971</u>	<u>30,035</u>	<u>(200,000)</u>	<u>280,006</u>
Capital reserves				
General	394,361	209,710	-	604,071
Fire department	-	25,000	-	25,000
Infrastructure	133,481	68,281	-	201,762
Storm sewer levies	28,895	-	-	28,895
Sustainability	139,976	4,734	-	144,710
Offsite cost levies	<u>97,147</u>	<u>15,600</u>	<u>-</u>	<u>112,747</u>
	<u>793,860</u>	<u>323,325</u>	<u>-</u>	<u>1,117,185</u>
	<u>\$ 1,243,831</u>	<u>\$ 353,360</u>	<u>\$ (200,000)</u>	<u>\$ 1,397,191</u>

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

12. Salary and Benefits Disclosure

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

	2008			2007
	Salary ¹	Benefits & Allowances ²	Total	Total
Councillors:				
Beart, Ernie	\$ -	\$ -	\$ -	\$ 3,175
Bekkerus, Wayne	-	-	-	3,175
Dixon, Don	-	-	-	3,550
Durand, Leroy	-	-	-	5,225
Hanson, Leona	12,750	-	12,750	1,475
Hermans, Mary	9,371	-	9,371	975
Kokoktilo-Bekkerus	10,000	-	10,000	975
Kyle, Joan	10,000	-	10,000	975
Lappenbush, Richard	5,515	-	5,515	4,450
Milliken, Craig	6,650	-	6,650	1,075
Rycroft, Gary	-	-	-	3,100
Willey, Tracy	6,300	-	6,300	4,150
	60,586	-	60,586	32,300
Town Manager	18,125	1,456	19,581	102,075
Treasurer	91,073	16,664	107,737	-
	\$ 169,784	\$ 18,120	\$ 187,904	\$ 134,375

- Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and other direct cash remuneration.
- Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

13. Debt Limits

Section 276 (2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta regulation 255/00 for the Town of Beaverlodge is disclosed as follows:

	2008	2007
Total debt limit	\$ 7,505,217	\$ 8,092,086
Total debt	2,452,680	732,888
Amount of debt limit unused	\$ 5,052,537	\$ 7,359,198
Debt servicing limit	\$ 1,250,870	\$ 1,348,681
Debt servicing	199,349	87,054
Amount of debt servicing limit unused	\$ 1,051,521	\$ 1,261,627

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guides used by Alberta Municipal Affairs to identify municipalities, which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

14. Financial Instruments

The Town's financial instruments consist of cash and temporary investments, receivables, long term investments, due from County of Grande Prairie No. 1, accounts payable, accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

15. Government Partnership

The Town's portion of the financial position and results of operations for the West Grande Prairie County Solid Waste Management Authority is as follows:

	<u>2008</u>	<u>2007</u>
Cash and temporary investments	\$ 275,912	\$ 293,021
Accrued receivables	4,066	6,194
Physical assets	475,102	437,152
Due from County of Grande Prairie No. 1	16,347	12,584
Total assets	<u>\$ 771,427</u>	<u>\$ 748,951</u>
Accounts payable and accrued liabilities	\$ 8,410	\$ 7,873
Due to County of Grande Prairie No. 1	-	-
Deferred revenue	159,909	195,872
Total liabilities	<u>168,319</u>	<u>203,745</u>
Reserve fund	125,756	106,288
Equity in physical assets	475,102	437,152
Operating fund	2,250	1,766
Total liabilities and equity	<u>\$ 771,427</u>	<u>\$ 748,951</u>
Total revenue	\$ 121,738	\$ 152,168
Total expenditures	101,787	184,372
Excess (deficit) of revenue over expenditures	<u>\$ 19,951</u>	<u>\$ (32,204)</u>

**TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

16. Local Authorities Pension Plan

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The town is required to make current service contributions to the LAPP of 5.525% of the pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 7.4% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.4% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2008 were \$44,725 (2007 - \$40,745). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2008 were \$39,492 (2007 - \$36,250).

At December 31, 2008, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

17. Contingencies

The Town of Beaverlodge is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership, the Town of Beaverlodge could become liable for its proportionate share of any claim losses in the excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

18. Approval of Financial Statements

Council and Management approved these financial statements.

19. Comparative figures

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

1954

