

TOWN OF BEAVERLODGE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

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Auditors' Report

MEYERS NORRIS PENNY LLP

To the Members of Council:

We have audited the consolidated statement of financial position of the Town of Beaverlodge as at December 31, 2009 and the consolidated statements of operations, change in net financial debt and cashflows and the related 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 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 information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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, 2009 and the consolidated results of its financial operations, change in net financial debt and its cashflows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grande Prairie, Alberta
March 29, 2010

Meyers Norris Penny LLP

Chartered Accountants

Management's Responsibility

To the Members of Council:

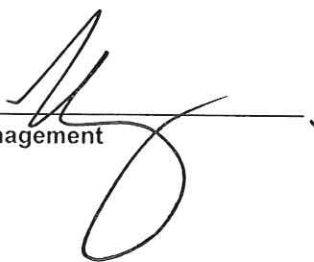
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report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

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

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

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

March 29, 2010


Management

**TOWN OF BEAVERLODGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009 \$	2008 \$ (Restated)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	2,183,350	2,304,732
Trust Assets	76,021	75,685
Receivables		
Taxes and grants in lieu of taxes (Note 3)	107,463	88,532
Trade and other receivables	142,103	138,403
Long-term investments (Note 4)	5,529	5,529
Due from County of Grande Prairie No.1	1,241	16,346
	<u>2,515,707</u>	<u>2,629,227</u>
LIABILITIES		
Accounts payable and accrued liabilities	434,868	672,258
Trust liabilities (Note 5)	76,021	75,685
Deposit liabilities	7,515	7,850
Deferred revenue (Note 6)	38,136	164,412
Long term debt (Note 7)	2,393,995	2,452,680
	<u>2,950,535</u>	<u>3,372,885</u>
NET FINANCIAL DEBT	<u>(434,828)</u>	<u>(743,658)</u>
NON-FINANCIAL ASSETS		
Capital assets (Schedule 1) (Note 9)	11,885,120	11,512,281
Prepaid expenses	1,575	3,700
	<u>11,886,695</u>	<u>11,515,981</u>
ACCUMULATED SURPLUS (Note 11)	<u>11,451,867</u>	<u>10,772,323</u>

Contingencies - See Notes 16

Approved by

Mayor

Chief Administrative Officer

**TOWN OF BEAVERLODGE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget \$ (Unaudited)	2009 \$	2008 \$ (Restated)
REVENUE			
Net municipal property taxes (Schedule 2)	1,981,089	1,984,872	1,870,008
Government transfers for operating (Schedule 3)	1,274,761	1,185,103	1,200,812
User fees and sale of goods	1,169,000	1,385,187	1,400,685
Franchise and concession contracts	160,000	133,570	166,332
Other revenues	50,750	107,270	312,651
Penalties and costs on taxes	20,000	29,210	22,762
Investment income	35,500	11,780	52,755
Gain on disposal of capital assets	-	1,974	-
Total revenues	<u>4,691,100</u>	<u>4,838,966</u>	<u>5,026,006</u>
EXPENSES (Schedule 4)			
Operating			
Legislative	161,850	116,534	101,200
Administration	348,754	410,900	377,922
Fire and bylaws enforcement	151,100	132,841	114,639
Roads, streets, walks lighting	2,047,101	1,960,044	1,674,231
Water supply and distribution	933,526	1,371,006	1,136,146
Family and community support services	130,281	149,510	434,271
Recreation and parks	743,246	757,716	639,602
Planning and Development	109,331	88,079	50,631
Total Expenses	<u>4,625,189</u>	<u>4,986,630</u>	<u>4,528,643</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	65,911	(147,664)	497,363
OTHER			
Government transfers for capital (Schedule 3)	-	624,858	13,433
Contributed assets	-	202,350	-
	-	827,208	13,433
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>65,911</u>	<u>679,544</u>	<u>510,796</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	10,772,323	10,772,323	10,261,527
ACCUMULATED SURPLUS, END OF YEAR	<u>10,838,234</u>	<u>11,451,867</u>	<u>10,772,323</u>

**TOWN OF BEAVERLODGE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget \$ (Unaudited)	2009 \$	2008 \$ (Restated)
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	<u>65,911</u>	<u>679,544</u>	<u>510,796</u>
Acquisition of tangible capital assets	(1,581,000)	(796,842)	(2,470,916)
Proceeds on disposal of tangible capital assets	-	6,937	-
Amortization of tangible capital assets	-	418,039	397,191
Proceeds on disposal of tangible capital assets	-	(974)	-
	<u>(1,581,000)</u>	<u>(372,840)</u>	<u>(2,073,725)</u>
Acquisition of prepaid assets	-	(1,575)	(3,700)
Use of prepaid assets	-	3,700	44,136
	<u>-</u>	<u>2,125</u>	<u>40,436</u>
(INCREASE) DECREASE IN NET ASSETS (DEBT)	(1,515,089)	308,829	(1,522,493)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>(743,658)</u>	<u>(743,658)</u>	<u>778,835</u>
NET FINANCIAL DEBT, END OF YEAR	<u><u>(2,258,747)</u></u>	<u><u>(434,829)</u></u>	<u><u>(743,658)</u></u>

**TOWN OF BEAVERLODGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009 \$	2008 \$ (Restated)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	679,544	510,796
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	418,039	397,191
Gain on disposal of tangible capital assets	(974)	-
Tangible capital assets received as contributions	(202,350)	-
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(18,933)	(15,352)
Decrease (increase) in trade and other receivables	(3,700)	43,822
Decrease (increase) in receivable from other governments	-	34,835
Decrease (increase) in prepaid expenses	2,125	40,435
Decrease (increase) in accounts payable and accrued liabilities	(237,387)	363,768
Decrease (increase) in deposit liabilities	(335)	3,710
Decrease (increase) in deferred revenue	(126,276)	(169,153)
Decrease (increase) in due from County of Grande Prairie No.1	15,105	15,288
Cash provided by operating transactions	<u>524,858</u>	<u>1,225,340</u>
CAPITAL		
Acquisition of tangible capital assets	(594,492)	(2,470,916)
Sale of tangible capital assets	6,937	-
Cash applied to capital transactions	<u>(587,555)</u>	<u>(2,470,916)</u>
INVESTING		
Decrease (increase) in investments	-	(287)
Cash provided by (applied to) investing transactions	<u>-</u>	<u>(287)</u>
FINANCING		
Long-term debt issued	-	1,750,000
Long-term debt repaid	(58,685)	(30,207)
Cash provided by (applied to) financing transactions	<u>(58,685)</u>	<u>1,719,793</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(121,382)	473,930
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,304,732</u>	<u>1,830,802</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>2,183,350</u>	<u>2,304,732</u>

TOWN OF BEAVERLODGE
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2009
 SCHEDULE 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2009 \$	2008 \$ (Restated)
COST:								
BALANCE, BEGINNING OF YEAR	1,788,589	155,214	4,204,706	12,822,343	1,283,490	586,649	20,840,991	18,370,075
Acquisition of tangible capital assets	26,940	-	184,890	378,185	33,960	15,824	639,799	2,470,916
Construction-in-progress	-	-	-	157,043	-	-	157,043	-
Disposal of tangible capital assets	-	-	-	-	(11,587)	(32,579)	(44,166)	-
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	1,815,529	155,214	4,389,596	13,357,571	1,305,863	569,894	21,593,667	20,840,991
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	61,578	1,205,152	6,997,041	718,667	346,272	9,328,710	8,931,519
Annual amortization	-	13,029	89,014	205,420	72,769	37,807	418,039	397,191
Accumulated amortization on disposals	-	-	-	-	(5,623)	(32,579)	(38,202)	-
BALANCE, END OF YEAR	-	74,607	1,294,166	7,202,461	785,813	351,500	9,708,547	9,328,710
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,815,529	80,607	3,095,430	6,155,110	520,050	218,394	11,885,120	11,512,281
2008 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS (Restated)	1,788,589	93,636	2,999,554	5,825,302	564,823	240,377	11,512,281	



**TOWN OF BEAVERLODGE
 SCHEDULE OF PROPERTY TAXES LEVIED
 FOR THE YEAR ENDED DECEMBER 31, 2009
 SCHEDULE 2**

	Budget \$ (Unaudited)	2009 \$	2008 \$
TAXATION			
Real property taxes	2,500,000	2,458,825	2,331,284
Linear property taxes	60,624	68,164	60,627
Government grants in place of property taxes	-	37,418	35,748
	<u>2,560,624</u>	<u>2,564,407</u>	<u>2,427,659</u>
REQUISITIONS			
Alberta School Foundation Fund	570,541	570,541	550,924
Grande Spirit Foundation	8,994	8,994	6,727
	<u>579,535</u>	<u>579,535</u>	<u>557,651</u>
NET MUNICIPAL TAXES	<u>1,981,089</u>	<u>1,984,872</u>	<u>1,870,008</u>

**TOWN OF BEAVERLODGE
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2009
SCHEDULE 3**

	Budget \$ (Unaudited)	2009 \$	2008 \$
TRANSFERS FOR OPERATING:			
Federal Government	127,438	127,944	64,013
Provincial Government	952,250	863,296	1,041,479
Other Local Governments	195,073	193,863	95,320
	<u>1,274,761</u>	<u>1,185,103</u>	<u>1,200,812</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	-	624,858	-
Other Local Governments	-	-	13,433
	<u>-</u>	<u>624,858</u>	<u>13,433</u>
TOTAL GOVERNMENT TRANSFERS	<u>1,274,761</u>	<u>1,809,961</u>	<u>1,214,245</u>

TOWN OF BEAVERLODGE
 SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT
 FOR THE YEAR ENDED DECEMBER 31, 2009
 SCHEDULE 4

	Budget \$ (Unaudited)	2009 \$	2008 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	1,369,468	1,313,874	1,060,495
Contracted and general services	2,341,189	2,079,614	1,916,181
Materials, goods, supplies and utilities	590,225	726,994	529,241
Transfers to local boards and agencies	76,170	213,143	409,642
Bank charges and short term interest	6,000	7,010	6,555
Interest on capital long-term debt	139,762	131,876	110,516
Amortization of tangible capital assets	-	418,039	397,191
Other expenditures	102,375	96,080	98,820
	<u>4,625,189</u>	<u>4,986,630</u>	<u>4,528,642</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Beaverlodge (the Town) are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting 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 entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town Council for administration of their financial affairs and resources. They include the following:

West Grande Prairie County Solid Waste Management Authority 15% (2008 - 15%)

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are part of the municipal reporting entity.

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

b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for in which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and 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.

d) Investments

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

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of long-lived assets

The Town reviews its long-lived assets for impairment on a regular basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate. No impairment has been identified and, thus, no impairment loss has been recognized in these consolidated financial statements.

f) Employee future benefits

Certain employees of the Town are members of the Local Authorities Pension Plan (LAPP), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Town does not recognize its share of any plan surplus or deficit.

g) Inventories for resale

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

h) Prepaid local improvement charges

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

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

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

i) Government transfers

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

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

j) Requisition over-levies and under-Levies

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

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

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

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) **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, 2009

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

l) **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

m) **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% (2008 - 15%) in the government partnership is included in the consolidated financial statements.

n) **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.

o) **Segments**

During 2009, the Town had 8 (8 in 2008), reportable segments: Legislative, Administrative, Fire and bylaws enforcement, Roads, streets, walks, lighting, Water supply and distribution, Family and community support services, Recreation and parks, and Planning and development. These segments are differentiated by major activities (departments) at the County.

p) **Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

TOWN OF BEAVERLODGE
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Tangible capital assets

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

	YEARS
Land Improvements	15-20
Buildings	25-50
Engineered structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	15-30
Machinery and equipment	5-15
Vehicles	10-25

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 fair value at the date of receipt and also are recorded as revenue.

iii. Leases

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

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and historical tangible capital assets

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

TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2. CASH AND TEMPORARY INVESTMENTS

	2009	2008
	\$	\$
		(Restated)
Cash	516,380	1,125,781
Cash on hand	250	250
Temporary investments with interest at prime less 2.00%	1,666,720	1,178,701
	<u>2,183,350</u>	<u>2,304,732</u>

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

Council has designated funds of \$1,444,181 (2008 - \$1,170,191) to reserves and \$164,131 (2008 - \$164,412) for deferred revenue.

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 \$75,416 (2008 - \$188,323) which includes a restricted cash fund for closure & post closure \$7,091 (2008 - \$6,493) and Provincial government grants and accumulated interest held exclusively for capital projects \$68,324 (2008 - \$181,830).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2009	2008
	\$	\$
		(Restated)
Current taxes and grants in place of taxes	77,338	67,789
Arrears taxes	30,125	20,743
	<u>107,463</u>	<u>88,532</u>

4. Investments

	2009		2008	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Alberta Municipal Finance Corp. Shares	10	10	10	10
Alberta Association of Municipal Districts and Counties Patronage account	235	235	235	235
United Farmers of Alberta Patronage account	5,284	5,284	5,284	5,284
	<u>5,529</u>	<u>5,529</u>	<u>5,529</u>	<u>5,529</u>

TOWN OF BEAVERLODGE
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

5. TRUST LIABILITY

	2009	2008
	\$	\$ (Restated)
Balance, beginning of year	<u>75,685</u>	<u>73,580</u>
Interest earned	336	2,105
Balance, end of year	<u><u>76,021</u></u>	<u><u>75,685</u></u>

6. DEFERRED REVENUE

	2009	2008
	\$	\$
Prepaid grant	<u>33,914</u>	<u>159,909</u>
Prepaid property taxes	4,222	4,503
	<u><u>38,136</u></u>	<u><u>164,412</u></u>

Prepaid grant

The use of the funds, including accrued interest, is restricted to 75% of eligible capital expenditures for specific landfill upgrades as approved under the funding agreement. During the year, \$125,995 (2008 - \$35,963) of the total grant was transferred to the County of Grande Prairie No. 1 for landfill upgrading projects.

7. LONG-TERM DEBT

	2009	2008
	\$	\$
Self supported debentures	<u><u>2,393,995</u></u>	<u><u>2,452,680</u></u>

The current portion of the long-term debt amounts to \$63,746 (2008 - \$59,769)

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2010	63,746	135,603	199,349
2011	68,008	131,341	199,349
2012	72,577	126,772	199,349
2013	77,478	121,871	199,349
2014	82,735	116,614	199,349
Thereafter	<u>2,029,451</u>	<u>1,266,519</u>	<u>3,295,970</u>
	<u><u>2,393,995</u></u>	<u><u>1,898,720</u></u>	<u><u>4,292,715</u></u>

Debenture debt is repayable to the **Alberta Capital Finance Authority** and bears interest at rates ranging from 4.729% to 9.375% per annum, before Provincial subsidy, and matures in periods 2018 through 2036.

Debenture debt is issued on the credit and security of the town at large.

TOWN OF BEAVERLODGE
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

8. 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 be disclosed as follows:

	2009	2008
	\$	\$
Total debt limit	<u>7,898,209</u>	<u>7,505,217</u>
Total debt	<u>2,393,995</u>	<u>2,452,680</u>
Amount of debt limit unused	<u>5,504,214</u>	<u>5,052,537</u>
Debt servicing limit	<u>1,316,368</u>	<u>1,250,870</u>
Debt servicing	<u>199,349</u>	<u>199,349</u>
Amount of debt servicing limit unused	<u>1,117,019</u>	<u>1,051,521</u>

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

9. TANGIBLE CAPITAL ASSETS

Net Book Value	2009	2008
	\$	\$
		(Restated)
Land	<u>1,815,529</u>	<u>1,788,589</u>
Land Improvements	<u>80,607</u>	<u>93,636</u>
Buildings	<u>3,095,430</u>	<u>2,999,554</u>
Engineered Structures	<u>6,155,110</u>	<u>5,825,302</u>
Machinery, equipment and furnishings	<u>520,050</u>	<u>564,823</u>
Vehicles	<u>218,394</u>	<u>240,377</u>
	<u>11,885,120</u>	<u>11,512,281</u>

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2009	2008
	\$	\$
		(Restated)
Tangible capital assets (Schedule 1)	<u>21,593,667</u>	<u>20,840,991</u>
Accumulated amortization (Schedule 1)	<u>(9,708,547)</u>	<u>(9,328,710)</u>
Long-term debt (Note 7)	<u>(2,393,995)</u>	<u>(2,452,679)</u>
	<u>9,491,125</u>	<u>9,059,601</u>

11. ACCUMULATED SURPLUS

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

	2009	2008
	\$	\$
		(Restated)
Unrestricted surplus	<u>195,108</u>	<u>315,531</u>
Reserves (Note 12)	<u>1,765,634</u>	<u>1,397,191</u>
Equity in tangible capital assets (Note. 10)	<u>9,491,125</u>	<u>9,059,601</u>
	<u>11,451,866</u>	<u>10,772,323</u>

TOWN OF BEAVERLODGE
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

12. RESERVES

Reserves consists of operating and capital amounts as follows:

	2009 \$	2008 \$ (Restated)
Operating reserves		
Senior citizens transportation	14,513	14,449
Development	93,108	20,000
Operating contingencies	246,635	245,557
	<u>354,256</u>	<u>280,006</u>
Capital reserves		
General	679,572	604,071
Fire Department	80,144	25,000
Infrastructure	202,647	201,762
Storm sewer levies	28,895	28,895
Sustainability	305,273	144,710
Offsite cost levies	114,847	112,747
	<u>1,411,378</u>	<u>1,117,185</u>
Total reserves	<u><u>1,765,634</u></u>	<u><u>1,397,191</u></u>

13. SALARY AND BENEFITS DISCLOSURE

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

	2009 \$		2008 \$	
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Hanson, Leona	12,938	-	12,938	12,750
Hermans, Mary	4,838	-	4,838	9,371
Kokoktilo-Bekkerus	4,725	-	4,725	10,000
Kyle, Joan	4,950	-	4,950	10,000
Lappenbush, Richard	4,388	-	4,388	5,515
Milliken, Craig	7,425	-	7,425	6,650
Willey, Tracy	4,725	-	4,725	6,300
Town Manager	91,350	6,113	97,463	19,581
Treasurer	83,484	11,229	94,713	107,737

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

2 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.

**TOWN OF BEAVERLODGE
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009**

14. 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 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 2009 were \$56,707 (2008 - \$44,725). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2009 were \$50,653 (2008 - \$39,492).

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

15. 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>2009</u>	<u>2008</u>
Estimated closure costs	\$	76,883	76,883
Estimated post-closure costs		<u>7,875</u>	<u>7,500</u>
Estimated total costs		84,758	84,383
Amount accrued at December 31, 2009		<u>(8,051)</u>	<u>(7,036)</u>
Balance of estimated costs to accrue	\$	<u><u>76,707</u></u>	<u><u>77,347</u></u>

Management estimates the site has approximately 861,577 cubic meters of landfill capacity remaining. With an estimated annual utilization of 9,911 cubic meters based on a five year average, the landfill has approximately 86.93 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.

**TOWN OF BEAVERLODGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

16. CONTIGENCIES

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

The Town has been named as defendant in a lawsuit on behalf of a past employee, seeking to recover damages allegedly sustained by them as a result of ended employment. This lawsuit remains at the early stage and, as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of these lawsuits or to estimate the loss, if any, which may result. The Town's insurers have been advised of these claims and are cooperating with the Town in the defence of these lawsuits subject to policy deductibles, limits, and terms and conditions.

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, due from County of Grande Prairie No. 1, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments. 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.

18. 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>2009</u>	<u>2008</u>
Cash and temporary investments	\$ 222,540	\$ 275,912
Accrued receivables	1,133	4,066
Due from County of Grande Prairie No. 1	1,242	16,347
Total financial assets	<u>\$ 224,915</u>	<u>\$ 296,325</u>
Accounts payable and accrued liabilities	\$ 10,289	\$ 8,410
Deferred revenue	33,914	159,909
Total financial liabilities	<u>44,203</u>	<u>168,319</u>
Tangible capital assets	371,433	394,559
Accumulated Surplus	<u>552,145</u>	<u>522,565</u>
Accumulated Surplus		
Reserve fund	177,711	125,756
Equity in physical assets	371,434	394,559
Operating fund	<u>3,000</u>	<u>2,250</u>
	<u>552,145</u>	<u>522,565</u>
Total revenue	\$ 216,103	\$ 121,738
Total expenditures	186,522	88,146
Excess of revenue over expenditures	<u>\$ 29,581</u>	<u>\$ 33,592</u>

TOWN OF BEAVERLODGE
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

19. PRIOR PERIOD ADJUSTMENTS

The town has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	<u>2008</u>
	<u>\$</u>
Adjustments to opening accumulated surplus:	
As previously reported	19,784,166
Adjusted to net book value of tangible capital assets	<u>(9,522,639)</u>
As restated	<u>10,261,527</u>
	<u>2008</u>
	<u>\$</u>
Adjustments to shortfall of revenues over expenses:	
As previously reported	156,865
Tangible capital assets recorded but previously expensed	2,470,915
Debenture proceeds previously recorded as revenue	(1,750,000)
Annual amortization expense	(397,191)
Debenture principal repayments taken out of expenses	30,207
As restated	<u>510,796</u>
	<u>2008</u>
	<u>\$</u>
Adjustments to tangible capital assets:	
As previously reported	21,432,561
Adjustment to historical cost of tangible capital assets	(591,570)
Accumulated amortization recorded	<u>(9,328,710)</u>
As restated	<u>11,512,281</u>

Certain comparative figures have been restated to conform to the current year's presentation.

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

TOWN OF BEAVERLODGE
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009
 21. EXPENSES BY DEPARTMENT AND OBJECT

	Salaries, wages and benefits	Contracted and general services	Materials, goods, supplies and utilities	Transfers to local boards and agencies	Bank charges and short term interest	Interest on capital long term debt	Amortization of tangible capital assets	Other expenditures	Total
Legislative	50,614	12,369	-	-	-	-	-	53,551	116,534
Administrative	159,739	186,388	15,137	-	7,010	-	6,598	36,028	410,900
Fire and bylaws enforcement	33,918	19,888	59,700	4,528	-	-	9,357	5,450	132,841
Roads, streets, walks, lighting	175,584	1,464,664	199,880	-	-	-	119,916	-	1,960,044
Water supply and distribution	368,776	269,095	252,498	135,005	-	128,536	216,081	1,015	1,371,006
Family and community support	136,041	3,164	2,609	-	-	-	7,696	-	149,509
Recreation and parks	360,857	123,493	154,865	56,735	-	3,340	58,391	36	757,716
Planning and development	28,346	554	42,305	16,875	-	-	-	-	88,079
	1,313,875	2,079,614	726,994	213,143	7,010	131,876	418,039	96,080	4,986,630

