

TOWN OF GRANDE CACHE
COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008



Town of Grande Cache

DISCLAIMER:

Council for the Town of Grande Cache, at the Regular Meeting of Council on Wednesday, April 29, 2009, reviewed and approved the Combined Financial Statements to December 31, 2008. The original documents are signed, sealed and filed at the Town Office.

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TOWN OF GRANDE CACHE
COMBINED FINANCIAL STATEMENTS
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AUDITORS' REPORT

To the Mayor and Members of Council of the
Town of Grande Cache

We have audited the combined statement of financial position of the **Town of Grande Cache** as at December 31, 2008 and the combined statements of financial activities and change in fund balances and changes in financial position for the year then ended. These combined financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of the **Town of Grande Cache** as at December 31, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Grande Prairie, Alberta
March 13, 2009

Chartered Accountants

TOWN OF GRANDE CACHE
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
NET ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 7,999,391	\$ 10,766,247
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	316,018	241,051
Trade and other receivables <i>(Note 4)</i>	758,531	864,252
Other assets	8,638	3,920
Land held for resale	1,816,540	2,020,327
Investments <i>(Note 5)</i>	<u>60</u>	<u>10</u>
	<u>10,899,178</u>	<u>13,895,807</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 6)</i>	1,248,746	1,450,979
Deposit liabilities	256,273	266,517
Deferred revenue <i>(Note 7)</i>	2,840,362	1,401,617
Long-term debt <i>(Note 8)</i>	<u>5,622,428</u>	<u>6,106,759</u>
	<u>9,967,809</u>	<u>9,225,872</u>
NET FINANCIAL ASSETS	<u>931,369</u>	<u>4,669,935</u>
PHYSICAL ASSETS		
Capital assets <i>(Note 9)</i>	14,386,092	11,612,493
Inventory of consumable supplies	<u>40,514</u>	<u>41,677</u>
	<u>14,426,606</u>	<u>11,654,170</u>
	<u>\$ 15,357,975</u>	<u>\$ 16,324,105</u>
CONTINGENT LIABILITY <i>(Note 15)</i>		
MUNICIPAL EQUITY		
CAPITAL FUND <i>(Schedule 1)</i>	\$ -	\$ -
OPERATING FUND <i>(Schedule 2)</i>	-	-
RESERVE FUND <i>(Schedule 3)</i>	<u>3,065,731</u>	<u>5,416,189</u>
	3,065,731	5,416,189
EQUITY IN CAPITAL ASSETS <i>(Schedule 4)</i>	<u>12,292,244</u>	<u>10,907,916</u>
	<u>\$ 15,357,975</u>	<u>\$ 16,324,105</u>

TOWN OF GRANDE CACHE
COMBINED STATEMENT OF FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2008

	Unaudited <u>Budget</u>	<u>2008</u>	<u>2007</u>
REVENUES			
Net municipal property taxes <i>(Schedule 5)</i>	\$ 3,946,786	\$ 3,765,536	\$ 3,305,161
Government transfers <i>(Schedule 6)</i>	1,422,888	1,040,672	1,848,233
User fees and sale of goods	1,412,400	1,582,667	1,386,307
Interest and investment income	100,100	300,135	301,704
Penalties and costs of taxes	55,000	51,014	61,125
Franchise and concession contracts	260,000	243,134	207,012
Fines, rentals, licenses and permits	556,560	608,165	498,098
Land sales	400,000	256,244	4,172,163
Proceeds on disposal of capital assets	-	56,224	10,869
Donations	5,000	5,800	263,116
Other	<u>-</u>	<u>2,641</u>	<u>39,021</u>
TOTAL REVENUES	<u>8,158,734</u>	<u>7,912,232</u>	<u>12,092,809</u>
EXPENDITURES			
Council and other legislative services	227,650	231,893	199,779
Administrative services	729,732	842,171	883,111
Protective services	421,458	433,077	423,033
Transportation services	3,235,780	1,937,034	3,411,598
Utilities and disposal services	5,470,922	2,920,092	771,647
Public health and welfare services	358,733	416,984	412,723
Planning and development services	1,303,246	660,905	571,097
Recreation and cultural services	2,845,018	4,006,019	2,218,611
Cost of land held for resale sold	<u>-</u>	<u>203,786</u>	<u>1,920,349</u>
TOTAL EXPENDITURES <i>(Schedule 7)</i>	<u>14,592,539</u>	<u>11,651,961</u>	<u>10,811,948</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,433,805)	(3,739,729)	1,280,861
Capital long-term debt proceeds recognized	4,500,000	1,873,601	-
Capital long-term debt repayments	<u>(484,330)</u>	<u>(484,330)</u>	<u>(26,775)</u>
CHANGE IN FUND BALANCES	<u>\$ (2,418,135)</u>	(2,350,458)	1,254,086
FUND BALANCES - beginning		<u>5,416,189</u>	<u>4,162,103</u>
FUND BALANCES - ending		<u>\$ 3,065,731</u>	<u>\$ 5,416,189</u>

TOWN OF GRANDE CACHE
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ <u>(3,739,729)</u>	\$ <u>1,280,861</u>
Changes in non-cash working capital		
Taxes and grants in place of taxes receivable	(74,967)	(41,170)
Trade and other receivables	105,721	1,681,331
Other assets	(4,718)	(392)
Accounts payable and accrued liabilities	(202,233)	658,339
Deposit liabilities	(10,244)	(126,088)
Deferred revenue	1,438,745	(110,326)
Inventory of consumable supplies	<u>1,163</u>	<u>4,803</u>
	<u>1,253,467</u>	<u>2,066,497</u>
Cash flow from operating activities	<u>(2,486,262)</u>	<u>3,347,358</u>
FINANCING ACTIVITIES		
Long-term debt proceeds	-	5,621,667
Long-term debt repayments	<u>(484,330)</u>	<u>(246,261)</u>
Cash flow from financing activities	<u>(484,330)</u>	<u>5,375,406</u>
INVESTING ACTIVITIES		
Change in investments	(50)	-
Land held for resale	<u>203,786</u>	<u>778,865</u>
Cash flow from investing activities	<u>203,736</u>	<u>778,865</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(2,766,856)	9,501,629
CASH AND TEMPORARY INVESTMENTS - beginning	<u>10,766,247</u>	<u>1,264,618</u>
CASH AND TEMPORARY INVESTMENTS - ending	<u>\$ 7,999,391</u>	<u>\$ 10,766,247</u>

TOWN OF GRANDE CACHE
SCHEDULE OF CAPITAL FUND FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2008

	Unaudited Budget	<u>2008</u>	<u>2007</u>
REVENUES			
Government transfers	\$ 5,000	\$ 27,792	\$ 1,032,839
Proceeds on disposal of capital assets	-	56,224	10,869
Donations	<u>5,000</u>	<u>5,800</u>	<u>263,116</u>
	<u>10,000</u>	<u>89,816</u>	<u>1,306,824</u>
EXPENDITURES			
Administrative services	-	-	20,176
Transportation services	1,490,900	271,379	1,311,970
Utilities and disposal services	4,529,600	1,906,597	2,777
Planning and development services	56,500	3,691	23,882
Recreation and cultural services	<u>385,200</u>	<u>1,470,224</u>	<u>123,883</u>
	<u>6,462,200</u>	<u>3,651,891</u>	<u>1,482,688</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,452,200)</u>	<u>(3,562,075)</u>	<u>(175,864)</u>
Net interfund transfers from (to):			
Reserves	2,418,135	2,350,458	(1,832,635)
Operating fund	(465,935)	(661,984)	2,008,499
Capital long-term debt proceeds recognized	<u>4,500,000</u>	<u>1,873,601</u>	<u>-</u>
	<u>6,452,200</u>	<u>3,562,075</u>	<u>175,864</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	-	-
FUND BALANCE - beginning		<u>-</u>	<u>-</u>
FUND BALANCE - ending		<u>\$ -</u>	<u>\$ -</u>

TOWN OF GRANDE CACHE
SCHEDULE OF OPERATING FUND FINANCIAL ACTIVITIES AND
CHANGE IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2008

	Unaudited <u>Budget</u>	<u>2008</u>	<u>2007</u>
REVENUES			
Net municipal property taxes <i>(Schedule 5)</i>	\$ 3,946,786	\$ 3,765,536	\$ 3,305,161
Government transfers	1,417,888	1,012,880	815,394
User fees and sale of goods	1,412,400	1,582,667	1,386,307
Interest and investment income	100,100	300,135	301,704
Penalties and costs of taxes	55,000	51,014	61,125
Land sales	400,000	256,244	4,172,163
Franchise and concession contracts	260,000	243,134	207,012
Fines, rentals, licenses and permits	556,560	608,165	498,098
Other	<u>-</u>	<u>2,641</u>	<u>39,021</u>
	<u>8,148,734</u>	<u>7,822,416</u>	<u>10,785,985</u>
EXPENDITURES			
Council and other legislative services	227,650	231,893	199,779
Administrative services	729,732	842,171	862,935
Protective services	421,458	433,077	423,033
Transportation services	1,744,880	1,665,655	2,099,628
Utilities and disposal services	941,322	1,013,495	768,870
Public health and welfare services	302,233	413,293	388,841
Planning and development services	1,303,246	660,905	571,097
Recreation and cultural services	2,459,818	2,535,795	2,094,728
Cost of land held for resale sold	<u>-</u>	<u>203,786</u>	<u>1,920,349</u>
	<u>8,130,339</u>	<u>8,000,070</u>	<u>9,329,260</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>18,395</u>	<u>(177,654)</u>	<u>1,456,725</u>
Net interfund transfers from (to):			
Reserves	-	-	578,549
Capital	465,935	661,984	(2,008,499)
Capital long-term debt repayments	<u>(484,330)</u>	<u>(484,330)</u>	<u>(26,775)</u>
	<u>(18,395)</u>	<u>177,654</u>	<u>(1,456,725)</u>
CHANGE IN FUND BALANCE	\$ <u>-</u>	-	-
FUND BALANCE - beginning		<u>-</u>	<u>-</u>
FUND BALANCE - ending		\$ <u>-</u>	\$ <u>-</u>

TOWN OF GRANDE CACHE
SCHEDULE OF RESERVE FUND AND CHANGE IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
FUND BALANCE - beginning	\$ <u>5,416,189</u>	\$ <u>4,162,103</u>
Add (Deduct):		
Transfer to operating fund	<u>-</u>	<u>(578,549)</u>
Add (Deduct):		
Transfer from capital fund	29,055	1,847,635
Transfer to capital fund	<u>(2,379,513)</u>	<u>(15,000)</u>
	<u>(2,350,458)</u>	<u>1,832,635</u>
FUND BALANCE - ending	\$ <u>3,065,731</u>	\$ <u>5,416,189</u>

Summary of reserves and reserve fund transfers:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Ending</u>
OPERATING RESERVES				
Streetlights	\$ 21,559	\$ -	\$ -	\$ 21,559
Public works building maintenance	5,000	-	-	5,000
Infrastructure management	40,000	-	-	40,000
Street improvements	37,182	-	-	37,182
Community development	15,259	-	-	15,259
Lagoon	40,000	-	-	40,000
Airport building maintenance	4,100	-	-	4,100
Recreation	<u>318,312</u>	<u>-</u>	<u>-</u>	<u>318,312</u>
	<u>481,412</u>	<u>-</u>	<u>-</u>	<u>481,412</u>
CAPITAL RESERVES				
Recreation Centre Expansion Fund	3,668,953	-	1,767,477	1,901,476
Computers	9,512	-	-	9,512
Community beautification	1,078,549	-	604,288	474,261
Public works equipment	34,569	26,946	-	61,515
Airport equipment	92,789	-	7,145	85,644
Ball diamonds and campground	15,405	2,109	603	16,911
Recycling	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
	<u>4,934,777</u>	<u>29,055</u>	<u>2,379,513</u>	<u>2,584,319</u>
	\$ <u>5,416,189</u>	\$ <u>29,055</u>	\$ <u>2,379,513</u>	\$ <u>3,065,731</u>

TOWN OF GRANDE CACHE
SCHEDULE OF EQUITY IN CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
Acquisition of capital assets	\$ 3,651,891	\$ 1,482,688
Disposal of capital assets (net book value)	(6,414)	-
Amortization of capital assets	(871,878)	(897,912)
Capital long-term debt proceeds recognized	(1,873,601)	-
Capital long-term debt repaid from operating fund	<u>484,330</u>	<u>26,775</u>
CHANGE IN EQUITY BALANCE	1,384,328	611,551
EQUITY BALANCE - beginning	<u>10,907,916</u>	<u>10,296,365</u>
EQUITY BALANCE - ending	<u>\$ 12,292,244</u>	<u>\$ 10,907,916</u>

TOWN OF GRANDE CACHE
SCHEDULE OF PROPERTY TAXES LEVIED
YEAR ENDED DECEMBER 31, 2008

	Unaudited <u>Budget</u>	<u>2008</u>	<u>2007</u>
TAXATION			
Real property taxes			
Residential	\$ 2,557,614	\$ 2,538,119	\$ 2,212,204
Commercial	1,404,911	1,245,853	735,997
Industrial	<u>224,304</u>	<u>224,304</u>	<u>143,903</u>
	4,186,829	4,008,276	3,092,104
Linear property taxes	94,952	102,253	116,957
Government grants in place of property taxes	<u>890,585</u>	<u>890,679</u>	<u>1,124,484</u>
	<u>5,172,366</u>	<u>5,001,208</u>	<u>4,333,545</u>
DEDUCT			
Requisition transfers			
Alberta School Foundation Fund	1,047,989	1,047,867	993,870
Senior Foundation	<u>177,591</u>	<u>187,805</u>	<u>34,514</u>
	<u>1,225,580</u>	<u>1,235,672</u>	<u>1,028,384</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 3,946,786</u>	<u>\$ 3,765,536</u>	<u>\$ 3,305,161</u>

TOWN OF GRANDE CACHE
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2008

	Unaudited <u>Budget</u>	<u>2008</u>	<u>2007</u>
FEDERAL GOVERNMENT TRANSFERS	\$ <u>-</u>	\$ <u>-</u>	\$ <u>33,616</u>
PROVINCIAL GOVERNMENT TRANSFERS			
Unconditional			
Municipal assistance	12,266	12,266	12,266
Conditional			
Common services	-	17,748	945,793
Disaster services	12,350	19,200	8,000
Family and Community Support Service	164,348	228,296	252,340
Transportation services	26,064	142,063	(54,749)
Utilities and disposal services	52,000	27,791	50,874
Planning and development	52,000	57,148	58,158
Recreation, cultural, tourism, employment and other	<u>78,860</u>	<u>9,160</u>	<u>87,168</u>
TOTAL PROVINCIAL TRANSFERS	<u>397,888</u>	<u>513,672</u>	<u>1,359,850</u>
LOCAL GOVERNMENT TRANSFERS	<u>1,025,000</u>	<u>527,000</u>	<u>454,767</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,422,888</u>	<u>\$ 1,040,672</u>	<u>\$ 1,848,233</u>

TOWN OF GRANDE CACHE
SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2008

	Unaudited <u>Budget</u>	<u>2008</u>	<u>2007</u>
Salaries, wages and benefits	\$ 3,715,703	\$ 3,780,703	\$ 3,460,361
Contracted and general services	2,093,719	1,852,176	2,121,443
Materials, goods and utilities	1,755,470	1,546,792	1,357,487
Provision for allowances	-	21,562	20,488
Transfers to local boards and agencies	113,700	112,519	115,114
Transfers to individuals and organizations	123,401	118,691	96,690
Bank charges and short-term interest	7,300	15,561	8,012
Interest on long-term debt	314,846	313,355	202,913
Cost of land held for resale sold	-	203,786	1,920,349
Other expenditures	6,200	34,925	26,403
Capital assets acquired	<u>6,462,200</u>	<u>3,651,891</u>	<u>1,482,688</u>
TOTAL EXPENDITURES	<u>\$ 14,592,539</u>	<u>\$ 11,651,961</u>	<u>\$ 10,811,948</u>

TOWN OF GRANDE CACHE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of the Town of Grande Cache are the representations of management prepared in accordance with Canadian 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 Grande Cache are as follows:

a) Reporting entity

The combined financial statements reflect the assets, liabilities, revenues and expenditures and changes in fund balances and cash flows of the reporting entity, which includes all the organizations that are accountable for the administration of their financial affairs and resources to Council and are owned or controlled by the Town.

The schedule of taxes levied includes operating requisitions for education and senior foundations that are not part of the Town's reporting entity.

The combined financial statements also exclude trust assets that are administered for the benefit of external parties.

b) Basis of accounting

The basis of accounting followed in these combined financial statements includes recognizing revenue in the period in which the transactions or events occurred that gave rise to the revenue. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are recorded 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.

d) Government transfers

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

e) Employee future benefits

Selected 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.

TOWN OF GRANDE CACHE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES - continued

f) Investments

Portfolio investments are recorded at cost. Interest-bearing investments are recorded at the original cost amount plus interest earned to the year-end.

g) Tangible capital assets

Effective January 1, 2007, the Town adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the 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.

Capital assets are reported as expenditures in the period they are acquired. Capital assets are recorded at cost except for donated assets, which are recorded at estimated fair market value when acquired. When capital assets are sold, the proceeds are recorded as capital revenue.

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

Rates of amortization applied on a straight-line basis to write off the cost of capital assets over their estimated useful lives are as follows:

Buildings	40 years
Engineering structures	40 years
Machinery and equipment	10 years
Vehicles	10 years

No amortization is recorded in the year of acquisition.

When capital assets are sold or scrapped, the cost of the capital assets and the related accumulated amortization are removed from the accounts and the related equity in capital assets. No amortization is recorded in the year of disposition.

h) Inventory

Inventories of materials and supplies, which consist mainly of central stores and road maintenance materials, are recorded at cost.

TOWN OF GRANDE CACHE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES - continued

i) Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing costs and levelling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks and street lighting are recorded as physical assets under their respective function. The cost of land sold is recorded as an expenditure in the operating fund in the year it is sold. Proceeds from sales of land held for resale are recorded as operating fund revenue.

j) Over-levies and under-levies

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

Over-levies are recorded as deferred revenue and property tax revenue is reduced. Under-levies are recorded as an accrued 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.

k) Asset retirement obligations

The Town recognizes a liability for the future environmental remediation of certain properties and for future removal and handling costs for contamination. At this time, no asset retirement obligations have been identified by management and, thus, no liability has been recorded.

l) Reserves for future expenditures

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

m) Equity in capital assets

Equity in capital assets represents the Town's net investment in the total capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing, capitalized leases or other capital liabilities which will be repaid by the Town.

n) Budget

The budget amounts are presented for information purposes and have not been audited. It should be noted that the capital budget figures are taken from long-range capital plans and, thus, due to timing delays of certain projects, may contain large variances from the actual figures for that calendar year.

TOWN OF GRANDE CACHE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES - continued

o) Measurement uncertainty

The preparation of the combined financial statements in conformity with Canadian 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 combined financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant estimates made by management include amortization and allowance for uncollectible trade and other receivables. By their nature, these estimates are subject to measurement uncertainty and the effect on the combined financial statements of changes in such estimates in future periods could be significant.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2008</u>	<u>2007</u>
Cash on hand	\$ 3,460	\$ 800
Cash in banks (overdraft)	(4,069)	2,665,675
Temporary investments	<u>8,000,000</u>	<u>8,099,772</u>
	<u>\$ 7,999,391</u>	<u>\$ 10,766,247</u>

Cash in banks bears interest at a rate of prime less 2.25%.

Temporary investments are readily convertible to cash, consist of fixed income investments, bear interest at a rate of 1.55% and mature on January 12, 2009.

Included in cash and temporary investments are restricted amounts totalling \$2,836,623 (2007 - \$1,392,870) received from Alberta Infrastructure and Transportation and accumulated interest to be used for specific capital infrastructure projects. In addition, there are restricted amounts totalling \$3,748,066 (2007 - \$5,621,667) received from Alberta Capital Finance Authority as a debenture which was to be used for the construction of a new sewer trunk line and for other specific development projects. As circumstances changed during the year and the debenture funds are no longer needed for these purposes, the Town is currently exploring the options of either repaying the debenture or amending the borrowing bylaw for utilization of the funds for other capital project requirements of the Town.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2008</u>	<u>2007</u>
Current taxes and grants in place of taxes	\$ 290,680	\$ 220,163
Tax arrears	<u>25,338</u>	<u>20,888</u>
	<u>\$ 316,018</u>	<u>\$ 241,051</u>

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4. TRADE AND OTHER RECEIVABLES

	<u>2008</u>	<u>2007</u>
Trade and other receivables	\$ 551,654	\$ 539,015
Receivable from other governments	<u>271,415</u>	<u>389,775</u>
	823,069	928,790
Less allowance for uncollectible trade and other receivables	<u>(64,538)</u>	<u>(64,538)</u>
	<u>\$ 758,531</u>	<u>\$ 864,252</u>

5. INVESTMENTS

	<u>2008</u>	<u>2007</u>
Alberta Association of Municipal Districts and Counties	\$ 10	\$ 10
Servus Credit Union	<u>50</u>	<u>-</u>
	<u>\$ 60</u>	<u>\$ 10</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2008</u>	<u>2007</u>
Trade accounts payable	\$ 929,652	\$ 1,190,252
Accrued interest	22,333	23,823
Accrued vacation pay	<u>296,761</u>	<u>236,904</u>
	<u>\$ 1,248,746</u>	<u>\$ 1,450,979</u>

7. DEFERRED REVENUE

	<u>Current Portion</u>	<u>2008</u>	<u>2007</u>
Deferred grant revenue	\$ 2,836,623	\$ 2,836,623	\$ 1,392,870
Other deferred sales and user charges	<u>3,739</u>	<u>3,739</u>	<u>8,747</u>
	<u>\$ 2,840,362</u>	2,840,362	1,401,617
Less current portion		<u>(2,840,362)</u>	<u>(1,401,617)</u>
		<u>\$ -</u>	<u>\$ -</u>

Deferred grant revenue represents amounts for specific projects not yet completed.

Deferred sales and user charges represent amounts received, which are taken into revenue in the period in which they are earned.

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8. LONG-TERM DEBT

	<u>2008</u>	<u>2007</u>
Debentures		
Alberta Capital Finance Authority	\$ 5,622,428	\$ 6,106,759
Less current portion	<u>(509,579)</u>	<u>(484,330)</u>
	<u>\$ 5,112,849</u>	<u>\$ 5,622,429</u>

Debenture debt is issued on the credit and security of the Town of Grande Cache at large, bears interest at rates of 5.053% and 6.75% per annum and mature in 2017 and 2022.

The Town's total cash payments for interest in 2008 were \$314,846 (2007 - \$191,397).

Estimated principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 509,579	\$ 289,597	\$ 799,176
2010	536,152	263,024	799,176
2011	564,118	235,058	799,176
2012	593,551	205,625	799,176
2013	624,528	174,648	799,176
Thereafter	<u>2,794,500</u>	<u>421,395</u>	<u>3,215,895</u>
	<u>\$ 5,622,428</u>	<u>\$ 1,589,347</u>	<u>\$ 7,211,775</u>

9. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2008 Net Book Value</u>	<u>2007 Net Book Value</u>
Land	\$ 133,292	\$ -	\$ 133,292	\$ 133,292
Buildings	8,972,454	4,970,964	4,001,490	3,387,688
Engineering structures	19,078,644	10,642,812	8,435,832	6,523,543
Machinery and equipment	4,692,411	3,512,542	1,179,869	1,024,649
Vehicles	<u>2,117,662</u>	<u>1,482,053</u>	<u>635,609</u>	<u>543,321</u>
	<u>\$ 34,994,463</u>	<u>\$ 20,608,371</u>	<u>\$ 14,386,092</u>	<u>\$ 11,612,493</u>

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10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/00 is as follows:

	<u>Salary (1)</u>	<u>Benefits and Allowances (2)</u>	<u>2008 Total</u>	<u>2007 Total</u>
Mayor				
L. Krewusik	\$ 28,112	\$ 4,310	\$ 32,422	\$ 36,048
Councillors				
P. Bailey	-	-	-	14,392
V. Beland	14,739	4,300	19,039	23,370
T. Coray	11,020	4,310	15,330	18,878
J. Dube	-	-	-	17,893
G. Frenz	19,464	4,310	23,774	27,310
A. McCormick	10,020	4,310	14,330	15,414
Y. Rempel	15,185	4,310	19,495	5,461
J. Scott	<u>12,254</u>	<u>4,310</u>	<u>16,564</u>	<u>4,808</u>
	<u>\$ 110,794</u>	<u>\$ 30,160</u>	<u>\$ 140,954</u>	<u>\$ 163,574</u>
Darren Ottaway, CAO	<u>\$ 115,468</u>	<u>\$ 15,545</u>	<u>\$ 131,013</u>	<u>\$ 129,969</u>

- (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, employment insurance, health care, dental coverage, vision coverage, group life insurance, accident and dismemberment insurance, long and short-term disability plans, professional memberships and tuition. It also includes the employer's share of the cost of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships, if applicable.

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11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 180,000 people and 407 employers. It is financed by employer, employee and Government of Alberta contributions and investment earnings of the LAPP fund.

The Town of Grande Cache is required to make current service contributions to the Plan of 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on the excess.

Employees of the Town of Grande Cache are required to make current service contributions to the Plan of 6.75% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 9.64% on the excess.

Total current service contributions by the Town to the Local Authorities Pension Plan in 2008 were \$163,287 (2007 - \$136,996). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2008 were \$143,405 (2007 - \$120,553).

At December 31, 2007, the Plan disclosed an actuarial deficiency of \$1,183 million (2006 - \$746 million).

12. 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 be disclosed as follows:

	<u>2008</u>	<u>2007</u>
Total debt limit available	\$ 11,826,660	\$ 16,589,995
Total debt	<u>(5,622,428)</u>	<u>(6,106,759)</u>
Total debt limit remaining	<u>\$ 6,204,232</u>	<u>\$ 10,483,236</u>
Debt servicing limit available	\$ 1,971,110	\$ 2,764,993
Debt servicing	<u>(799,176)</u>	<u>(799,176)</u>
Service on debt limit remaining	<u>\$ 1,171,934</u>	<u>\$ 1,965,817</u>

The debt limit is calculated at 1.5 times certain revenue of the Town 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 which could be at financial risk if further debt is incurred. The calculation taken alone does not represent the financial stability of the Town. Rather, the combined financial statements must be interpreted as a whole.

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13. FINANCIAL INSTRUMENTS

a) Credit risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The Town is exposed to credit risk from its customers. In order to reduce this risk, the Town conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

The most significant revenue sources of the Town are property taxes, utilities and government transfers. The Town has a significant number of taxpayers and utility customers which minimizes concentration of credit risk. No one taxpayer or utility customer makes up a significant portion of such revenue. The majority of government transfers are received from the provincial and federal government agencies. Due to the nature of these payors, the Town is not exposed to significant credit risk on such transactions.

b) Interest rate risk

The Town is not exposed to significant interest rate risk as a result of fixed-rate investments held, as outlined in Note 2 and the issuance of fixed-rate debentures, as outlined in Note 8.

c) Unused lines of credit

The Town has an available bank demand loan in the amount of \$600,000, all of which is unused at December 31, 2008.

d) Currency risk

Currency risk is the risk to the Town's surplus that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Town of Grande Cache is not exposed to foreign currency exchange risk on cash and temporary investments, accounts receivable and accounts payable as no significant amounts are held in foreign dollars.

e) Fair values of financial instruments

The Town's carrying value of cash and temporary investments, taxes and grants in place of taxes receivable, trade and other receivables, other assets, investments and accounts payable and accrued liabilities approximates its fair value due to the immediate or short term liquidity of these instruments.

The carrying value of long-term debt approximates fair value as the interest rates are consistent with the current rates available for instruments with similar terms.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
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14. COMMITMENTS

The Town has entered into various leases and other agreements as part of its ongoing operations. It is the opinion of management that there are no commitments that will have a materially adverse effect on the financial position of the Town.

15. CONTINGENT LIABILITY

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). 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.

16. PRIOR YEAR COMPARATIVE FIGURES

Certain amounts have been regrouped to conform with the presentation adopted for the current year.