

TOWN OF FORT MACLEOD

Financial Statements

For the year ended December 31, 2008

TOWN OF FORT MACLEOD
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For the year ended December 31, 2008

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Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To: The Mayor and Members of Council of
the Town of Fort Macleod

We have audited the consolidated statement of financial position of the Town of Fort Macleod as at December 31, 2008, the consolidated statement of financial activities and change in fund balances, and the consolidated statement of changes in financial position 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 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 financial position of the Town of Fort Macleod 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.

Lethbridge, Alberta

March 18, 2009

Young Parkyn McNab LLP

Chartered Accountants

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2008

	2008	2007
ASSETS		
Financial assets		
Cash and temporary investments (note 2)	\$ 4,071,947	\$ 2,961,853
Taxes and grants in place of taxes receivable (note 3)	132,450	106,956
Trade and other receivables	608,352	868,435
Land held for resale	111,313	418,601
Investments (note 4)	1,807,956	395,059
Prepaid expenses	13,660	16,546
	6,745,678	4,767,450
Physical assets		
Capital assets (note 5)	36,227,966	35,106,876
Inventory for consumption	564,525	575,191
	36,792,491	35,682,067
	\$ 43,538,169	\$ 40,449,517

LIABILITIES AND MUNICIPAL EQUITY

Liabilities		
Accounts payable and accrued liabilities	\$ 541,900	\$ 550,027
Deferred revenue (note 6)	775,012	672,800
Deposits	153,302	125,018
Long-term debt (note 7)	1,002,568	1,151,534
	2,472,782	2,499,379
Contingency (note 17)		
Municipal equity		
Fund balances		
Operating (schedule 1)	1,085,490	1,079,300
Capital (schedule 2) (note 8)	1,458,271	9,114
Reserves (schedule 3) (note 9)	3,296,228	2,906,382
	5,839,989	3,994,796
Equity in capital assets (note 10)	35,225,398	33,955,342
	41,065,387	37,950,138
	\$ 43,538,169	\$ 40,449,517

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenue			
Net municipal property taxes (note 11)	\$ 1,978,316	\$ 1,962,097	\$ 1,906,736
User fees and sale of goods	2,765,845	2,770,763	2,764,453
Penalties and costs of taxes	26,000	29,365	23,461
Franchise and concession contracts	63,200	58,569	49,164
Investment income	60,000	174,827	96,135
Licenses and permits	104,200	114,005	84,596
Government transfers (note 12)	3,039,329	2,557,856	572,527
Other	61,000	56,528	141,639
Land sales	-	265,957	1,942,341
Proceeds on disposal of capital assets	-	-	56,497
	8,097,890	7,989,967	7,637,549
Expenditures (note 13)			
Legislative	83,300	79,636	76,778
Administration	690,513	755,871	532,296
Police	19,150	15,842	21,593
Fire	86,998	94,079	76,034
Ambulance and first aid	350,506	353,915	428,734
Bylaw enforcement	76,623	64,795	35,141
Roads, streets, walks and lighting	1,605,971	585,528	664,288
Airport	13,596	10,518	11,761
Water supply and distribution	877,339	644,752	611,821
Wastewater treatment and disposal	1,409,230	547,972	232,436
Waste management	275,764	280,450	263,399
Family and community support	161,064	173,165	172,907
Cemeteries and crematoriums	10,822	12,548	16,007
Land use planning, zoning and development	300,621	296,369	1,599,740
Economic and agricultural development	75,373	59,539	63,697
Subdivision land and development	17,300	12,233	45,830
Recreation and parks	1,082,379	687,384	798,362
Culture and library	215,879	175,611	159,510
Electric	1,066,272	1,145,601	767,313
	8,418,700	5,995,808	6,577,647
Excess (deficiency) of revenue over expenditures	(320,810)	1,994,159	1,059,902
Capital financing transactions			
Repayment of long-term debt	(148,967)	(148,967)	(156,706)
Change in fund balances	(469,777)	1,845,192	903,196
Fund balances, beginning of year	3,994,796	3,994,799	3,091,603
Fund balances, end of year	\$ 3,525,019	\$ 5,839,991	\$ 3,994,799

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended December 31, 2008

	2008	2007
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 1,994,159	\$ 1,059,902
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(25,494)	(26,127)
Trade and other receivables	260,083	(290,120)
Land held for resale	307,288	(284,413)
Investments	(1,412,897)	84,971
Prepaid expenses	2,886	5,681
Inventory for consumption	10,666	40,779
Accounts payable and accrued liabilities	(8,126)	251,460
Deferred revenue	102,212	41,904
Deposits	28,284	(7,446)
	1,259,061	876,591
Cash flows from financing activities		
Repayment of long-term debt	(148,967)	(156,706)
Increase in cash and temporary investments	1,110,094	719,885
Cash and temporary investments, beginning of year	2,961,853	2,241,968
Cash and temporary investments, end of year	\$ 4,071,947	\$ 2,961,853

TOWN OF FORT MACLEOD
SCHEDULE 1

SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING
For the Year Ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenue			
Net municipal property taxes (note 11)	\$ 1,978,316	\$ 1,962,097	\$ 1,906,736
User fees and sale of goods	2,765,845	2,770,763	2,764,453
Penalties and costs of taxes	26,000	29,365	23,461
Franchise and concession contracts	63,200	58,569	49,164
Investment income	60,000	166,244	90,737
Licenses and permits	104,200	114,005	84,596
Government transfers	375,425	566,876	306,551
Other	19,000	25,058	44,888
Land sales	-	265,957	1,942,341
	5,391,986	5,958,934	7,212,927
Expenditures (note 13)			
Legislative	83,300	79,636	76,778
Administration	620,485	682,920	506,305
Police	19,150	15,842	21,593
Fire	86,998	94,079	76,034
Ambulance and first aid	347,506	350,532	315,128
Bylaw enforcement	75,123	63,295	35,141
Roads, streets, walks and lighting	449,954	444,336	434,460
Airport	13,596	10,518	11,761
Water supply and distribution	573,739	545,675	552,971
Wastewater treatment and disposal	254,230	256,249	232,436
Waste management	272,764	277,117	263,399
Family and community support	158,064	147,738	172,907
Cemeteries and crematoriums	10,822	12,548	16,007
Land use planning, zoning and development	256,621	258,524	167,964
Economic and agricultural development	75,373	59,539	63,697
Subdivision land and development	17,300	12,233	45,830
Recreation and parks	639,379	557,243	524,630
Culture and library	165,879	175,611	159,510
Electric	764,772	831,080	767,315
	4,885,055	4,874,715	4,443,866
Excess of revenue over expenditures	506,931	1,084,219	2,769,061
Net interfund transfers			
Transfer to capital - repayment of long-term debt (schedule 2)	(148,967)	(148,967)	(156,706)
Transfer to capital (schedule 2)	(287,332)	(189,120)	(7,039)
Transfer to reserves (schedule 3)	(42,872)	(739,942)	(2,597,835)
Change in fund balance	27,760	6,190	7,481
Fund balance, beginning of year	1,079,300	1,079,300	1,238,165
Appropriated			
Transfer to capital (schedule 2)	-	-	(166,346)
Fund balance, end of year	\$ 1,107,060	\$ 1,085,490	\$ 1,079,300

TOWN OF FORT MACLEOD
SCHEDULE 2
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenue			
Investment income	\$ -	\$ 8,583	\$ 5,398
Government transfers	2,663,904	1,990,980	265,976
Other	42,000	31,470	96,751
Proceeds on disposal of capital assets	-	-	56,497
	2,705,904	2,031,033	424,622
Expenditures (note 13)			
Administration	70,028	72,951	25,991
Ambulance and first aid	3,000	3,383	113,606
Bylaw enforcement	1,500	1,500	-
Roads, streets, walks and lighting	1,156,017	141,192	229,828
Water supply and distribution	303,600	99,077	58,850
Wastewater treatment and disposal	1,155,000	291,723	-
Waste management	3,000	3,333	-
Family and community support	3,000	25,427	-
Land use planning, zoning and development	44,000	37,845	1,431,776
Recreation and parks	443,000	130,140	273,732
Culture and library	50,000	-	-
Electric	301,500	314,521	-
	3,533,645	1,121,092	2,133,783
Excess (deficiency) of revenue over expenditures	(827,741)	909,941	(1,709,161)
Capital financing transactions and net interfund transfers			
Repayment of long-term debt	(148,967)	(148,967)	(156,706)
Transfer from operating - repayment of long-term debt (schedule 1)	148,967	148,967	156,706
Transfer from operating (schedule 1)	287,332	189,120	7,039
Transfer from reserves (schedule 3)	540,409	350,096	1,574,803
Change in fund balance	-	1,449,157	(127,319)
Fund balance, beginning of year	9,114	9,114	(29,913)
Appropriated			
Transfer from operating (schedule 1)	-	-	166,346
Fund balance, end of year (note 8)	9,114	1,458,271	9,114

TOWN OF FORT MACLEOD
SCHEDULE 3
SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Fund balance, beginning of year	\$ 2,906,382	\$ 2,906,382	\$ 1,883,351
Net interfund transfers			
Transfer from operating (schedule 1)	42,872	739,942	2,597,835
Transfer to capital (schedule 2)	(540,409)	(350,096)	(1,574,804)
Fund balance, end of year (note 9)	\$ 2,408,845	\$ 3,296,228	\$ 2,906,382

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies

The consolidated financial statements of the Town of Fort Macleod 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 are as follows:

(a) Future change in accounting policy

Effective January 1, 2009, the Town will be required to adopt new Public Sector Accounting Board (PSAB) Handbook sections PS1000 "Financial statement concepts", PS1100 "Financial statement objectives", and PS1200 "Financial statement presentation"

PSAB Section 1200 introduces a new financial statement format which replaces the fund accounting presentation currently used. Major changes under the new format include the recognition of amortization, the combination of equity in physical assets, reserves, and the operating fund balance into one surplus amount, and the adoption of a "net asset/debt" reporting format whereby financial liabilities are deducted from financial assets to present the Town net assets or net debt. These changes will be applied prospectively but the prior year will be restated to provide meaningful comparative balances.

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, 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.

(c) 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 purpose 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.

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

(d) Fund accounting

For reporting purposes, established funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Gains or losses from land sales are recorded as operating fund revenue or expenditures.

(e) Investments

Investments are recorded at cost. 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.

(f) Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost and net realizable value with cost determined by the average cost method.

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, stripping, and leveling 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.

(g) Capital assets

Capital assets are reported as expenditures in the period that they are acquired.

Capital assets are recorded at cost except for donated assets, which are recorded at estimated fair value when acquired.

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

Capital assets are not amortized.

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

(h) 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.

During 2008, the Town continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the Town has continued compiling detailed listings of its land, buildings, engineering structures, machinery and equipment and vehicles but has not yet completed any of these listings. Complete listings are expected by December 31, 2009. The Town council has been in discussion with engineers.

Currently, these assets are recorded as "capital assets" at cost in the period they are acquired and additions are recorded as an expenditure within the capital fund. Amortization is not recorded as an expenditure. Upon implementation of Section 3150 - Tangible Capital Assets, these same assets will be recorded as "tangible capital assets" and additions will no longer be recorded as an expenditure of the capital fund. Rather, amortization of the assets will be recorded as an expense.

Amortization of buildings, engineering structures, machinery and equipment, and vehicles is expected to be presented in the 2009 financial statements on a retrospective basis (with comparative figures for the 2008 year restated to include amortization) in order to amortize the cost of the assets over their expected useful lives.

(i) Requisition over-levy and under-levy

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.

(j) Prepaid local improvements charges

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

Where a taxpayer has elected to prepay the outstanding local improvement charge, 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 borrowing, the deferred revenue is amortized to the revenue by an amount equal to the debt repayment.

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

- (k) **Operating fund**
Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).
- (l) **Capital fund**
Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.
- (m) **Reserve fund**
Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.
- (n) **Equity in capital assets**
Equity in capital assets represents the Town's net investment in its total capital assets, after deducting work in progress, the portion financed by third parties through debenture, bond, and mortgage debts, long-term capital borrowing, capitalized leases, and other capital liabilities which will be repaid by the municipality.
- (o) **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.

2. Cash and temporary investments

	2008	2007
Cash (cheques issued in excess of deposits)	\$ (154,023)	\$ 741,627
Guaranteed investment certificates	4,225,970	2,220,226
	\$ 4,071,947	\$ 2,961,853

The guaranteed investment certificates bear interest at rates from 2.20% to 3.75% and mature between January 2009 and September 2009.

3. Taxes and grants in place of taxes receivable

	2008	2007
Current taxes and grants in place of taxes	\$ 84,709	\$ 80,546
Arrears taxes	47,741	26,410
	\$ 132,450	\$ 106,956

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

4. Long-term investments

Investments consist of bonds that bear interest at rates from 4.5% to 6.0% and mature between 2010 and 2014.

5. Capital assets

	2008	2007
Land	\$ 497,792	\$ 471,031
Buildings	6,178,781	6,113,337
Engineering structures	25,656,948	24,824,852
Machinery, equipment and furnishings	3,291,852	3,125,929
Vehicles	602,593	571,727
	\$ 36,227,966	\$ 35,106,876

6. Deferred revenue

	2008	2007
Municipal Sustainability Initiative (MSI) - tangible capital asset grant	\$ 57,116	\$ -
Local assistance program	25,910	25,910
Transmissions	15,079	-
Family and community support	50,655	12,212
Alberta Municipal Infrastructure Program (AMIP)	622,379	615,082
Bike park	3,873	-
Criminal records checks	-	571
Municipal Sustainability Initiative (MSI) - operating grant	-	19,025
	\$ 775,012	\$ 672,800

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

7. Long-term debt

	2008	2007
Tax supported debentures	\$ 1,002,568	\$ 1,151,534
Current portion	\$ 109,684	\$ 148,966

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2009	\$ 109,684	\$ 54,319	\$ 164,003
2010	115,571	48,432	164,003
2011	121,778	42,225	164,003
2012	128,322	35,681	164,003
2013	74,114	28,781	102,895
Thereafter	453,099	129,919	583,018
	\$ 1,002,568	\$ 339,357	\$ 1,341,925

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 5.24% to 9.375% per annum, before Provincial subsidy, and matures in periods 2016 through 2024. The average annual interest rate is 7.75% (2007 - 6.79%). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Fort Macleod at large.

Interest on long-term debt amounted to \$62,482 (2007 - \$73,278)

The Town's total cash payments for interest in 2008 were \$65,102 (2007 - \$75,039)

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

8. Capital fund

	2008	2007
Financing available:		
Administration	\$ 7,559	\$ 37,017
Roads, streets, walks and lighting	-	152,725
Public works	104,998	-
Recreation	30,768	10,051
Municipal Substantiality Initiative (MSI)	433,174	172,726
Alberta Municipal Infrastructure Program (AMIP)	1,646,767	-
Land use planning, zoning and development	3,873	-
	<u>2,227,139</u>	<u>372,519</u>
Amounts to be financed:		
Administration	(26,465)	-
Waste management	(364,781)	-
Water supply and distribution	(104,457)	(110,300)
Land use, planning, zoning and development	-	(59,745)
Public works	(109,680)	-
Recreation	(163,485)	(193,360)
	<u>(768,868)</u>	<u>(363,405)</u>
	<u>\$ 1,458,271</u>	<u>\$ 9,114</u>

The administration shortfall will be funded by general contingencies and debentures.

The shortfall for the waste management project will be funded by the Alberta government, debentures and grants.

The shortfall for the water projects will be funded through a combination of debentures and grants.

The shortfall for the public works project will be funded by grants and land sales.

The shortfall for the recreation project will be funded through fundraising and grants.

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

9. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenditures.

	2007	Increase	Decrease	2008
Municipal payments	\$ 22,836	\$ -	\$ -	\$ 22,836
Sidewalk replacement	6,800	-	-	6,800
Land sales	1,559,496	316,000	35,018	1,840,478
Zamboni	16,430	3,465	-	19,895
Gymnastics	2,437	82	-	2,519
Emergency equipment replacement	16,836	-	-	16,836
Office renovations	14,500	12,500	-	27,000
Road transport	27,523	-	-	27,523
Historical statue	400	-	-	400
Street repair	109,625	60,000	-	169,625
General contingency	892,058	248,596	233,596	907,057
Senior citizens transportation	15,991	490	-	16,481
Tennis club	4,425	149	-	4,574
Fire fighting	54,557	-	3,383	51,174
Computer mapping upgrade	963	-	-	963
Off street parking	2,250	-	-	2,250
LARC	2,273	68	-	2,341
Public works	65,000	-	12,099	52,901
Recreation	21,197	58,032	16,000	63,229
Electric	54,000	500	50,000	4,500
Property Tax	1,500	-	-	1,500
Cemetery Reserve	29	-	-	29
Ambulance	10,128	318	-	10,447
FCSS	5,128	-	-	5,128
NDCC	-	34,375	-	34,376
Health and Safety Reserve	-	5,367	-	5,366
	\$ 2,906,382	\$ 739,942	\$ 350,096	\$ 3,296,228

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

10. Equity in capital assets

	Budget (Unaudited)	2008	2007
Acquisition of capital assets			
Waste management	\$ 1,159,017	\$ 295,056	\$ -
Administration	70,028	72,951	25,991
Ambulance and first aid	3,000	3,383	113,605
Roads, streets, walks and lighting	1,155,000	141,191	229,829
Water supply and distribution	303,600	99,077	58,850
Land use planning, zoning and development	44,000	37,846	1,431,776
Recreation and parks	493,000	130,140	273,732
Family and Community support	3,000	25,425	-
Electrical	301,500	314,520	-
Bylaw enforcement	1,500	1,500	-
	<u>3,533,645</u>	<u>1,121,089</u>	<u>2,133,783</u>
Disposal of capital assets (cost)			
Roads, streets, walks and lighting	-	-	(145,180)
Capital financing			
Repayment of long-term debt	148,967	148,967	156,706
Change in equity balance	3,682,612	1,270,056	2,145,309
Equity balance, beginning of year	33,955,342	33,955,342	31,810,033
Equity balance, end of year	\$ 37,637,954	\$ 35,225,398	\$ 33,955,342
Balance consists of:			
Capital assets (note 5)		\$ 36,227,966	\$ 35,106,876
Long-term debt (note 7)		(1,002,568)	(1,151,534)
		<u>\$ 35,225,398</u>	<u>\$ 33,955,342</u>

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

11. Net municipal property taxes

	Budget (Unaudited)	2008	2007
Taxation			
Real property taxes	\$ 2,636,351	\$ 2,605,128	\$ 2,591,579
Special assessment and local improvement taxes	18,330	18,348	18,106
Government grants in place of property taxes	37,360	52,346	35,533
	<u>2,692,041</u>	<u>2,675,822</u>	<u>2,645,218</u>
Requisitions			
Alberta School Foundation Fund	665,385	665,385	692,447
Seniors	48,340	48,340	46,035
	<u>713,725</u>	<u>713,725</u>	<u>738,482</u>
	<u>\$ 1,978,316</u>	<u>\$ 1,962,097</u>	<u>\$ 1,906,736</u>

12. Government transfers

	Budget (Unaudited)	2008	2007
Provincial transfers			
Shared-cost agreements and grants	\$ 2,663,904	\$ 2,297,001	\$ 265,976
Local government transfers			
Shared-cost agreements and grants	375,425	260,855	306,551
	<u>\$ 3,039,329</u>	<u>\$ 2,557,856</u>	<u>\$ 572,527</u>

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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13. Expenditures by object

	Budget (Unaudited)	2008	2007
Operating			
Salaries, wages and benefits	\$ 1,945,249	\$ 1,955,530	\$ 1,799,922
Contracted and general services	1,698,202	1,623,169	1,456,631
Materials, goods, supplies and utilities	968,253	1,024,875	931,133
Transfer to organizations and others	195,599	194,571	169,896
Interest on long-term debt	64,752	62,482	73,278
Service charges	700	2,619	1,761
Other expenditures	12,300	11,470	11,243
	4,885,055	4,874,716	4,443,864
Capital			
Purchase of capital assets	3,533,645	1,121,092	2,133,783
	\$ 8,418,700	\$ 5,995,808	\$ 6,577,647

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

14. Salary and benefits disclosure

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

	(1)	(2)	2008	2007
	Salary	Benefits & allowances		
Mayor Shawn Patience	\$ 15,065	\$ 1,208	\$ 16,273	\$ 13,720
Councillor Mike Bourassa	7,115	814	7,929	6,994
Councillor Sharon Monical	9,765	946	10,711	9,575
Councillor Brian Reach	8,355	876	9,231	8,571
Councillor Chris Trowbridge	7,995	858	8,853	8,283
Councillor Ken Williams	8,865	550	9,415	8,376
Councillor Gord Wolstenholme	7,855	851	8,706	8,086
Municipal manager - Elliot	\$ 77,625	\$ 12,798	\$ 90,423	\$ 17,168

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Benefits and allowances include the 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

15. 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:

	2008	2007
Total debt limit	\$ 8,998,481	\$ 11,057,360
Total debt	1,002,568	1,151,534
Amount of unused debt limit	\$ 7,995,913	\$ 9,905,826
Debt servicing limit	\$ 1,499,747	\$ 1,842,893
Debt servicing	164,004	213,718
Amount of unused debt servicing limit	\$ 1,335,743	\$ 1,629,175

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 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.

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 Pensions Plans Act. The plan serves about 133,000 people and 389 employers. The LAPP is financed by the 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 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2008 were \$80,448 (2007 - \$69,368). Total current service contributions by the employees of the Town to the LAPP in 2008 were \$70,524 (2007 - \$60,895).

At December 31, 2007, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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17. Contingency

a) The Town of Fort Macleod is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of 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.

b) Employees of the Town are allowed to accrue sick leave to a maximum of 1,120 hours. As at December 31, 2008 the amount of accumulated sick leave was \$308,377. The amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

c) The Town has guaranteed repayment to a maximum of \$50,000 of an operating line of credit for the Empress Theatre Society to the Canadian Imperial Bank of Commerce. As at December 31, 2008 the outstanding operating line of credit balance was \$0.

d) The Town has guaranteed repayment of a loan for the Fort Historical Association in the amount of \$35,000. As at December 31, 2008 the outstanding loan balance was \$30,848.

e) The Town has been involved in one wrongful dismissal litigation actions. The amount of the claim cannot be reasonably estimated and the outcome is uncertain at this time.

18. Financial instruments

The Town of Fort Macleod's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable 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 fair value of these financial instruments approximates their carrying values.

19. Budget amounts

The 2008 budget for the Town was approved by Council on May 8, 2008 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

20. Approval of financial statements

These financial statements were approved by Council and Management.

TOWN OF FORT MACLEOD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

21. Comparative figures

Where necessary the comparative figures for the 2007 year have been reclassified to conform with 2008 financial statement presentation.