

**TOWN OF DAYSLAND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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## AUDITOR'S REPORT

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**TO: THE MEMBERS OF COUNCIL**

We have audited the consolidated statement of financial position of the Town of Daysland as at December 31, 2008 and 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 Daysland 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.

Stettler, Alberta

April 08, 2009

Chartered Accountants

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

	2008 \$	2007 \$
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and term investments (note 2)	1,471,905	1,724,402
Receivables		
Taxes and grants in place of taxes (note 3)	42,267	52,020
Trade and other receivables (note 5)	420,865	166,300
Land held for resale (note 1f)	162,604	71,800
Investments (note 4)	<u>23,623</u>	<u>23,197</u>
	2,121,264	2,037,719
<b>Physical Assets</b>		
Capital assets (notes 1g & 6)	<u>10,376,860</u>	<u>7,503,574</u>
<b>Total Assets</b>	<u>12,498,124</u>	<u>9,541,293</u>
<b>LIABILITIES AND MUNICIPAL EQUITY</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	394,145	144,405
Deposit liabilities	4,900	6,979
Employee benefit obligations (note 8)	43,248	33,692
Tax sale trust	5,541	5,541
Deferred revenue (notes 1b & 7)	268,072	325,165
Long-term debt (note 9)	<u>759,830</u>	<u>380,250</u>
<b>Total liabilities</b>	<u>1,475,736</u>	<u>896,032</u>
<b>Municipal Equity</b>		
Fund balances		
Operating fund (Schedule 1)	412,207	485,912
Capital fund (Schedule 2)	282,516	108,520
Reserve fund (Schedule 3)	<u>710,635</u>	<u>927,505</u>
Total fund balances	1,405,358	1,521,937
Equity in capital assets (Schedule 4 & note 12)	<u>9,617,030</u>	<u>7,123,324</u>
	<u>11,022,388</u>	<u>8,645,261</u>
<b>Total Liabilities and Municipal Equity</b>	<u>12,498,124</u>	<u>9,541,293</u>

**TOWN OF DAYSLAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budget (Unaudited)	2008 \$	2007 \$
<b>REVENUE</b>			
Net municipal property taxes (Schedule 5)	529,211	531,186	477,540
User fees and sales of goods	1,257,866	1,204,712	1,131,341
Government transfers (Schedule 6)	854,698	446,315	77,481
Investment income	35,800	48,167	51,805
Penalties and cost on taxes	22,500	21,307	17,865
Fines	2,650	2,345	885
Licenses and permits	3,200	5,126	4,227
Capital funding from other groups and donations	-	2,139,744	-
Other revenue	<u>35,898</u>	<u>27,547</u>	<u>42,891</u>
<b>Total Revenue</b>	<u><b>2,741,823</b></u>	<u><b>4,426,449</b></u>	<u><b>1,804,035</b></u>
<b>EXPENDITURES</b>			
<b>Operating</b>			
Legislative	64,378	44,698	47,688
Administration	225,229	258,297	225,767
Bylaws enforcement	14,200	9,796	9,853
Protection Services	104,390	93,977	79,743
Roads, streets, walks and lighting	268,939	246,936	227,330
Water supply and distribution	110,075	159,086	96,278
Wastewater treatment and disposal	54,621	65,769	43,046
Waste management	88,739	81,390	71,497
Subdivision land development	99,609	65,666	80,291
Family and community support	13,475	11,875	51,683
Parks and recreation	202,336	310,505	105,680
Culture	11,810	11,828	11,695
Natural gas operations	<u>680,294</u>	<u>689,499</u>	<u>603,202</u>
<b>Total Expenditures</b>	<u><b>1,938,095</b></u>	<u><b>2,049,322</b></u>	<u><b>1,653,753</b></u>
<b>Capital</b>			
Administration	23,000	20,973	950
Fire	5,000	683	-
Roads, streets, walks and lighting	496,500	325,022	-
Water and waste water	300,250	92,736	4,401
Subdivision and land development	560,000	198,887	27,085
Recreation, parks and culture	<u>324,500</u>	<u>2,234,984</u>	<u>-</u>
	<u><b>1,709,250</b></u>	<u><b>2,873,285</b></u>	<u><b>32,436</b></u>
<b>Total Expenditures</b>	<u><b>3,647,345</b></u>	<u><b>4,922,607</b></u>	<u><b>1,686,189</b></u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(905,522)	(496,158)	117,846
Capital debt issued	760,000	430,000	-
Capital debt repaid	<u>(68,543)</u>	<u>(50,421)</u>	<u>(45,966)</u>
<b>CHANGE IN FUND BALANCES</b>	(214,065)	(116,579)	71,880
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u><b>1,521,937</b></u>	<u><b>1,521,937</b></u>	<u><b>1,450,057</b></u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><b>1,307,872</b></u>	<u><b>1,405,358</b></u>	<u><b>1,521,937</b></u>

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

	2008 \$	2007 \$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operating Activities</b>		
Excess (deficiency) of revenues over expenditures	(496,158)	117,846
Net changes in non-cash operating capital balances:		
Decrease (increase) in taxes and grants in place of taxes	9,753	(4,201)
Decrease (increase) in trade and other receivables	(254,566)	22,242
Decrease (increase) in land held for sale	(90,804)	30,250
Increase in accounts payable and employee obligations	259,296	1,738
Decrease in deposit liabilities	(2,079)	(25,373)
Increase (decrease) in deferred revenue	<u>(57,093)</u>	<u>4,203</u>
	<u>(631,651)</u>	<u>146,705</u>
<b>Investing Activities</b>		
Decrease (increase) in investments	<u>(426)</u>	<u>29</u>
<b>Financing Activities</b>		
Long-term debt repaid	(50,420)	(45,966)
Long-term debt issued	<u>430,000</u>	<u>-</u>
	<u>379,580</u>	<u>(45,966)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(252,497)	100,768
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR</b>	<u>1,724,402</u>	<u>1,623,634</u>
<b>CASH AND CASH EQUIVALENT AT END OF YEAR</b>	<u>1,471,905</u>	<u>1,724,402</u>
<b>Cash and cash equivalents consist of:</b>		
Cash and term investments (note 2)	<u>1,471,905</u>	<u>1,724,402</u>

**TOWN OF DAYS LAND**  
**SCHEDULE OF OPERATING FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(Schedule 1)**

	Budget (Unaudited)	2008 \$	2007 \$
<b>REVENUE</b>			
Net municipal property taxes (Schedule 5)	529,211	531,186	477,540
User fees and sales of goods	1,257,866	1,204,712	1,131,341
Investment income	35,800	48,167	51,805
Government transfers (Schedule 6)	169,923	167,155	77,481
Penalties and costs of taxes	22,500	21,307	17,865
Fines	2,650	2,345	885
Licenses and permits	3,200	5,126	4,227
Other	<u>35,898</u>	<u>27,547</u>	<u>42,891</u>
Total Revenue	<u>2,057,048</u>	<u>2,007,545</u>	<u>1,804,035</u>
<b>EXPENDITURES</b>			
Legislative	64,378	44,698	47,688
Administration	225,229	258,297	225,767
Bylaws enforcement	14,200	9,796	9,853
Protection services	104,390	93,977	79,743
Roads, streets, walks, lighting	268,939	246,936	227,330
Water supply and distribution	110,075	159,086	96,278
Wastewater treatment and disposal	54,621	65,769	43,046
Waste management	88,739	81,390	71,497
Subdivision land development	99,609	65,666	80,291
Family and community support	13,475	11,875	51,683
Parks and recreation	202,336	310,505	105,680
Culture	11,810	11,828	11,695
Natural gas operations	<u>680,294</u>	<u>689,499</u>	<u>603,202</u>
Total Expenditures	<u>1,938,095</u>	<u>2,049,322</u>	<u>1,653,753</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>118,953</u>	<u>(41,777)</u>	<u>150,282</u>
<b>NET INTER-FUND TRANSFERS</b>			
Transfers to capital fund (Schedule 2)	(32,500)	(31,507)	(28,736)
Transfers from (to) reserve fund (Schedule 3)	50,000	50,000	(162,000)
Capital debt repaid (Schedule 4)	<u>(68,543)</u>	<u>(50,421)</u>	<u>(45,966)</u>
<b>CHANGE IN OPERATING FUND BALANCE</b>	67,910	(73,705)	(86,420)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>485,912</u>	<u>485,912</u>	<u>572,332</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>553,822</u>	<u>412,207</u>	<u>485,912</u>

**TOWN OF DAYSLAND**  
**SCHEDULE OF CAPITAL FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(Schedule 2)**

	Budget (Unaudited)	2008 \$	2007 \$
<b>REVENUE</b>			
Government transfers	684,775	279,160	-
Capital funding from other groups and donations	<u>-</u>	<u>2,139,744</u>	<u>-</u>
Total Revenue	<u>684,775</u>	<u>2,418,904</u>	<u>-</u>
<b>EXPENDITURES</b>			
Administration	23,000	20,973	950
Fire	5,000	683	-
Roads, streets, walks, lighting	496,500	325,022	-
Water and waste water	300,250	92,736	4,401
Subdivision and land development	560,000	198,887	27,085
Recreation, parks and culture	124,500	2,234,984	-
Culture	<u>200,000</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,709,250</u>	<u>2,873,285</u>	<u>32,436</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(1,024,475)</u>	<u>(454,381)</u>	<u>(32,436)</u>
<b>CAPITAL FINANCING AND NET INTER-FUND TRANSFERS</b>			
Transfers from reserve fund (Schedule 3)	231,975	166,870	-
Transfers from operating fund (Schedule 1)	32,500	31,507	28,736
Capital debt issued (Schedule 4)	<u>760,000</u>	<u>430,000</u>	<u>-</u>
<b>CHANGE IN CAPITAL FUND BALANCE</b>	-	173,996	(3,700)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>108,520</u>	<u>108,520</u>	<u>112,220</u>
<b>FUND BALANCE AT END OF YEAR (note 11)</b>	<u>108,520</u>	<u>282,516</u>	<u>108,520</u>

**TOWN OF DAYSLAND**  
**SCHEDULE OF RESERVE FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(Schedule 3)**

	Budget (Unaudited)	2008 \$	2007 \$
<b>NET INTER-FUND TRANSFERS</b>			
Transfers (to) from operating fund (Schedule 1)	(50,000)	(50,000)	162,000
Transfers to capital fund (Schedule 2)	<u>(231,975)</u>	<u>(166,870)</u>	<u>-</u>
<b>CHANGE IN RESERVE FUND BALANCE</b>	(281,975)	(216,870)	162,000
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>927,505</u>	<u>927,505</u>	<u>765,505</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>645,530</u>	<u>710,635</u>	<u>927,505</u>

Reserves are represented by:

Operating reserves	104,986	258,756
Capital reserves		
Administration	-	9,000
Fire	28,860	32,543
Roads, streets, walks, lighting	105,996	120,996
Water and waste water	72,717	108,134
Subdivision land development	129,610	129,610
Recreation, parks and culture	31,000	31,000
Natural gas services	<u>237,466</u>	<u>237,466</u>
	<u>710,635</u>	<u>927,505</u>

**TOWN OF DAYSLAND**  
**SCHEDULE OF EQUITY IN CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(Schedule 4)**

	Budget (Unaudited)	2008 \$	2007 \$
<b>ACQUISITION OF CAPITAL ASSETS</b>			
Administration	23,000	20,973	950
Fire	5,000	683	-
Roads, streets, walks and lighting	496,500	325,022	-
Water and waste water	300,250	92,736	4,401
Subdivision and land development	560,000	198,887	27,085
Recreation, parks and culture	124,500	2,234,984	-
Natural gas	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>1,709,250</u>	<u>2,873,285</u>	<u>32,436</u>
<b>CAPITAL FINANCING</b>			
Capital debt issued (Schedule 2)	760,000	430,000	-
Capital debt repaid from operating fund (Schedule 1)	<u>(68,543)</u>	<u>(50,421)</u>	<u>(45,966)</u>
	<u>691,457</u>	<u>379,579</u>	<u>(45,966)</u>
<b>CHANGE IN EQUITY BALANCE</b>	1,017,793	2,493,706	78,402
<b>EQUITY BALANCE AT BEGINNING OF YEAR</b>	<u>7,123,324</u>	<u>7,123,324</u>	<u>7,044,922</u>
<b>EQUITY BALANCE AT END OF YEAR</b> (note 12)	<u>8,141,117</u>	<u>9,617,030</u>	<u>7,123,324</u>

**TOWN OF DAYSLAND  
SCHEDULE OF PROPERTY AND OTHER TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Schedule 5)**

	Budget (Unaudited)	2008 \$	2007 \$
<b>TAXATION</b>			
Real property taxes	626,467	626,733	573,024
Linear property taxes	30,149	31,235	35,830
Government grants in place of property taxes	13,102	13,102	11,993
Special assessments and local improvement taxes	<u>9,150</u>	<u>9,150</u>	<u>12,354</u>
	<u>678,868</u>	<u>680,220</u>	<u>633,201</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	142,008	141,385	147,989
Seniors Lodge	<u>7,649</u>	<u>7,649</u>	<u>7,672</u>
	<u>149,657</u>	<u>149,034</u>	<u>155,661</u>
<b>NET MUNICIPAL TAXES</b>	<u><u>529,211</u></u>	<u><u>531,186</u></u>	<u><u>477,540</u></u>

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

	Budget (Unaudited)	2008 \$	2007 \$
<b>FEDERAL TRANSFERS</b>			
Shared-cost agreements and grants	47,025	-	-
<b>PROVINCIAL TRANSFERS</b>			
Share-cost agreements and grants	756,373	388,362	21,283
<b>LOCAL GOVERNMENT TRANSFERS</b>			
Share-cost agreements and grants	<u>51,300</u>	<u>57,953</u>	<u>56,198</u>
	<u><u>854,698</u></u>	<u><u>446,315</u></u>	<u><u>77,481</u></u>

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

<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>	Budget (Unaudited)	2008 \$	2007 \$
Salaries, wages and benefits	431,491	430,637	352,048
Contracted and general services	451,356	441,404	329,756
Materials, goods, supplies and utilities	745,855	788,067	713,384
Transfers to local boards and agencies	234,471	333,160	196,418
Bank charges and short-term interest	750	742	658
Interest on long-term debt	57,352	25,814	24,599
Capital assets acquired	1,709,250	2,873,285	32,436
Other expenditures	<u>5,900</u>	<u>29,498</u>	<u>36,890</u>
	<u>3,636,425</u>	<u>4,922,607</u>	<u>1,686,189</u>

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

**1. Significant Accounting Policies**

The consolidated financial statements of the Town of Daysland are the representations of management prepared in accordance with generally accepted accounting principles 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) 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. 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 the administration of their financial affairs and resources.

The schedule of taxes levied also includes operating requisitions for external organizations that are not a part of the municipal reporting entity.

**b) Basis of Accounting**

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the 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 amount can be made.

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

**c) 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures 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 and the differences will be reported in the period in which they become known.

**d) Fund Accounting**

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

**e) 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.

**f) Inventories**

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 their respective function.

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

**1. Significant Accounting Policies - continued**

**g) Capital Assets**

Capital assets are recorded as expenditures in the period they are acquired.

Capital assets are reported at cost except for donated assets, which are reported at estimated fair value.

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

Capital assets for government purposes are not amortized.

**h) Prepaid Local Improvements 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.

**i) 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).

**j) Capital Fund**

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

**k) 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.

**l) Equity in Capital Assets**

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

**m) Tangible Capital Assets**

Effective January 1, 2008, the Town adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible 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. The Town is continuing to work on a listing and values for all land, buildings, engineering structures, machinery and equipment and vehicles. A new policy on capitalization and amortization will be implemented in 2009.

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

**2. Cash and Term Investments**

	2008 \$	2007 \$
Cash	375,819	427,332
Short-term investments	<u>793,539</u>	<u>1,000,107</u>
	1,169,358	1,427,439
Guaranteed investment certificates - long-term	<u>302,547</u>	<u>296,963</u>
Total cash and term investments	<u><u>1,471,905</u></u>	<u><u>1,724,402</u></u>

Council has designated funds of \$710,635 (2007 - \$927,505) included in the above amounts for equipment replacement and future operating expenditures.

Included in term investments is a restricted amount of \$239,036 (2007 - \$298,516) received from Infrastructure Canada-Alberta Program and held exclusively for capital transportation projects (note 7).

**3. Taxes and Grants in Place of Taxes Receivables**

	2008 \$	2007 \$
Current taxes and grants in place of taxes	25,006	28,511
Arrears taxes	<u>17,261</u>	<u>23,509</u>
	<u><u>42,267</u></u>	<u><u>52,020</u></u>

**4. Investments**

	2008 \$	2007 \$
Gas Alberta Inc. - debentures	17,500	17,500
Gas Alberta Inc. - shares	83	83
Alberta Municipal Finance Corp - shares	10	10
Battle River Credit Union - shares	<u>6,030</u>	<u>5,604</u>
	<u><u>23,623</u></u>	<u><u>23,197</u></u>

Investments are recorded at cost.

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

<b>5. Trade and Other Receivables</b>	2008	2007
	\$	\$
Trade and other receivables are comprised of the following:		
GST receivable	164,887	2,842
Water and sewer accounts receivable	150,722	105,152
Power receivable from local groups	15,464	16,111
Alberta Gas Rebate	42,336	16,609
Ankerton Gas rural line revenue	12,541	10,233
Other	<u>34,915</u>	<u>15,353</u>
	<u>420,865</u>	<u>166,300</u>
<b>6. Capital Assets</b>	2008	2007
	\$	\$
Land	336,318	336,318
Buildings	3,174,523	941,573
Engineering structures	5,892,118	5,328,240
Machinery, equipment and furnishings	780,031	726,000
Vehicles	<u>193,870</u>	<u>171,443</u>
	<u>10,376,860</u>	<u>7,503,574</u>
<b>7. Deferred Revenue</b>	2008	2007
	\$	\$
Deferred revenue is made up of the following:		
Municipal Sustainability Initiative	170,370	-
Infrastructure Program	68,666	159,871
Street Improvement grants	-	138,645
Tangible Asset grants	9,324	-
Prepaid local improvement charges	6,529	9,794
Prepaid property taxes	11,447	15,119
Other	<u>1,736</u>	<u>1,736</u>
	<u>268,072</u>	<u>325,165</u>
<b>8. Employee Benefit Obligations</b>	2008	2007
	\$	\$
Vacation and overtime	<u>43,248</u>	<u>33,692</u>

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

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**9. Long-Term Debt**

	2008 \$	2007 \$
Tax supported debentures	677,720	287,769
Bank loans	<u>82,110</u>	<u>92,481</u>
	<u>759,830</u>	<u>380,250</u>

Principal and interest payments are due as follows:

Year	Principal \$	Interest \$	Total \$
2009	68,587	35,747	104,334
2010	72,899	31,435	104,334
2011	40,562	26,816	67,378
2012	42,273	25,105	67,378
2013	44,067	23,311	67,378
2014 and subsequent	<u>491,442</u>	<u>159,875</u>	<u>651,317</u>
	<u>759,830</u>	<u>302,289</u>	<u>1,062,119</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 4.42% to 8.75% per annum and matures in periods 2010 through 2028. The average annual interest rate on long-term debt, at year end, is 6.30%. Debenture debt is issued on the credit and security of the Town at large.

Bank loans are repayable in monthly instalments of \$1,220 including principal and interest at bank prime (3.50% at December 31, 2008). The bank loans are secured by a general assignment of Town property.

Interest on long-term debt amounted to \$25,814 (2007 - \$24,599). Total cash payments for interest in 2008 were \$20,938 (2007 - \$25,392).

**10. 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	3,011,318	2,706,053
Total debt	759,830	380,250
Loan guarantees	<u>1,100,000</u>	<u>1,100,000</u>
Amount under total debt limit	<u>1,151,488</u>	<u>1,225,803</u>
Service on debt limit	501,886	451,009
Service on debt	<u>104,334</u>	<u>71,358</u>
Amount under service on debt limit	<u>397,552</u>	<u>379,651</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 future 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.

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<b>11. Capital Fund</b>	2008	2007
	\$	\$
Financing available:		
Equipment purchases	211,131	9,622
Road and sidewalk projects	55,303	91,898
Promotional and recreational items	<u>16,082</u>	<u>7,000</u>
	<u>282,516</u>	<u>108,520</u>

The capital fund represents funding available and over-expenditures for ongoing capital projects.

<b>12. Equity in Capital Assets</b>	2008	2007
	\$	\$
Capital assets (note 6)	10,376,860	7,503,574
Long-term debt (note 9)	<u>(759,830)</u>	<u>(380,250)</u>
	<u>9,617,030</u>	<u>7,123,324</u>

<b>13. Trust Funds</b>	2008	2007
	\$	\$
The Town administers the following trust:		
Cemetery - Bowlby memorial trust	<u>28,033</u>	<u>28,033</u>

**14. Salary and Benefits Disclosure**

Disclosure of salary and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	Salaries	Benefits & Allowances	2008	2007
	\$	\$	\$	\$
Councillor 1	7,210	166	7,376	6,050
Councillor 2	4,460	75	4,535	2,970
Councillor 3	3,070	55	3,125	6,062
Councillor 4	5,030	99	5,129	3,918
Councillor 5	4,030	66	4,096	3,976
Councillor 6	4,555	87	4,642	1,912
Councillor 7	1,490	39	1,529	1,378
Councillor 8	2,250	37	2,287	1,304
Councillor 9	-	-	-	1,148
Chief Administrative Officer - current	62,820	10,555	73,375	70,154

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

2. Benefits and allowances include all the employer's share of all employee benefits and contributions or payments made on behalf of employees.

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**15. 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 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 became 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 on the Town are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.644% on pensionable salary above this amount.

**16. Contingencies**

In 2005, the Town had guaranteed a demand loan for the Daysland Golf Club in the amount of \$100,000. In the current year, the Town has guaranteed a loan for the Daysland & District Memorial Arena Association in the amount of \$1,000,000. If the borrowing parties fail to meet the terms of their borrowing agreements, the Town may become liable for the outstanding balances.

The Town is currently named in a lawsuit with regards to the old arena building. The likelihood of a loss resulting from this lawsuit cannot be determined at this time.

**17. Financial Instruments**

The Town's financial instruments consist of cash and term investments, accounts receivable, investments, 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.

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 fulfil 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. Comparative Figures**

Wherever necessary, comparative figures have been reclassified to conform with the current year's presentation.



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