

Mergaert, Rathgeber, Barford & Williams
Chartered Accountants

TOWN OF EDSON
Consolidated Financial Statements
Year Ended December 31, 2009

TOWN OF EDSON
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Year Ended December 31, 2009

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AUDITORS' REPORT

To the Members of Town of Edson

We have audited the consolidated statement of financial position of Town of Edson as at December 31, 2009 the consolidated statements of operations, the consolidated statement of change in net financial assets and the consolidated statement of cash flow for the year then ended. These consolidated financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2009 and the results of its operations, the change in its net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edson, Alberta
March 11, 2010

CHARTERED ACCOUNTANTS

TOWN OF EDSON
Consolidated Statement of Financial Position
December 31, 2009

	2009	2008 <i>(Restated)</i>
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 6,319,762	\$ 9,840,488
Receivables		
Taxes and grants in place of taxes <i>(Note 3)</i>	629,448	564,748
Trade and other receivables	4,953,835	3,438,306
Land held for resale	1,436,268	1,446,604
Inventory held for resale	10,502	10,921
Long term investments	30	30
Other financial assets <i>(Note 4)</i>	7,524	50,140
Other long term assets	31,537	57,475
	<u>13,388,906</u>	<u>15,408,712</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,177,802	2,789,840
Deposit liabilities	992,826	1,268,421
Deferred revenue <i>(Note 6)</i>	2,558,834	2,567,201
Provision for landfill closure <i>(Note 7)</i>	589,916	495,293
Other long-term liabilities	149,599	149,599
Long term debt <i>(Note 8)</i>	7,236,073	8,907,120
	<u>13,705,050</u>	<u>16,177,474</u>
NET FINANCIAL DEBT	<u>(316,144)</u>	<u>(768,762)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 10)</i>	57,988,780	50,270,139
Prepaid expenses	151,044	11,980
Inventory for consumption	368,308	351,218
	<u>58,508,132</u>	<u>50,633,337</u>
ACCUMULATED SURPLUS <i>(Note 12)</i>	<u>\$ 58,191,988</u>	<u>\$ 49,864,575</u>

See notes to financial statements

**Mergaert, Rathgeber,
Barford & Williams**
Chartered Accountants

TOWN OF EDSON
Consolidated Statement of Operations
Year Ended December 31, 2009

	Budget (Restated) 2009	2009	(Restated) 2008
REVENUE			
Net municipal taxes <i>(Schedule 2)</i>	\$ 8,367,677	\$ 8,614,942	\$ 7,898,818
Operating transfers <i>(Schedule 3)</i>	3,069,054	2,918,763	2,648,118
User fees and sales of goods	3,384,915	3,232,373	3,904,430
Investment income	35,000	37,639	333,785
Penalties and costs on taxes	72,000	102,570	94,014
Licenses and permits	105,500	90,136	104,669
Fines	525,500	838,046	1,001,697
Franchise fees	517,254	566,818	503,673
Rentals	362,584	367,084	386,897
Other	24,000	60,515	37,187
Development levies	45,000	12,000	45,000
Customer contributions	-	-	224,295
	<u>16,508,484</u>	<u>16,840,886</u>	<u>17,182,583</u>
EXPENSES			
Legislative	222,325	217,580	202,626
General administration	1,537,197	1,409,607	1,341,199
Protective services	3,151,486	3,107,454	3,301,039
Roads, streets, and equipment	3,113,317	4,399,864	3,819,950
Utilities	2,746,102	2,996,030	2,589,112
Public health and welfare	429,315	461,466	440,518
Planning and development	873,364	668,603	693,953
Recreation and parks	3,221,011	3,241,579	2,817,374
Culture	338,253	687,451	269,536
	<u>15,632,370</u>	<u>17,189,634</u>	<u>15,475,307</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	876,114	(348,748)	1,707,276
OTHER INCOME			
Capital transfers <i>(Schedule 3)</i>	7,676,388	8,676,161	8,027,289
NET EXCESS OF REVENUE OVER EXPENSES	8,552,502	8,327,413	9,734,565
ACCUMULATED SURPLUS - BEGINNING OF YEAR	87,313,476	49,864,575	40,130,010
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 95,865,978</u>	<u>\$ 58,191,988</u>	<u>\$ 49,864,575</u>

See notes to financial statements

**Mergaert, Rathgeber,
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Chartered Accountants

TOWN OF EDSON
Consolidated Statement of Change in Net Financial Assets
Year Ended December 31, 2009

	2009	2008
EXCESS OF REVENUE OVER EXPENSES	\$ 8,327,413	\$ 9,734,565
Loss on sale	260,482	(26,310)
Acquisition of tangible capital assets	(9,936,983)	(12,720,158)
Proceeds on disposal of tangible capital assets	56,549	26,310
Amortization of tangible capital assets	1,901,311	1,791,983
	<u>(7,718,641)</u>	<u>(10,928,175)</u>
Change in supplies inventory	(17,090)	(87,046)
Change in prepaid assets	(139,064)	(3,645)
	<u>(156,154)</u>	<u>(90,691)</u>
(INCREASE) DECREASE IN NET DEBT	452,618	(1,284,301)
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	(768,762)	515,539
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (316,144)	\$ (768,762)

See notes to financial statements

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TOWN OF EDSON
Consolidated Statement of Cash Flows
Year Ended December 31, 2009

	2009	2008 <i>(Restated)</i>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 8,327,413	\$ 9,734,565
Items not affecting cash:		
Amortization of property, plant and equipment	1,901,311	1,791,983
Loss (gain) on disposal of assets	260,482	(26,310)
	<u>10,489,206</u>	<u>11,500,238</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	(64,700)	28,090
Trade and other receivables	(1,515,529)	(538,061)
Land held for resale	10,336	(187,745)
Inventory held for resale	419	(2,400)
Inventory for consumption	(17,090)	(87,047)
Prepaid expenses	(139,064)	(3,645)
Other financial assets	42,616	2,223
Other long term assets	25,938	33,588
Accounts payable and accrued liabilities	(612,038)	681,919
Deposit liabilities	(275,595)	(26,441)
Deferred revenue	(8,367)	(1,215,867)
Provision for landfill closure	94,623	43,110
Other long-term liabilities	-	149,599
	<u>(2,458,451)</u>	<u>(1,122,677)</u>
Cash flow from operating activities	<u>8,030,755</u>	<u>10,377,561</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,936,983)	(12,720,158)
Proceeds on disposal of property, plant and equipment	56,549	26,310
Cash flow used by investing activities	<u>(9,880,434)</u>	<u>(12,693,848)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	-	860,514
Repayment of long term debt	(1,671,047)	(1,286,823)
Cash flow used by financing activities	<u>(1,671,047)</u>	<u>(426,309)</u>
DECREASE IN CASH FLOW	(3,520,726)	(2,742,596)
Cash - beginning of year	<u>9,840,488</u>	<u>12,583,084</u>
CASH - END OF YEAR (Note 2)	\$ 6,319,762	\$ 9,840,488
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 402,387</u>	<u>\$ 414,931</u>

See notes to financial statements

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TOWN OF EDSON
Consolidated Schedule of Tangible Capital Assets *(Schedule 1)*
Year Ended December 31, 2009

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2009	2008
COST								
BALANCE, BEGINNING OF YEAR	\$ 9,336,681	\$ 7,749,609	\$ 8,747,418	\$ 63,198,676	\$ 2,887,271	\$ 1,712,610	\$ 93,632,265	\$ 81,216,229
Acquisition of tangible capital assets	-	457,449	434,979	8,141,565	230,423	672,567	9,936,983	12,720,158
Disposal of tangible capital assets	-	-	-	(715,243)	-	(358,535)	(1,073,778)	(304,122)
BALANCE, END OF YEAR	\$ 9,336,681	\$ 8,207,058	\$ 9,182,397	\$ 70,624,998	\$ 3,117,694	\$ 2,026,642	\$ 102,495,470	\$ 93,632,265
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 2,972,882	\$ 3,038,196	\$ 35,226,300	\$ 1,198,363	\$ 926,385	\$ 43,362,126	\$ 41,874,264
Annual amortization	-	197,424	148,918	1,172,674	255,684	126,611	1,901,311	1,791,984
Accumulated amortization on disposals	-	-	-	(428,174)	-	(328,573)	(756,747)	(304,122)
BALANCE, END OF YEAR	\$ -	\$ 3,170,306	\$ 3,187,114	\$ 35,970,800	\$ 1,454,047	\$ 724,423	\$ 44,506,690	\$ 43,362,126
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,336,681	\$ 5,036,752	\$ 5,995,283	\$ 34,654,198	\$ 1,663,647	\$ 1,302,219	\$ 57,988,780	\$ 50,270,139

See notes to financial statements

TOWN OF EDSON
Consolidated Schedule of Property and Other Taxes *(Schedule 2)*
Year Ended December 31, 2009

	Budget (Unaudited)	2009	2008
TAXATION			
Real property taxes	\$ 9,933,982	\$ 9,919,996	\$ 9,198,188
Linear property taxes	468,895	468,873	504,918
Government grants in place of property taxes	225,205	225,206	223,546
Special assessments and local improvement taxes	532,417	794,229	632,569
	<u>11,160,499</u>	<u>11,408,304</u>	<u>10,559,221</u>
REQUISITIONS			
Grande Yellowhead Public School District	2,325,433	2,325,433	2,269,779
Living Waters Separate School District	315,606	315,606	299,618
Evergreens Seniors Foundation	151,783	152,323	91,006
	<u>2,792,822</u>	<u>2,793,362</u>	<u>2,660,403</u>
NET MUNICIPAL TAXES	<u>\$ 8,367,677</u>	<u>\$ 8,614,942</u>	<u>\$ 7,898,818</u>

See notes to financial statements

TOWN OF EDSON
Consolidated Schedule of Government Transfers **(Schedule 3)**
Year Ended December 31, 2009

	Budget 2009	2009	2008
TRANSFERS FOR OPERATING			
Federal government transfers	\$ -	\$ 34,128	\$ -
Provincial government transfers	1,187,515	993,226	941,005
Local government transfers	1,881,539	1,891,409	1,707,113
	<u>3,069,054</u>	<u>2,918,763</u>	<u>2,648,118</u>
TRANSFERS FOR CAPITAL			
Federal government transfers	1,169,090	1,634,881	1,364,014
Provincial government transfer	5,000,499	5,894,842	6,573,388
Local government transfers	1,506,799	1,146,438	89,887
	<u>7,676,388</u>	<u>8,676,161</u>	<u>8,027,289</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 10,745,442</u>	<u>\$ 11,594,924</u>	<u>\$ 10,675,407</u>

See notes to financial statements

TOWN OF EDSON
Consolidated Schedule of Expenses by Object **(Schedule 4)**
Year Ended December 31, 2009

	Budget 2009	2009	2008
EXPENSES			
Salaries, wages and benefits	\$ 5,553,577	\$ 5,442,888	\$ 4,943,435
Contracted and general services	5,273,270	4,868,944	4,116,121
Purchases from other governments	1,509,125	1,523,017	1,573,108
Materials, goods, supplies, and utilities	2,086,702	1,990,288	1,946,840
Provision for (recovery of) allowances	-	-	(50,000)
Transfers to individuals and organizations	718,722	751,237	667,211
Bank charges and short-term interest	4,000	15,916	4,337
Interest on capital long-term debt	340,026	386,246	412,237
Other expenditures	153,948	49,305	96,345
Amortization of tangible capital assets	-	1,901,311	1,791,983
Net loss on sale of tangible capital assets	(7,000)	260,482	(26,310)
	\$ 15,632,370	\$ 17,189,634	\$ 15,475,307

See notes to financial statements

**Mergaert, Rathgeber,
Barford & Williams**
Chartered Accountants

TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Edson 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:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of 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 requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

Basis of Accounting

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

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

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

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.

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.

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TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

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.

Inventories for Resale

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

Prepaid Local Improvement Charges

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

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

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

Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

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TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government Transfers

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

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

Non-Financial Assets

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

1. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

2. Leases

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

3. Inventories

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

4. Cultural and Historical Tangible Capital Assets

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

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TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight line basis over their estimated useful lives at the following rates:

Land Improvements	10-15 years
Buildings	25-50 years
Engineered Structures	
Water system	45-75 years
Wastewater system	45-75 years
Other engineered structures	10-50 years
Machinery and equipment	5-40 years
Vehicles	10-25 years

Amortization is charged on a monthly basis, starting in the month after the asset is purchased or construction is complete. Assets under construction are not amortized until the asset is available for productive use.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2009</u>	<u>2008</u>
Cash	\$ 6,119,762	\$ 1,399,816
Temporary investments	<u>200,000</u>	<u>8,440,672</u>
	<u>\$ 6,319,762</u>	<u>\$ 9,840,488</u>

Temporary investments are short-term deposits with original maturities of three months or less. Included in the above balances are \$2,696,408 (2008 - \$2,770,479) of funds which are restricted in use. The temporary investments have a fair market value of \$201,043 (2008 - \$8,453,337). Temporary investments have effective interest rates of 0.60% - 1.00% (2008 1.43% - 3.25%) and all mature by May 7, 2010.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2009</u>	<u>2008</u>
Current taxes and grants in lieu	\$ 262,480	\$ 262,479
Tax arrears and grants in lieu	136,780	71,877
Forfeited land taxes	<u>296,430</u>	<u>296,634</u>
Subtotal	695,690	630,990
Less: allowance for doubtful accounts	<u>(66,242)</u>	<u>(66,242)</u>
	<u>\$ 629,448</u>	<u>\$ 564,748</u>

The Town of Edson holds a quantity of final acquisition land (commercially zoned lands acquired by the Town of Edson for non payment of property taxes). The difference between taxes receivable on final acquisition land (\$296,430) and the allowance established for uncollectible taxes (\$66,242) is \$230,188. Future sales proceeds on these lands are anticipated to be sufficient to cover this difference.

TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

4. OTHER FINANCIAL ASSETS

	2009	2008
Accrued interest on investments	\$ 2,962	\$ 47,291
School requisition underlevy	4,562	2,849
	\$ 7,524	\$ 50,140

5. EMPLOYEE BENEFIT OBLIGATIONS

	2009	2008
Vacation pay	\$ 306,103	\$ 266,146
Overtime	7,907	5,553
	\$ 314,010	\$ 271,699

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.

6. DEFERRED REVENUE

	2009	2008
Prepaid local improvement charges	\$ 116,376	\$ 130,755
Conditional government grants	2,439,139	2,433,801
Unearned revenue	3,319	2,645
	\$ 2,558,834	\$ 2,567,201

Prepaid local improvement charges are being amortized to revenue at various rates over the next twenty years.

The use of conditional government grants is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in 2010.

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

In 2006 the Town received license approval from Alberta Environment to expand the existing dry waste facility.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the existing site is estimated at 650,000 tonnes. The estimated remaining capacity of the landfill site is 373,479 tonnes (2008 – 397,785 tonnes). The existing landfill site is expected to reach capacity in approximately the year 2025.

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TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY *(continued)*

The town has not designated assets for settling closure and post-closure liabilities.

	2009	2008
Dry Waste		
Estimated closure costs	\$ 1,201,200	\$ 1,072,500
Estimated capacity remaining	57.46 %	61.20 %
Portion of total liability remaining to be recognized	\$ 690,189	\$ 656,370
Estimated capacity used	42.54 %	38.80 %
Estimated dry waste liability	\$ 511,011	\$ 416,130
Wet Waste		
Estimated post closure costs	\$ 156,526	\$ 142,296
Estimated wet waste liability	\$ 156,526	\$ 142,296
Total closure and post closure costs	\$ 667,537	\$ 558,426
Less: Yellowhead County contribution	(77,621)	(63,133)
	\$ 589,916	\$ 495,293

The Yellowhead County has entered into an agreement with the Town of Edson whereby the County has committed to sharing the future landfill closure costs based on 25% of the closure costs multiplied by the years the landfill has been in operation divided by the years the County has used the landfill.

TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

8. LONG-TERM DEBT

	2009	2008
Tax supported debt	\$ 694,257	\$ 1,248,973
Special levy supported debt	6,007,496	6,607,246
Utility rate supported debt	534,320	1,050,901
	\$ 7,236,073	\$ 8,907,120

Principal and interest payments are due as follows:

	Principal	Interest	Total
2010	\$ 961,806	\$ 338,115	\$ 1,299,921
2011	448,228	303,689	751,917
2012	469,984	281,934	751,918
2013	263,877	261,732	525,609
2014	277,102	248,507	525,609
Thereafter	4,815,076	1,871,725	6,686,801
	\$ 7,236,073	\$ 3,305,702	\$ 10,541,775

Debenture debt is repayable to the Alberta Capital Financing Authority and bears interest at rates ranging from 3.405% to 5.875% per annum, and mature in periods 2011 through 2032. Long term debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$386,246 (2008 - \$412,237).

The town's total cash payments for interest in 2009 were \$402,387 (2008 - \$414,931).

9. DEBT LIMITS

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

	2009	2008
Total debt limit	\$ 26,980,984	\$ 25,908,704
Total debt	(7,236,073)	(8,907,120)
Amount of debt limit unused	\$ 19,744,911	\$ 17,001,584
Debt servicing limit	\$ 4,496,831	\$ 4,318,117
Debt servicing	(1,299,921)	(1,692,624)
Amount of debt servicing limit unused	\$ 3,196,910	\$ 2,625,493

(continues)

TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

9. DEBT LIMITS *(continued)*

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulations 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.

10. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Land	\$ 9,336,681	\$ -	\$ 9,336,681	\$ 9,336,681
Land improvements	8,207,058	3,170,306	5,036,752	4,776,727
Buildings	9,182,397	3,187,114	5,995,283	5,709,222
Roadway system	35,131,639	21,324,701	13,806,938	11,295,298
Water distribution system	19,151,966	3,727,324	15,424,642	11,000,300
Wastewater treatment system	16,341,393	10,918,771	5,422,622	5,676,778
Machinery and equipment	3,117,694	1,454,047	1,663,647	1,688,908
Vehicles	2,026,642	724,427	1,302,215	786,225
	\$102,495,470	\$ 44,506,690	\$ 57,988,780	\$ 50,270,139

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2009	2008
Tangible capital assets (Schedule 1)	\$102,495,470	\$ 93,632,265
Accumulated amortization (Schedule 1)	(44,506,690)	(43,362,126)
Long-term debt	(7,236,073)	(8,907,120)
	\$ 50,752,707	\$ 41,363,019

12. ACCUMULATED SURPLUS

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

	2009	2008
Unrestricted surplus	\$ 981,483	\$ 332,690
Restricted surplus - operating	3,271,859	4,340,058
Restricted surplus - capital	3,185,939	3,828,808
Equity in capital assets	50,752,707	41,363,019
	\$ 58,191,988	\$ 49,864,575

TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

13. SALARY AND BENEFITS DISCLOSURE

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

	Salary	Benefits	2009	2008
Mayor Greg Pasychny	\$ 29,726	\$ 4,207	\$ 33,933	\$ 29,271
Councillor B. Boyce	14,957	2,341	17,298	15,186
Councillor L. Connolly	17,342	1,550	18,892	17,232
Councillor A. Delisle	11,133	1,435	12,568	10,941
Councillor L. Friesen	16,468	2,146	18,614	18,065
Councillor J. Gomuwka	13,268	365	13,633	15,273
Councillor K. Zahara	15,579	1,084	16,663	15,634
CAO	137,000	44,028	181,028	170,794
Contract Assessor	63,000	-	63,000	63,000

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

Benefits figure includes 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, long and short term disability plans, professional memberships and tuition.

Benefits figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, travel allowances and car allowances.

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 189,000 members and 411 employers. The LAPP is financed by employer and employee contributions and 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 8.46% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan, and 11.66% of pensionable earnings above this amount. Employees of the town are required to make current service contributions of 7.46% of pensionable salary up to the year's maximum pensionable salary and 10.66% on pensionable salary above this amount.

Total current service contributions by the Town of Edson to the LAPP in 2009 were \$284,743 (2008 - \$215,181). Total current service contributions by the employees of the Town of Edson to the LAPP in 2009 were \$253,467 (2008 - \$189,524).

As at December 31, 2008, the Plan disclosed an actuarial deficiency of \$4.4 billion.

TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

15. FINANCIAL INSTRUMENTS

Fair Value

The municipality's carrying value of cash and temporary investments, receivables, and accounts payable, accrued liabilities, deposit liabilities, and other liabilities, approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the municipality for debt with similar terms.

It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial statements.

16. COMMITMENTS

The town is committed to making annual payments of \$60,000 for assessment services ending June 2012.

The town is also committed to a service agreement with a company for the provision of detecting traffic violations and issuing citations to alleged violators within town limits, ending October 2012.

17. CONTINGENT LIABILITY

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

The Town of Edson is a partner in the West Yellowhead Regional Waste Management Authority. The Town of Edson will become liable for its proportionate share of any future unfunded landfill reclamation costs.

TOWN OF EDSON
Notes to Consolidated Financial Statements
Year Ended December 31, 2009

18. RESTATEMENT

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

	<u>2008</u>
Adjustments to opening accumulated surplus	
As previously reported	\$ 87,313,476
Adjustment to net book value of tangible capital assets	<u>(45,288,294)</u>
As restated	<u>\$ 42,025,182</u>
Adjustments to excess of revenues over expenses	
As previously reported	\$ (1,193,611)
Tangible capital assets recorded but previously expensed	12,720,158
Annual amortization expense	<u>(1,791,983)</u>
Proceeds on disposal of assets previously recorded as income	(26,310)
Gain on sale of assets	<u>26,310</u>
As restated	<u>\$ 9,734,564</u>

Adjustments to tangible capital assets

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

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
