

Consolidated Financial Statements of

THE DISTRICT OF LOGAN LAKE

Year ended December 31, 2008

THE DISTRICT OF LOGAN LAKE

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Year ended December 31, 2008

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FINANCIAL REPORTING RESPONSIBILITY

The accompanying financial statements of the The District of Logan Lake are the responsibility of management. To ensure their integrity, objectivity and reliability, management has selected appropriate accounting policies that are in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The financial statements necessarily include some amounts that are based on estimates and the judgment of management with appropriate consideration to materiality.

The District's accounting systems and related internal controls and supporting procedures are designed and maintained to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a well-defined division of responsibilities, accountability for performance and communication of standards of business conduct

The Mayor and Council oversees management's responsibilities for the financial reporting and internal control systems. The Mayor and Council meets periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements.

KPMG LLP, Chartered Accountants, the independent auditors appointed by the District have examined these financial statements and issued their report which follows. The auditors have full and unrestricted access to the Mayor and Council to discuss their audit and their related findings as to integrity of the financial reporting process.

Colin Forsyth, Director of Finance

AUDITORS' REPORT

To the Mayor and Council of The District of Logan Lake

We have audited the consolidated statement of financial position of The District of Logan Lake as at December 31, 2008 and the consolidated statements of financial activities, equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the District'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 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 District as at December 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature, there is a single horizontal line that starts under the 'K' and ends under the 'P', serving as a decorative underline.

Chartered Accountants

Kamloops, Canada
March 6, 2009

THE DISTRICT OF LOGAN LAKE

Exhibit A - Consolidated Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Cash	\$ 5,443,935	\$ 5,573,974
Accounts receivable (note 2)	327,814	206,094
Investment in Logan Lake Community Forest Corp. (note 3)	75,825	-
Net financial assets of Logan Lake T.V. Society (note 4)	96,726	76,781
Capital assets (note 5)	14,599,559	14,196,689
	\$ 20,543,859	\$ 20,053,538

Liabilities

Accounts payable and accrued liabilities	\$ 234,373	\$ 147,187
Deferred revenue (note 6)	287,595	232,517
Restricted funds (note 7)	965,667	932,511
	1,487,635	1,312,215

Reserves, Surplus and Equity

Reserves for operating purposes (note 8)	772,221	743,782
Reserves for capital purposes (note 9)	2,586,499	2,686,025
Surplus from operations (note 10)	1,097,945	1,114,827
Total financial equity	4,456,665	4,544,634
Total capital equity	14,599,559	14,196,689
	19,056,224	18,741,323
Commitments and contingencies (note 13)		
	\$ 20,543,859	\$ 20,053,538

See accompanying notes to consolidated financial statements.

Director of Finance

THE DISTRICT OF LOGAN LAKE

Exhibit B - Consolidated Statement of Financial Activities

Year ended December 31, 2008, with comparative figures for 2007

	2008 budget (unaudited) (note 17)	2008	2007
Revenue:			
Taxation (note 11)	\$ 1,462,800	\$ 1,456,843	\$ 1,445,141
Grants in lieu of taxation	404,100	404,603	414,242
Fees, rates and sales of service	547,900	578,754	540,742
Grants	1,012,900	775,962	336,081
Investment income	20,000	132,211	180,996
Penalties and interest on taxes	18,000	17,075	16,574
Sundry	10,000	41,817	26,463
Sales of property	-	-	117,205
	<u>3,475,700</u>	<u>3,407,265</u>	<u>3,077,444</u>
Expenditures (note 12):			
General government	837,200	787,266	654,566
Fire protection	238,900	165,517	82,915
Planning, development and transportation	990,800	648,935	546,189
Solid waste	90,500	75,375	61,581
Leisure, parks and cultural	1,068,600	954,550	643,894
Water utility	198,500	169,800	167,588
Sewer utility	101,900	74,636	83,878
Capital expenditures	797,700	594,860	326,897
Share of LLCFC loss (note 3)	-	24,295	-
	<u>4,324,100</u>	<u>3,495,234</u>	<u>2,567,508</u>
Increase (decrease) in financial equity	\$ (848,400)	\$ (87,969)	\$ 509,936

See accompanying notes to consolidated financial statements.

THE DISTRICT OF LOGAN LAKE

Exhibit C - Consolidated Statement of Equity Operating Fund

December 31, 2008, with comparative figures for 2007

	2008	2007
Balance, beginning of year	\$ 18,741,323	\$ 18,012,007
Financial equity:		
Changes in reserves for operating purposes	28,439	199,200
Changes in reserves for capital purposes	(99,526)	237,813
<u>Operating surplus (deficiency) for the year</u>	<u>(16,882)</u>	<u>72,923</u>
Net change in financial equity	(87,969)	509,936
Capital equity:		
Capital expenditures	594,860	326,897
Disposals of capital assets	(191,990)	(22,234)
<u>Loss on impairment of capital asset</u>	<u>-</u>	<u>(85,283)</u>
Net change in capital equity	402,870	219,380
Balance, end of year	\$ 19,056,224	\$ 18,741,323

See accompanying notes to consolidated financial statements.

THE DISTRICT OF LOGAN LAKE

Exhibit D - Consolidated Statement of Cash Flows

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations:		
Net operating activity	\$ (87,969)	\$ 509,936
Changes in non-cash operating working capital:		
Accounts receivable	(121,720)	(40,530)
Investment in Logan Lake Community Forest Corp.	(75,825)	-
Net financial assets of Logan Lake T.V. Society	(19,945)	(9,169)
Accounts payable and accrued liabilities	87,185	(41,459)
Restricted funds	33,156	44,580
Deferred revenue	55,079	155,230
Net increase (decrease) in cash	(130,039)	618,588
Cash, beginning of year	5,573,974	4,955,386
Cash, end of year	\$ 5,443,935	\$ 5,573,974

See accompanying notes to consolidated financial statements.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2008

The District of Logan Lake (the "District") was incorporated as a District on November 10, 1970 under statute of the Province of British Columbia. Its principal activities include the provision of local government services to residents of the incorporated area. These include general government, fire protection, solid waste, planning and development, leisure, parks and cultural, water utility, sewer utility and fiscal services.

1. Significant accounting policies:

(a) Basis of presentation:

i) Public sector accounting:

The consolidated financial statements of the District are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Accordingly, the basis of accounting followed in the financial statement presentation is an accrual basis and included revenues in the period in which the transactions or events occurred that gave rise to the revenues; and expenditures in the period the goods or services are acquired and a liability is incurred or transfers are due.

ii) Principles of consolidation:

Consolidated financial statements include the accounts of all funds of the District and the Logan Lake T.V. Society, an entity controlled by the District. Inter-fund balances and transactions have been eliminated.

iii) Government business enterprise:

The investment in Logan Lake Community Forest Corporation ("LLCFC"), owned 100% by the District, is accounted for using the modified equity method. Under the modified equity method, the District's invested capital includes, advances, repayments, and share of earnings or losses.

(b) Funds of the District:

The resources and operations of the District are segregated into General, Water Utility and Sewer Utility funds for accounting and financial reporting purposes. Separate fund statements are not presented in the notes to the consolidated financial statements of the District.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2008

1. Significant accounting policies (continued):

(c) Trust funds:

Trust funds created to hold assets and to be administered as directed by agreement or statute on behalf of third parties have been excluded from the consolidated financial statements of the District. Trust funds administered by the District are disclosed in note 16 to the consolidated financial statements.

(d) Revenue recognition:

Taxation revenues are recognized under the accrual basis when they are earned and become receivable, can reasonably be measured and collection is reasonably assured.

The District follows the practice of investing individually significant unspent funds within individual funds. Interest earned is allocated on the basis of actual earnings from specific investments. Excess funds or temporary borrowings of all functions and capital projects are pooled and interest income or expense is allocated to the individual functions and capital projects throughout the year.

Grants, penalties and interest on taxes, sale of property and contributions (other than grants in lieu of taxes) are recorded when they are earned and become receivable, can reasonably be measured and collection is reasonably assured. Grants in lieu of taxes are recorded when received.

Revenue unearned in the current period is recorded as deposits or deferred revenue.

(e) Property held for resale:

Property held for resale is carried at the lower of cost and net realizable value.

(f) Capital assets:

Land, buildings, machinery and equipment, water systems and sewer systems that have been acquired or constructed are recorded at cost. Amortization is not provided. Expenditures for repairs and upgrading that do not materially add to the value or life of an asset are expensed as incurred.

Infrastructure provided by developers and assumed by the District is not reflected in the financial statements.

(g) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

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Notes to Consolidated Financial Statements

Year ended December 31, 2008

1. Significant accounting policies (continued):

(h) New accounting pronouncements:

Effective for the District's fiscal year beginning January 1, 2009, the following Canadian Institute of Chartered Accountants ("CICA") handbook sections become effective for local government entities like the District:

Sections PS 1200, "Financial Statement Presentation", which will require the District to adopt a full accrual basis of accounting and sets standards for financial statement presentation and disclosure. Under these new standards non-financial assets and liabilities, such as prepaid expenses and inventories, will be recognized and the District will report expenses rather than expenditures.

Section PS 3150, "Tangible Capital Assets", which provides standards for the accounting, measurement, valuation, amortization, disposal and write-downs of tangible capital assets, as well as financial statement presentation and disclosure. Capital expenditures will no longer be reported as period costs but rather amortization expense will be recognized over the useful lives of the related tangible capital assets. This requires the development of new policies, identification, valuation and amortization of existing assets and acquisitions.

During 2008 the District has continued to work towards compliance with the new recommendations for accounting for tangible capital assets. The District has engaged the services of an independent valuator to assist in performing an asset inventory and developing a fixed asset property record system for amortization calculations and financial reporting. As of December 31, 2008, the District had obtained a complete inventory of assets and values for all asset categories including land, land improvements, buildings, machinery and equipment, furniture and equipment, IT infrastructure, vehicles, linear assets (roads, bridges, water and sewer infrastructure, etc.), and capital works in progress.

Adoption of these new standards will significantly impact the District's financial statements.

2. Accounts receivable:

	2008	2007
Taxes	\$ 94,118	\$ 76,596
Other governments	163,914	55,560
Trade	69,782	73,938
	<u>\$ 327,814</u>	<u>\$ 206,094</u>

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2008

3. Investment in Logan Lake Community Forest Corporation:

During the 2007 fiscal year, the District incorporated a government business enterprise, LLCFC which commenced operations on January 1, 2008. The District owns 120 common shares, representing a 100% interest. The District's net investment has been accounted for under the modified equity basis, as follows:

	2008
Consists of:	
120 Class A common shares	\$ 120
Advances, unsecured and non-interest bearing	100,000
Cumulative share in losses	(24,295)
	<u>75,825</u>
	<u>\$ 75,825</u>

The advances to LLCFC are to be repaid over the next 5 years.

The following is a summarized financial statement of LLCFC, for the period from its commencement of operations on January 1, 2008 to December 31, 2008, which is included in the consolidated financial statement of the District:

	2008
Statement of Financial Position:	
Cash	\$ 82,262
Accounts receivable	17,089
Prepaid expenses	2,210
Accounts payable and accrued liabilities	(18,577)
Accrued silviculture costs	(7,159)
Advances from District of Logan Lake	(100,000)
	<u>\$ (24,175)</u>
Statement of Financial Activities:	
Revenue:	
Logging	\$ 42,111
Grant from Province of British Columbia	21,819
	<u>63,930</u>
Expenditures:	
Administrative	7,634
Consulting fees	54,496
Forest license fees	7,400
Professional fees	9,893
Silviculture	7,159
Travel	1,643
	<u>88,225</u>
Deficiency of revenue over expenditures for the LLCFC	<u>\$ (24,295)</u>

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2008

4. Net financial assets of Logan Lake T.V. Society:

The District has made certain capital assets available for use to the Logan Lake T.V. Society. The District collects and transmits a levy for the Society for operating purposes. The following is a summarized financial statement of the Society, which is included in the consolidated financial statements of the District:

	2008	2007
Statement of Financial Position:		
Cash and marketable securities	\$ 266,847	\$ 70,738
Accounts receivable	5,909	16,022
Lifetime membership in Canadian Cable System Alliance Inc.	1,000	1,000
Accounts payable and accrued liabilities	(177,030)	(10,979)
Net financial assets of the Society	\$ 96,726	\$ 76,781
Statement of Financial Activities:		
Revenue:		
District of Logan Lake	\$ 164,347	\$ 164,230
Other	14,588	8,588
	178,935	172,818
Expenditures:		
Administrative expenses	36,909	32,895
Capital expenditures	30,508	25,816
Maintenance expenses	22,790	26,935
Subscription and fees expenses	68,783	78,003
	158,990	163,649
Excess of revenue over expenditures for the Society	\$ 19,945	\$ 9,169

The Society's revenue provided by the District is netted and eliminated against the cost to the District in these consolidated financial statements and the Society's expenditures are classified as leisure, parks and culture and capital expenditures (see note 12)

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Notes to Consolidated Financial Statements

Year ended December 31, 2008

5. Capital assets:

	2008	2007
General fund:		
Land	\$ 1,038,800	\$ 887,710
Buildings	1,940,493	1,940,493
Machinery and equipment	2,990,825	3,104,283
Engineering structures	5,086,363	4,907,893
Pool	-	-
	11,056,481	10,840,379
Water utility fund:		
Buildings	121,276	121,276
Machinery and equipment	143,176	143,176
Water system	1,312,224	1,155,964
	1,576,676	1,420,416
Sewer utility fund:		
Buildings	41,000	41,000
Machinery and equipment	105,171	105,171
Sewer system	1,271,852	1,271,852
	1,418,023	1,418,023
Logan Lake T.V. Society	548,379	517,871
	\$ 14,599,559	\$ 14,196,689

6. Deferred revenue:

Deferred revenue consists of funds received under certain grants and other sources with external restrictions placed on use for which the related restrictions have not yet been met.

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the District and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

	Gas tax	Other	2008 Total	2007 Total
Balance, beginning of the year	\$ 139,953	\$ 92,564	\$ 232,517	\$ 77,287
Interest earned	6,113	-	6,113	6,697
Amount received during the year	80,901	51,906	132,807	159,783
Amount spent	(48,900)	(34,942)	(83,842)	(11,250)
Balance, end of the year	\$ 178,067	\$ 109,528	\$ 287,595	\$ 232,517

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Notes to Consolidated Financial Statements

Year ended December 31, 2008

7. Restricted funds:

	Balance at December 31, 2007	Interest revenue and contributions	Transfers from (to) operations/ capital	Balance at December 31, 2008
Water utility fund:				
Development cost charges	\$ 442,284	\$ 15,728	\$ -	\$ 458,012
Sewer utility fund:				
Development cost charges	490,227	17,428	-	507,655
	<u>\$ 932,511</u>	<u>\$ 33,156</u>	<u>\$ -</u>	<u>\$ 965,667</u>

8. Reserves for operating purposes:

	Balance at December 31, 2007	Interest revenue and contributions	Transfers from (to) operations/ capital	Balance at December 31, 2008
General fund:				
Municipal office equipment	\$ 28,146	\$ 5,000	\$ (4,661)	\$ 28,485
Snow and ice	10,000	-	-	10,000
Community facilities	123,785	10,000	(7,500)	126,285
Street lighting	20,000	-	-	20,000
Street and road	23,451	-	-	23,451
Insurance deductible	10,000	-	-	10,000
Reserve for future expenditures	169,600	-	-	169,600
Parks upgrading	10,000	-	(7,500)	2,500
Municipal hall addition	250,000	-	-	250,000
	<u>644,982</u>	<u>15,000</u>	<u>(19,661)</u>	<u>640,321</u>
Water utility fund:				
Reserve for future expenditures	1,100	-	-	1,100
Sewer utility fund:				
Reserve for future expenditures	97,700	33,100	-	130,800
	<u>\$ 743,782</u>	<u>\$ 48,100</u>	<u>\$ (19,661)</u>	<u>\$ 772,221</u>

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Notes to Consolidated Financial Statements

Year ended December 31, 2008

9. Reserves for capital purposes:

	Balance at December 31, 2007	Interest revenue and contributions	Transfers from (to) operations/ capital	Balance at December 31, 2008
General fund:				
Capital reserve	\$ 107,469	\$ 116,387	\$ (37,968)	\$ 185,888
Economic diversification	2,308,649	73,145	(251,090)	2,130,704
Water utility fund:				
Capital reserve	124,871	-	-	124,871
Sewer utility fund:				
Capital reserve	145,036	-	-	145,036
	<u>\$ 2,686,025</u>	<u>\$ 189,532</u>	<u>\$ (289,058)</u>	<u>\$ 2,586,499</u>

10. Surplus from operations:

	2008	2007
General fund:		
Balance, beginning of year	\$ 850,554	\$ 843,669
Operating surplus (deficiency) for the year	(94,680)	6,885
	<u>755,874</u>	<u>850,554</u>
Water utility fund:		
Balance, beginning of year	91,672	63,247
Operating surplus for the year	28,710	28,425
	<u>120,382</u>	<u>91,672</u>
Sewer utility fund:		
Balance, beginning of year	95,820	67,376
Operating surplus for the year	29,143	28,444
	<u>124,963</u>	<u>95,820</u>
Logan Lake T.V. Society:		
Balance, beginning of year	76,781	67,612
Operating surplus for the year	19,945	9,169
	<u>96,726</u>	<u>76,781</u>
	<u>\$ 1,097,945</u>	<u>\$ 1,114,827</u>

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2008

11. Taxation revenue:

The District is required to collect taxes on behalf of and transfer these amounts to the governments and/or its agencies noted below:

	2008	2007
Tax collected:		
General purposes	\$ 1,277,273	\$ 1,265,606
Collections for other governments	2,182,745	2,193,998
Frontage tax	179,570	179,535
	<u>3,639,588</u>	<u>3,639,139</u>
Less transfers to other governments:		
Thompson Nicola Regional District	636,729	575,007
School District No. 73	1,215,332	1,302,671
Thompson Nicola Regional Hospital District	95,944	95,540
Village of Ashcroft	73,191	73,191
B.C. Assessment Authority	47,865	42,875
Municipal Finance Authority	73	75
Police Financing	113,611	104,639
	<u>2,182,745</u>	<u>2,193,998</u>
	<u>\$ 1,456,843</u>	<u>\$ 1,445,141</u>

Approximately 25% of the District's revenues are received from Highland Valley Copper.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2008

12. Expenditure by function and object:

	2008	2007
General government:		
Wages, salaries and benefits	\$ 515,524	\$ 393,491
Contracted services	46,252	38,665
Supplies and equipment	225,490	222,410
Total operating expenditures	787,266	654,566
Fire protection:		
Wages, salaries and benefits	83,991	37,898
Professional development	3,606	1,665
Supplies and equipment	77,920	43,352
Total operating expenditures	165,517	82,915
Capital expenditures	17,194	-
	182,711	82,915
Planning, development and transportation:		
Wages, salaries and benefits	185,092	165,795
Professional development	4,233	206
Contracted services	-	4,500
Supplies and equipment	459,610	375,688
Total operating expenditures	648,935	546,189
Capital expenditures	204,971	242,827
	853,906	789,016
Solid waste:		
Wages, salaries and benefits	52,944	49,400
Supplies and equipment	22,431	12,181
Total operating expenditures	75,375	61,581
Capital expenditures	-	16,935
	75,375	78,516
Balance carried forward	1,899,258	1,605,013

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Notes to Consolidated Financial Statements

Year ended December 31, 2008

12. Expenditure by function and object (continued):

	2008	2007
Balance brought forward	1,899,258	1,605,013
Leisure, parks and cultural:		
Wages, salaries and benefits	206,682	169,976
Professional development	3,500	2,470
Contracted services	1,649	1,776
Supplies and equipment	614,237	331,839
Logan Lake T.V. Society	128,482	137,833
Total operating expenditures	954,550	643,894
Capital expenditures	185,927	24,131
Capital expenditures - Logan Lake T.V. Society	30,508	25,816
Total capital expenditure	216,435	49,947
	1,170,985	693,841
Water utility:		
Wages, salaries and benefits	46,435	46,972
Supplies and equipment	123,365	120,616
Total operating expenditures	169,800	167,588
Capital expenditures	156,286	17,188
	326,086	184,776
Sewer utility:		
Wages, salaries and benefits	21,414	23,521
Supplies and equipment	53,222	60,357
Total operating expenditures	98,931	83,878
Loss from investment in LLCFC	24,295	-
	\$ 3,495,260	\$ 2,567,508

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2008

13. Commitments and contingencies:

- (a) The District is required to collect and transfer taxes on behalf of the governments and/or its agencies listed in note 11.
- (b) The District, as a member of the Thompson Nicola Regional District, is liable for its proportion of any operating deficits or long-term debt related to functions in which it participates.
- (c) The District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local government.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The District paid \$73,465 for employer contributions to the Plan in fiscal 2008.

- (d) From time to time the District is brought forth as defendant in various lawsuits. The District reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim against the District would materially affect the consolidated financial statements of the District. The District is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the consolidated financial statements of the District.
- (e) The District is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the District, along with the other participants, would be required to contribute towards the deficit.

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Notes to Consolidated Financial Statements

Year ended December 31, 2008

13. Commitments and contingencies (continued):

- (f) The District has provided a letter of guarantee of \$75,000 to Canadian Imperial Bank of Commerce (the "CIBC") on behalf of Meadow Creek Golf Club (the "Club"), representing a continuing guarantee covering both present and future liabilities of the Club.

In addition the District has also provided a guarantee to the CIBC on behalf of the Club for principal payments on the demand instalment loan of the Club, which are currently in the amount of \$10,500 per annum plus interest at a rate of prime plus 1%. Both of these guarantees would require the District to make payment in the event that the Club does not meet its payment obligations to the CIBC. The outstanding loan balance at December 31, 2008 was \$65,280.

14. Employee future benefits:

The District provides benefits for sick leave to all its employees. All employees accumulate sick leave entitlement on a monthly basis and can only use this entitlement for paid time off under certain circumstances. The total expenditure recorded in the financial statements in respect of obligations under this plan amounts to \$16,406 (2007 - \$15,700).

Sick leave benefits do not vest or accrue from one year to the next. At year-end, a portion of any unused sick leave benefits are paid out to employees with no further liability being recognized.

15. Logan Lake Recreation Centre:

The District operates the Logan Lake Recreation Centre out of the General Fund. Revenues and expenditures of the Recreation Centre are as follows:

	2008	2007
Revenue:		
Taxation	\$ 310,300	\$ 324,100
Fees, rates and sales of service	62,836	51,787
	<u>373,136</u>	<u>375,887</u>
Expenditures:		
Wages, salaries and benefits	206,682	169,976
Utilities	79,961	61,975
Supplies and equipment	147,119	94,225
Capital expenditures	-	4,555
	<u>433,762</u>	<u>330,731</u>
Excess (deficiency) of revenue over expenditures	\$ (60,626)	\$ 45,156

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2008

16. Trust funds:

Cemetery perpetual care fund:

The District operates the Whispering Pines Cemetery and maintains a cemetery perpetual care fund in trust, in accordance with the Cremation, Internment and Funeral Services Act. The trust fund assets and liabilities of \$6,636 (2007 - \$5,935) have been excluded from the consolidated financial statements.

17. Budget figures:

Budget figures are unaudited and represent the Financial Plan By-Law No. 628 adopted by Council May 13, 2008 at the time of adoption of the Annual Taxation By-Law. Subsequent amendments to the Financial Plan By-Law were made by Council to reflect changes as required by law.

The budget figures as presented in the statement of financial activities do not include the Logan Lake T.V. Society.