

Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To: The Mayor and Members of Council of
the Town of Picture Butte

The accompanying summarized consolidated statements of financial position, financial activities and change in fund balances, and changes in financial position are derived from the complete consolidated financial statements of the Town of Picture Butte as at December 31, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated February 24, 2009. The fair summarization of the complete consolidated financial statements is the responsibility of the municipal administration. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the consolidated financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete consolidated financial statements in accordance with the criteria described in the Guidance referred to above.

These summarized consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the municipality's financial position, financial activities and change in fund balances and its change in financial position, reference should be made to the related complete consolidated financial statements.

Lethbridge, Alberta

Young Parkyn McNab LLP

February 24, 2009

Chartered Accountants

Copies of the complete audited financial statements are available upon request from the Town office.

TOWN OF PICTURE BUTTE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2008

	2008	2007
ASSETS		
Financial assets		
Cash and temporary investments	\$ 1,672,283	\$ 1,654,098
Taxes and grants in place of taxes receivable	33,504	27,289
Trade and other receivables	220,576	270,759
Land held for resale	46,460	46,460
Long-term investments	306,362	801,022
Prepaid expenses	13,305	15,454
	2,292,490	2,815,082
Physical assets		
Capital assets	19,295,115	17,414,891
Inventory for consumption	14,890	12,249
	19,310,005	17,427,140
	\$ 21,602,495	\$ 20,242,222

LIABILITIES AND MUNICIPAL EQUITY

Liabilities		
Accounts payable and accrued liabilities	\$ 444,679	\$ 126,546
Deferred revenue	412,592	1,211,673
Long-term debt	894,966	1,014,731
	1,752,237	2,352,950
Contingencies		
Municipal equity		
Fund balances		
Operating	298,966	298,651
Capital	15,102	129,837
Reserves	1,136,041	1,060,624
	1,450,109	1,489,112
Equity in capital assets	18,400,149	16,400,160
	19,850,258	17,889,272
	\$ 21,602,495	\$ 20,242,222

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

	Budget (Unaudited)	2008	2007
Revenue			
Net municipal property taxes	\$ 832,695	\$ 827,475	\$ 815,180
User fees and sale of goods	1,409,279	1,170,208	1,103,665
Penalties and costs on taxes	17,500	31,219	28,725
Franchise and concession contracts	68,000	87,519	74,832
Investment income	13,000	18,108	20,728
Licenses and permits	14,900	18,720	14,700
Government transfers	1,636,956	1,651,141	247,169
Personal gift	1,000	319,965	4,000
Other	64,822	58,424	115,661
	4,058,152	4,182,779	2,424,660
Expenditures			
Legislative	68,910	55,713	56,650
Administration	338,530	372,356	323,777
Fire	128,169	104,749	114,096
Disaster services	14,300	1,569	501
Ambulance	193,579	192,559	116,917
Bylaw enforcement	2,540	2,045	35,986
Common and equipment pool	204,312	164,679	264,719
Roads, streets, walks and lighting	1,440,466	1,479,663	247,786
Water supply and distribution	667,575	635,316	384,416
Wastewater treatment and disposal	179,366	173,522	104,631
Waste management	112,727	104,797	80,630
Family and community support	10,382	9,711	9,781
Land use planning, zoning and development	74,471	37,301	62,649
Recreation and parks	407,245	717,314	291,025
Culture and library	53,306	50,725	56,771
	3,895,878	4,102,019	2,150,335
Excess of revenue over expenditures	162,274	80,760	274,325
Capital financing transactions			
Proceeds of long-term debt	-	-	85,320
Repayment of long-term debt	(86,628)	(119,764)	(116,159)
Change in fund balances	75,646	(39,004)	243,486
Fund balances, beginning of year	1,489,110	1,489,112	1,245,622
Fund balances, end of year	\$ 1,564,756	\$ 1,450,108	\$ 1,489,108

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

	2008	2007
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 80,760	\$ 274,325
Loss on investments	69,308	6,923
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(6,215)	(4,305)
Trade and other receivables	50,184	41,880
Prepaid expenses	2,149	2,751
Inventory for consumption	(2,641)	10,262
Deferred revenue	(799,081)	479,276
Accounts payable and accrued liabilities	318,133	(22,866)
	(287,403)	788,246
Cash flows from investing activities		
Purchase of investments	(300,131)	-
Proceeds on disposal of investments	725,483	-
	425,352	-
Cash flows from financing activities		
Proceeds of long-term debt	-	85,320
Repayment of long-term debt	(119,764)	(116,159)
	(119,764)	(30,839)
Increase in cash and temporary investments	18,185	757,407
Cash and temporary investments, beginning of year	1,654,098	896,691
Cash and temporary investments, end of year	\$ 1,672,283	\$ 1,654,098