

FINANCIAL

REPORT

2008

RURAL MUNICIPALITY
OF VICTORIA BEACH

INDEX TO FINANCIAL STATEMENTS

Municipality of Victoria Beach (Rural)

(Municipality)

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(ALL AMOUNTS HAVE BEEN ROUNDED OFF TO THE NEAREST DOLLAR)

AUDITORS' REPORT

To the Reeve and Councillors
Rural Municipality of Victoria Beach
Winnipeg, Manitoba

We have audited the balance sheet of the Rural Municipality of Victoria Beach as at December 31, 2008 and the statements of revenue and expenditure, changes in surplus, and source and application of capital fund for the year then ended. These financial statements are the responsibility of the Municipality'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 financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2008 and the results of its operations and the changes in its cash flows for the year then ended in accordance with accounting principles generally accepted for municipal corporations in Manitoba as described in note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Municipality and Manitoba Intergovernmental Affairs to comply with Section 183(1) of the Municipal Act. These financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Our audit opinion does not extend to the budget figures presented by the Municipality.

We have also issued a supplementary report as required under Section 190 of the Municipal Act.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
May 6, 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

DECEMBER 31, 2008

The accompanying financial statements of the Municipality of Victoria Beach and all the information in this annual report are the responsibility of management and have been approved by the Council on behalf of the Municipality.

The financial statements have been prepared by management in accordance with generally accepted accounting principles for Municipalities in Manitoba. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately accounted for and adequately safeguarded.

The Municipality's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Council reviews the Municipality's financial statements with management and recommends their approval. Council and management meet periodically with the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. Council reviews their findings when they approve the financial statements on behalf of the municipality's residents.

The financial statements have been audited by The Exchange Chartered Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. The Exchange Chartered Accountants LLP have full and free access to the Council.



Reeve

May 6, 2009
Date

Chief Administrative Officer

May 6, 2009
Date

STATEMENT 1

**GENERAL OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2008**

ASSETS

CASH

Cash on Hand		255	
Cash on Deposit		558,575	
Deposit Receipts			558,830

RECEIVABLES

Tax Assets - Schedule 1		162,014	
Government Grants - Schedule 3		12,752	
Own Funds and Agencies			
Utility Operating Fund			
Utility Capital Fund			
General Capital Fund			
Reserves			
Trusts			
Operating Accounts Receivable			
Organizations and Individuals	2,752		
Federal Government	4,781		
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments	25,022	32,555	
Other Receivables			
Sub Total			207,321
Less: Allowances for Doubtful Accounts			
Other Allowances			207,321

INVESTMENTS - SCHEDULE 6

INVENTORIES

PREPAID EXPENSES

TOTAL ASSETS

766,151

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS

Chartered Banks			
Other Financial Institutions			
Own Funds			
Other			

PAYABLES

School Levies - Schedule 4		66,034	
Own Funds and Agencies			
Utility Operating Fund	98,050		
Reserves	175,201		
Trusts			
Other	78,227	351,478	
Operating Accounts Payable			
Organizations and Individuals	42,920		
Federal Government			
Federal Government Enterprises			
Provincial Government	15,218		
Provincial Government Enterprises	4,362		
Other Local Governments	7,706	70,206	
Debt Instalments			487,718

OTHER LIABILITIES

Land Sale Deposits			
Debt Levies in Advance			
Prepaid Taxes			
Deferred Revenue - Note			
TOTAL CURRENT LIABILITIES			487,718

ALLOWANCE FOR TAX ASSETS - STATEMENT 8

47,644

NOMINAL SURPLUS - STATEMENT 8

230,789

TOTAL LIABILITIES AND SURPLUS

766,151

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**UTILITY OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2008**

STATEMENT 4

ASSETS

CASH

Cash on Hand
Cash on Deposit
Deposit Receipts

RECEIVABLES

Government Grants - Schedule 3
Own Funds and Agencies
 General Operating Fund
 General Capital Fund
 Utility Capital Fund
 Reserves
 Trusts

Operating Accounts Receivable
 Organizations and Individuals
 Federal Government
 Federal Government Enterprises
 Provincial Government
 Provincial Government Enterprises
 Other Local Governments

Other Receivables
Sub Total

Less: Allowance for Doubtful Accounts

INVESTMENTS - SCHEDULE 6

INVENTORIES

PREPAID EXPENSES

TOTAL ASSETS

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS

Chartered Banks
Other Financial Institutions
Own Funds
Other

PAYABLES

Own Funds and Agencies
 General Operating Fund
 Reserves
 Trusts
 Other

Operating Accounts Payable
 Organizations and Individuals
 Federal Government
 Federal Government Enterprises
 Provincial Government
 Provincial Government Enterprises
 Other Local Governments

Debenture Instalments

OTHER LIABILITIES

Debenture Levies in Advance
Prepaid Consumer Accounts
Meter Deposits
Other

TOTAL CURRENT LIABILITIES

NOMINAL SURPLUS - STATEMENT 8

TOTAL LIABILITIES AND SURPLUS

UTILITY RESERVE FUND BALANCE SHEET

STATEMENT 5

AS AT DECEMBER 31, 2008

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
Replacement					
Victoria Beach	5,146		70,000	7	75,153
Water					
TOTAL	5,146		70,000	7	75,153

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**UTILITY OPERATING FUND BALANCE SHEET
AS AT DECEMBER 31, 2008**

STATEMENT 4

ASSETS

CASH			
Cash on Hand			
Cash on Deposit			
Deposit Receipts			
RECEIVABLES			
Government Grants - Schedule 3			
Own Funds and Agencies			
General Operating Fund	11,549		
General Capital Fund			
Utility Capital Fund			
Reserves			
Trusts		11,549	
Operating Accounts Receivable			
Organizations and Individuals	430		
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments		430	
Other Receivables			
Sub Total		11,979	
Less: Allowance for Doubtful Accounts			11,979
INVESTMENTS - SCHEDULE 6			
INVENTORIES			
PREPAID EXPENSES			
TOTAL ASSETS			11,979

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS			
Chartered Banks			
Other Financial Institutions			
Own Funds			
Other			
PAYABLES			
Own Funds and Agencies			
General Operating Fund			
Reserves	500		
Trusts			
Other		500	
Operating Accounts Payable			
Organizations and Individuals			
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			
Debenture Instalments			500
OTHER LIABILITIES			
Debenture Levies in Advance			
Prepaid Consumer Accounts			
Meter Deposits			
Other			
TOTAL CURRENT LIABILITIES			500
NOMINAL SURPLUS - STATEMENT 8			11,479
TOTAL LIABILITIES AND SURPLUS			11,979

UTILITY RESERVE FUND BALANCE SHEET

STATEMENT 5

AS AT DECEMBER 31, 2008

RESERVE NAME	CASH ASSETS	INVESTMENTS (SCHEDULE 6)	DUE FROM (TO) OTHER FUNDS	OTHER ASSETS	TOTAL (SCHEDULE 5)
Replacement					
Albert Beach	15,502		500	22	16,024
TOTAL	15,502		500	22	16,024

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

		STATEMENT 6			
UTILITY CAPITAL FUND BALANCE SHEET					
AS AT DECEMBER 31, 2008					
ASSETS					
CASH ON HAND AND ON DEPOSIT - STATEMENT 14					
RECEIVABLES - STATEMENT 14					
Government Grants - Schedule 3					
Own Funds and Agencies		28,227			
Other Accounts					
Organizations and Individuals					
Federal Government					
Federal Government Enterprises					
Provincial Government					
Provincial Government Enterprises					
Other Local Governments			28,227		
CONSTRUCTION IN PROGRESS					
FIXED ASSETS					
Buildings		3,387,894			
Machinery and Equipment					
Land					
Other		17,026	3,404,920		
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)					
Debenture Levies		1,280,520			
Deferred Liability Levies			1,280,520		
OTHER ASSETS					
TOTAL ASSETS			4,713,667		
LIABILITIES AND SURPLUS					
TEMPORARY BORROWINGS					
Chartered Banks					
Other Financial Institutions					
Own Funds					
Other					
PAYABLES					
Organizations and Individuals		28,227			
Federal Government					
Federal Government Enterprises					
Provincial Government					
Provincial Government Enterprises					
Other Local Governments			28,227		
OTHER LIABILITIES					
LONG-TERM DEBT					
Debentures - Schedule 8		1,280,520			
Deferred Liabilities - Note			1,280,520		
CAPITAL SURPLUS - STATEMENT 8			3,404,920		
TOTAL LIABILITIES AND SURPLUS			4,713,667		
STATEMENT 7					
TRUST FUND BALANCE SHEET					
AS AT DECEMBER 31, 2008					
ASSETS					
	INVESTMENTS				
TRUST NAME	CASH	(Schedule 6)	OTHER FUNDS	OTHER	TOTAL
Cemetery					
Pension Funds					
Option Deposits					
Other	15,698			7	15,705
TOTAL	15,698			7	15,705
LIABILITIES					
	PAYABLES	OTHER FUNDS	OTHER	TRUST	TOTAL
Cemetery					
Pension Funds					
Option Deposits					
Other				15,705	15,705
TOTAL				15,705	15,705
THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.					

**UTILITY CAPITAL FUND BALANCE SHEET
AS AT DECEMBER 31, 2008**

STATEMENT 6

ASSETS

CASH ON HAND AND ON DEPOSIT - STATEMENT 14			
RECEIVABLES - STATEMENT 14			
Government Grants - Schedule 3			
Own Funds and Agencies			
Other Accounts			
Organizations and Individuals			
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			
CONSTRUCTION IN PROGRESS			
FIXED ASSETS			
Buildings			
Machinery and Equipment		29,347	
Land			
Other			
DEBT CHARGES RECOVERABLE (CAPITAL ASSETS)			
Debenture Levies			
Deferred Liability Levies			
OTHER ASSETS			
TOTAL ASSETS			29,347

LIABILITIES AND SURPLUS

TEMPORARY BORROWINGS			
Chartered Banks			
Other Financial Institutions			
Own Funds			
Other			
PAYABLES			
Organizations and Individuals			
Federal Government			
Federal Government Enterprises			
Provincial Government			
Provincial Government Enterprises			
Other Local Governments			
OTHER LIABILITIES			
LONG-TERM DEBT			
Debentures - Schedule 8			
Deferred Liabilities - Note			
CAPITAL SURPLUS - STATEMENT 8			29,347
TOTAL LIABILITIES AND SURPLUS			29,347

**TRUST FUND BALANCE SHEET
AS AT DECEMBER 31, 2008**

STATEMENT 7

ASSETS

TRUST NAME	INVESTMENTS				TOTAL
	CASH	(Schedule 6)	OTHER FUNDS	OTHER	
Cemetery					
Pension Funds					
Option Deposits					
Other					
TOTAL					

LIABILITIES

TRUST NAME	LIABILITIES				TOTAL
	PAYABLES	OTHER FUNDS	OTHER	TRUST	
Cemetery					
Pension Funds					
Option Deposits					
Other					
TOTAL					

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**SURPLUS ACCOUNTS AND ALLOWANCE FOR TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008**

STATEMENT 8

ALLOWANCE FOR TAX ASSETS

Balance, January 1		53,933
Add: Transfer from Revenue - Statement 10	7,109	
Profit on Tax Title Sales		
Transfer from Nominal Surplus		
Tax Titles Established		
		7,109
Sub-Total		61,042
Deduct: Taxes Cancelled - Schedule 1	13,398	
T.S.C. Cancelled - Schedule 1		
Tax Titles Written Off - Schedule 1		
Transfer to Nominal Surplus		
		13,398
Balance, December 31 - Statement 1		47,644

NOMINAL SURPLUS - GENERAL

Balance, January 1		230,618
Add: Transfer from Deferred Surplus - Statement 9		
Transfer from Allowance for Tax Assets		
Operating Surplus - Statement 9		
Cancellation of accounts payable	171	
		171
Sub-Total		230,789
Deduct: Accts. Rec. Cancelled		
Transfer to General Reserve - Schedule 5		
Transfer to Allowance for Tax Assets		
Transfer to Revenue - Statement 9		
Operating Deficit - Statement 9		
Balance, December 31 - Statement 1		230,789

NOMINAL SURPLUS - UTILITY

(Victoria Beach)

Balance, January 1		22,730
Add: Transfer from Deferred Surplus - Statement 11	14,569	
Other Transfers (Specify)		
Transfer from Hampton Utility		
Operating Surplus Statement 11		
		14,569
Sub-Total		37,299
Deduct: Accts. Rec. Cancelled		
Transfer to Utility Revenue - Statement 11	14,569	
Operating Deficit - Statement 11	3,768	
Adjustment		
		18,337
Balance, December 31 - Statement 4		18,962

CAPITAL SURPLUS - GENERAL

Balance, January 1		1,893,978
Add: Fixed Assets Acquired	47,233	
		47,233
Sub-Total		1,941,211
Deduct: Disposal of Fixed Assets		
Balance, December 31 - Statement 3		1,941,211

CAPITAL SURPLUS - UTILITY

Balance, January 1		3,404,920
Add: Fixed Assets Acquired		
Sub-Total		3,404,920
Deduct: Disposal of Fixed Assets		
Balance, December 31 - Statement 6		3,404,920

**GENERAL OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2008**

STATEMENT 9

REVENUE

TOTAL REVENUE FROM TAXATION			
OTHER REVENUE			1,231,356
Taxes Added - Schedule 1		34,708	
Licenses and Permits		18,605	
Fines		1,710	
Parking Meters			
Sales of service			
General Government	13,847		
Protection	54,237		
Transportation			
Less: Costs			
Environmental Health			
Public Health and Welfare			
Planning and Development			
Economic Development			
Recreation and Culture		68,084	
Sales of Goods		1,040	
Rentals of Fixed Assets		30,938	
Concessions and Franchises		111,748	
Returns from Investments		17,070	
Transfers from Utilities and Enterprises			
Tax Penalties - Schedule 1		29,012	
Miscellaneous Revenue		63,812	
Grants in Lieu of Taxes - Schedule 3			
Federal Government	999		
Federal Government Enterprises			
Provincial Government	898		
Provincial Government Enterprises	873		
Other Local Governments			
Non-Government Organizations		2,770	
Unconditional Government Transfers - Schedule 3			
Federal Government			
Provincial - Municipal Tax Sharing	14,582		
Provincial - Municipal Support Grants - VLT Revenues	12,748		
Other Local Governments		27,330	
Conditional Government Transfers - Schedule 3			
Federal Government			
Provincial Government	21,365		
Other Local Governments	10,000	31,365	438,192
TOTAL REVENUE FROM EXTERNAL SOURCES			1,669,548
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			
TRANSFER FROM RESERVES - SCHEDULE 5			
OPERATING DEFICIT - STATEMENT 8			
TOTAL			1,669,548

EXPENDITURE

GENERAL GOVERNMENT SERVICES		242,083	
PROTECTIVE SERVICES		377,741	
TRANSPORTATION SERVICES		277,929	
ENVIRONMENTAL HEALTH SERVICES		134,102	
PUBLIC HEALTH AND WELFARE SERVICES		6,145	
ENVIRONMENTAL PLANNING AND COMMUNITY DEVELOPMENT SERVICES		113,675	
ECONOMIC DEVELOPMENT SERVICES			
RECREATION AND CULTURAL SERVICES		146,649	
FISCAL SERVICES		297,778	
TOTAL SERVICES		1,596,102	
SURPLUS APPROPRIATIONS AND TRANSFERS			
Deferred Surplus - Operating Deficit			
Deferred Surplus - By-Law Obligation			
Transfer to Reserves - Statement 10		73,446	73,446
OPERATING SURPLUS - STATEMENT 8			
TOTAL			1,669,548

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

STATEMENT 10

**GENERAL OPERATING FUND
COMPARISON OF BUDGETED AND ACTUAL EXPENDITURE**

FOR THE YEAR ENDED DECEMBER 31, 2008

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
General Government Services				
Legislative	41,200	42,228		1,028
General Administrative	199,200	191,354	7,846	
Other General Government	13,500	8,501	4,999	
Total	253,900	242,083	11,817	
Protective Services				
Police Protection	170,300	165,520	4,780	
Law Enforcement				
Fire Protection	112,355	129,508		17,153
Emergency Measures	56,350	53,537	2,813	
Other Protection	35,150	29,176	5,974	
Total	374,155	377,741		3,586
Transportation Services				
Road Transport				
Administration				
Engineering				
Roads and Streets	247,050	261,805		14,755
Bridges, Subways				
Street Lighting	6,500	6,330	170	
Traffic Services	3,500	641	2,859	
Parking	2,580	1,122	1,458	
Other Road Transport	20,000	8,031	11,969	
Air Transport				
Water Transport				
Public Transit				
Total	279,630	277,929	1,701	
Environmental Health Services				
Garbage and Waste Collection and Disposal	135,900	134,102	1,798	
Other Environmental Health				
Total	135,900	134,102	1,798	
Public Health and Welfare Services				
Public Health				
Medical Care	7,270	5,807	1,463	
Hospital Care				
Social Welfare	500	338	162	
Total	7,770	6,145	1,625	
Environmental Planning and Community Development Services				
Environmental Planning and Zoning	4,000	1,819	2,181	
Community Development	96,980	111,856		14,876
Housing				
Total	100,980	113,675		12,695
Economic Development Services				
Natural Resources				
Regional Development Commissions				
Industrial Parks and Commissions				
Other Economic Services				
Total				
Recreation and Cultural Services				
Recreation Facilities	156,950	146,649	10,301	
Cultural Buildings and Facilities				
Other Recreation and Cultural Services				
Education Grants				
Total	156,950	146,649	10,301	
SUB-TOTALS FORWARD	1,309,285	1,298,324	10,961	

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

STATEMENT 11

**UTILITY OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE**

FOR THE YEAR ENDED DECEMBER 31, 2008

REVENUE

CONSUMER SALES	METERED	FLAT RATE	TOTAL
Residential		122,535	122,535
Commercial and Bulk		433	433
Industrial			
Federal and Provincial			
Municipal and Schools		4,100	4,100
Total		127,068	127,068
less: Discounts			
Refunds and Cancellations			127,068
SEWER SERVICE CHARGES			
PENALTIES			1,298
HYDRANT RENTALS			
CONSUMER INSTALLATION SERVICE			
CONNECTION REVENUE - NET			385
PROVINCIAL GRANTS			
OTHER REVENUE			5,416
TRANSFER FROM GENERAL OPERATING FUND - STATEMENT 10			
Re: Debentures		196,819	
Re: Operations		2,069	198,888
TRANSFER FROM RESERVE FUND - SCHEDULE 5			
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			14,569
OPERATING DEFICIT - STATEMENT 8			3,768
TOTAL			351,392

EXPENDITURE

WATER SUPPLY		127,935
SEWAGE COLLECTION AND DISPOSAL		
TRANSFER TO CAPITAL - STATEMENT 14		
TRANSFERS TO RESERVE - SCHEDULE 5		10,000
DEBENTURE DEBT CHARGES - SCHEDULE 7		196,819
OTHER LONG TERM DEBT CHARGES		2,069
SURPLUS APPROPRIATIONS - STATEMENT 8		
Deferred Surplus - Operating Deficit, 2007		14,569
OPERATING SURPLUS - STATEMENT 8		
TOTAL		351,392

STATEMENT 12

**COMPARISON OF UTILITY BUDGETED AND ACTUAL EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
Water Supply	109,900	127,935		18,035
Sewage Collection and Disposal				
Transfer to Capital				
Transfers to Reserve	10,000	10,000		
Debenture Debt Charges	196,819	196,819		
Other Long-Term Debt Charges	2,069	2,069		
Surplus Appropriations		14,569		14,569
Total Estimated	318,788			
Total Actual		351,392		
Total Underspent				
Total Overspent				32,604

RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT

	ESTIMATED	ACTUAL	OVER (UNDER)
REVENUE	327,388	347,624	20,236
EXPENDITURE	318,788	351,392	32,604
OPERATING SURPLUS	8,600	(3,768)	(12,368)

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**UTILITY OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE**

STATEMENT 11

FOR THE YEAR ENDED DECEMBER 31, 2008

REVENUE

	METERED	FLAT RATE	TOTAL
CONSUMER SALES			
Residential		6,086	6,086
Commercial and Bulk			
Industrial			
Federal and Provincial			
Municipal and Schools			
Total		6,086	6,086
less: Discounts			
Refunds and Cancellations			6,086
SEWER SERVICE CHARGES			
PENALTIES			79
HYDRANT RENTALS			
CONSUMER INSTALLATION SERVICE			
CONNECTION REVENUE - NET			
PROVINCIAL GRANTS			
OTHER REVENUE			
TRANSFER FROM GENERAL OPERATING FUND - STATEMENT 10			
Re: Debentures			
Re: Operations			
TRANSFER FROM RESERVE FUND - SCHEDULE 5			
TRANSFER FROM ACCUMULATED SURPLUS - STATEMENT 8			598
OPERATING DEFICIT - STATEMENT 8			1,645
TOTAL			8,408

EXPENDITURE

WATER SUPPLY		7,310
SEWAGE COLLECTION AND DISPOSAL		
TRANSFER TO CAPITAL - STATEMENT 14		
TRANSFERS TO RESERVE - SCHEDULE 5		
DEBENTURE DEBT CHARGES - SCHEDULE 7		500
OTHER LONG TERM DEBT CHARGES		
SURPLUS APPROPRIATIONS - STATEMENT 8		
Deferred Surplus - Operating Deficit	598	
		598
OPERATING SURPLUS - STATEMENT 8		
TOTAL		8,408

STATEMENT 12

**COMPARISON OF UTILITY BUDGETED AND ACTUAL EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	ESTIMATED	ACTUAL	UNDERSPENT	OVERSPENT
Water Supply	5,500	7,310		1,810
Sewage Collection and Disposal				
Transfer to Capital				
Transfers to Reserve	500	500		
Debenture Debt Charges				
Other Long-Term Debt Charges				
Surplus Appropriations		598		598
Total Estimated	6,000			
Total Actual		8,408		
Total Underspent				
Total Overspent				2,408

RECONCILIATION WITH OPERATING SURPLUS OR DEFICIT

	ESTIMATED	ACTUAL	OVER (UNDER)
REVENUE	6,135	6,763	628
EXPENDITURE	6,000	8,408	2,408
OPERATING SURPLUS	135	(1,645)	(1,780)

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**STATEMENT OF SOURCE AND APPLICATION OF GENERAL CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

STATEMENT 13

SOURCE

UNEXPENDED FUNDS, JANUARY 1		
Cash		
Receivables		
SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		
LONG-TERM BORROWING		
Debentures - Schedule 8		
Other		
PREPAID LOCAL IMPROVEMENT LEVIES		
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 10		47,233
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5		
GRANTS - SCHEDULE 3		
Federal Government		
Federal Government Enterprises		
Provincial Government		
Provincial Government Enterprises		
Other Local Governments		
Other		
ACCOUNTS PAYABLE, DECEMBER 31		
OTHER		
TOTAL		47,233

APPLICATION

FIXED ASSETS

CAPITAL EXPENDITURES	LOCAL		TOTAL
	CONSTRUCTION	PURCHASE	
General Government			
Protection		24,962	24,962
Transportation		22,271	22,271
Recreation and Culture			

TOTAL		47,233	47,233

REPAYMENT OF SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		
DEBENTURE DISCOUNT AND INTEREST		
REPAYMENT OF ACCOUNTS PAYABLE		
UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 3		
Cash		
Receivables		
OTHER		
TOTAL		47,233

THE ATTACHED NOTES (PAGE 21) FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**STATEMENT OF SOURCE AND APPLICATION OF UTILITY CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

SOURCE

UNEXPENDED FUNDS, JANUARY 1		
Cash		
Receivables		
SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		
LONG-TERM BORROWING		
Debentures - Schedule 8		
Other		
PREPAID LOCAL IMPROVEMENT LEVIES		
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 11		
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5		
GRANTS - SCHEDULE 3		
Federal Government		
Federal Government Enterprises		
Provincial Government		
Provincial Government Enterprises		
Other Local Governments		
Other		
ACCOUNTS PAYABLE, DECEMBER 31		
OTHER		
TOTAL		Nil

APPLICATION

FIXED ASSETS

CAPITAL EXPENDITURES	LOCAL			TOTAL
	CONSTRUCTION	PURCHASE	IMPROVEMENTS	
Water Supply				
Sewage Disposal				
TOTAL				

REPAYMENT OF SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		
DEBENTURE DISCOUNT AND INTEREST		
REPAYMENT OF ACCOUNTS PAYABLE		
UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 6		
Cash		
Receivables		
OTHER		
TOTAL		Nil

**STATEMENT OF SOURCE AND APPLICATION OF UTILITY CAPITAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

SOURCE

UNEXPENDED FUNDS, JANUARY 1		
Cash		
Receivables		
SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		
LONG-TERM BORROWING		
Debentures - Schedule 9		
Other		
PREPAID LOCAL IMPROVEMENT LEVIES		
CAPITAL EXPENDITURES FROM REVENUE - STATEMENT 11		
CAPITAL EXPENDITURES FROM RESERVES - SCHEDULE 5		
GRANTS - SCHEDULE 3		
Federal Government		
Federal Government Enterprises		
Provincial Government		
Provincial Government Enterprises		
Other Local Governments		
Other		
ACCOUNTS PAYABLE, DECEMBER 31		
OTHER		
TOTAL		Nil

APPLICATION

FIXED ASSETS

CAPITAL EXPENDITURES	LOCAL IMPROVEMENTS			TOTAL
	CONSTRUCTION	PURCHASE		
Water Supply				
Sewage Disposal				

TOTAL				

REPAYMENT OF SHORT-TERM BORROWING		
Bank		
Other Funds		
Other		
DEBENTURE DISCOUNT AND INTEREST		
REPAYMENT OF ACCOUNTS PAYABLE		
UNEXPENDED FUNDS, DECEMBER 31 - STATEMENT 6		
Cash		
Receivables		
OTHER		
TOTAL		Nil

SCHEDULE 1

ANALYSIS OF TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	TAXES ON ROLL	TAX SALE CERTIFICATES	TAX TITLES	AGREEMENTS OF SALE
Balance, January 1	185,296		1,989	
ADD:				
Tax Levy - Schedule 2	2,804,963			
Taxes Added - Statement 9	34,708			
Penalties or Interest Added - Statement 9	29,012			
Other Accounts Added				
Taxes Overpaid	10,507			
Transfer Re Tax Sale				
Tax Titles Acquired				
Land Sales				
TAX ADJUSTMENTS (SPECIFY)				
Advertising costs				
Legal costs				
Other				
SUB-TOTAL	3,064,487		1,989	
DEDUCT:				
Cash Collections:	2,810,429			
Arrears	159,956			
Current	2,650,473			
Transfers Re Tax Sale				
Cancellations	13,398			
Returned To Roll				
Title Value of Land Sales				
Transfers Re Titles Acquired				
Tax Discounts - Statement 10				
M.P.T.C. - Cash Advance	80,635			
Other Credits:				
TOTAL	162,014	160,025	1,989	
BALANCE, DECEMBER 31	162,014	160,025	1,989	
	(Statement 1)			

SCHEDULE 2

ANALYSIS OF TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2008

	ASSESSMENT	MILL RATE	LEVY
Other Governments (L.U.D.)			
Debt Charges			
Frontage			222,281
Mill Rate (At Large)			
(L.I.D.)			
Total			222,281
Minister of Intergovernmental Affairs			
Deferred Surplus			
Reserves: General By-Law 1464	71,834,040	.700	50,284
By-Law _____			
By-Law _____			
General Municipal	71,834,040	13.350	958,791
Special Levies (Specify)			
Business Tax - Rate %			
Total Municipal Taxes			1,231,356
Schools			
Prov. Education 1	452,010	16.100	7,277
Prov. Education 2	452,010	16.100	7,277
Total Education Support Program	452,010	16.100	7,277
Special Division No #11	71,196,820	22.000	1,566,330

Total School Taxes			1,573,607
TOTAL TAX LEVY - SCHEDULE 1			2,804,963

**ANALYSIS OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2008**

SCHEDULE 3

	BALANCE January-1	GRANTS EARNED (Statement 9)	GRANTS RECEIVED	ADJUSTMENTS	BALANCE December-31 (Statement 1)
GENERAL FUND					
PROVINCIAL		50,466			12,752
Grants in Lieu		1,771	1,771		
Prov. - Mun. Tax Sharing		14,582	14,582		
Municipal Support Grants					
VLT Revenue		12,748	12,748		
Conditional Grants	916	21,365	19,529		2,752
General Govt.		7,476	7,476		
Protection					
Transportation					
Environmental Health	916	13,889	12,053		2,752
Public Health & Welfare					
Environmental Planning					
Economic Development					
Recreation					
FEDERAL					
Grants in Lieu		999	999		
Unconditional Grants					
Conditional Grants (Spec.)					
JEPP		10,000			10,000
LOCAL (Specify name of Govt. and type of grant as above)					
UTILITY FUND		(Statement 11)			(Statement 4)
Provincial Grant					
Federal Grant					
Local Grant					
GENERAL CAPITAL GRANTS (Specify Govt. and type as above)		(Statement 13)			(Statement 3)
UTILITY CAPITAL GRANTS		(Statement 14)			(Statement 6)
PROVINCIAL					
FEDERAL					
LOCAL					
Total	916	61,465	49,629		12,752

NOTE: Provincial and Federal includes both Government and Enterprises

**ANALYSIS OF SCHOOL ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

SCHEDULE 4

	OUTSTANDING January-1	CURRENT REQUIREMENT	CURRENT PAYMENTS	OUTSTANDING December-31 (STATEMENT 1)
EDUCATION SUPPORT PROGRAM	704	7,268	7,653	319
SPECIAL LEVIES				
School Division: _____				
Lord Selkirk #11	158,947	1,565,398	1,658,630	65,715
TOTAL	159,651	1,572,666	1,666,283	66,034

**ANALYSIS OF RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

RESERVE NAME BY-LAW NO.	General 1421	Equipment Replacement	Capital Development 1297	Golf Course 1292
BALANCE, JANUARY 1	104,073		75,307	35,023
ADD: Interest Earned	30		2,206	968
Transfer from Operating (Statement 10)	65,970			
Donation				
Development fees			5,700	

SUB-TOTAL	170,073		83,213	35,991
DEDUCT: Purchases (Statement 13)				
Transfer to Revenue (Statement 9)				
Interest Transferred				

BALANCE DECEMBER 31 - Statement 2	170,073		83,213	35,991
RESERVE NAME BY-LAW NO.	Gas Tax			
BALANCE, JANUARY 1	16,124			
ADD: Interest Earned	499			
Transfer from Operating (Statement 10)	7,476			

SUB-TOTAL	24,099			
DEDUCT: Purchases (Statement 13)				
Transfer to Revenue (Statement 9)				

BALANCE, DECEMBER 31 - Statement 2	24,099			
RESERVE NAME BY-LAW NO.	UTILITY REPLACEMENT	UTILITY (Victoria Beach)	UTILITY (Hampton)	UTILITY (Albert Beach)
		1437		1436
BALANCE, JANUARY 1		65,010		15,106
ADD: Interest Earned		143		418
Transfer from Operating (Statement 11)		10,000		500
Insurance proceeds water treatment plant				

SUB-TOTAL		75,153		16,024
DEDUCT: Purchases (Statement 14)				
Transfer to Revenue (Statement 11)				
Transfer to Victoria Beach Utility				

BALANCE, DECEMBER 31 - Statement 5		75,153		16,024

**ANALYSIS OF INVESTMENTS
AS AT DECEMBER 31, 2008**

TYPE	DUE DATE Y/M/D	INTEREST RATE	INTEREST EARNED	AMOUNT	TOTAL
GOVERNMENT OF CANADA					
PROVINCE OF MANITOBA AND AGENCIES					
OTHER PROVINCES OR PROVINCIAL AGENCIES					
BY-LAW					
DEBENTURE OF OWN MUNICIPALITY					
DEBENTURES OF OTHER LOCAL GOVERNMENTS					
MANITOBA INVESTMENT POOL AUTHORITY					
OTHER INVESTMENTS					
TOTAL INVESTMENTS					Nil

**INVESTMENT HOLDINGS
AS AT DECEMBER 31, 2008**

TYPE	NAME OF RESERVE	RESERVED (Statements 2 5)	TRUST (Statement 7)	UNRESERVED (Statements 1 4)	TOTAL
GOVERNMENT OF CANADA					
PROVINCE OF MANITOBA					
OTHER PROVINCES OR AGENCIES					
DEBENTURES OF OWN MUNICIPALITY					
DEBENTURES OF OTHER LOCAL GOVERNMENTS					
MANITOBA INVESTMENT POOL AUTHORITY					
OTHER INVESTMENTS					
TOTAL INVESTMENTS					Nil

**INVESTMENT CHANGES
2008**

TOTAL INVESTMENTS, JANUARY 1				
INVESTMENTS ACQUIRED				
INVESTMENTS SOLD				
INVESTMENTS MATURED				
TOTAL INVESTMENTS, DECEMBER 31				Nil

**ANALYSIS OF DEBENTURE INDEBTEDNESS
AS AT DECEMBER 31, 2008**

SCHEDULE 7

AUTHORITY	PURPOSE	YEAR OF ISSUE	ORIGINAL AMOUNT	PURCHASED BY (A)	PAYABLE	TERM	MATURITY DATE	INTEREST RATE	CURRENT LEVY		OUTSTANDING
									PRINCIPAL	INTEREST	December-31
B/L 1450	Traverse Bay Victoria Beach Store	2001	84,861	B	Canadian	10 years	2010	6.750	9,818	2,125	21,668
		2003	85,750	B	Canadian	10 years	2012	6.250	8,706	3,083	40,618
									18,524	5,208	62,286
B/L 1195 B/L2017	Local improvements Water Treatment Plant	1988	100,574	B	Canadian	20 years	2008	11.000	11,376	1,254	
		2008	1,388,350	B	Canadian	12 years	2017	11.000	107,830	76,359	1,280,520
									119,206	77,613	1,280,520
CURRENT LEVY									137,730	82,821	
TOTAL PRINCIPAL OUTSTANDING, DECEMBER 31, - SCHEDULE 8											1,342,806

Municipality of Victoria Beach (Rural)

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NOTE (a): INDICATE WHETHER TOTAL SERIES PURCHASED BY: (A) FEDERAL GOVERNMENT (B) PROVINCIAL GOVERNMENT (C) OWN MUNICIPALITY (D) OTHER MUNICIPALITY (E) PUBLIC

**STATISTICAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008**

TAXABLE ASSESSMENT (PORTIONED)

Land
Buildings
Total Real Property
Personal Property
Subject to grant
Total Taxable & Grant Property
Exempt
Business



TO BE
COMPLETED
BY DEPARTMENT

POPULATION (LATEST CENSUS OF CANADA)

388

BUDGET RECONCILIATION - GENERAL FUND

Revenue - Surplus (Deficit)
Expended - Under (Over)
Estimated Surplus (Deficit)
Operating Surplus (Deficit)
Operating Surplus (Deficit) - Prior Year
Gain or (Loss)

(72,941)
72,941

5
(5)

CASH POSITION

Cash Surplus (Deficit) - Current Year
Cash Surplus (Deficit) - Prior Year
Gain or (Loss)

GENERAL FUND	COMBINED FUNDS
71,112	(8,932)
(234,773)	(303,247)
305,885	294,315

DEFICIT RECOVERIES AND DEFERRED SURPLUS LEVIES

GENERAL FUND OPERATING DEFICITS

Year	Authority			Actual Amount	Recoveries	Outstanding December-31
	Date	Term	Amount			

UTILITY FUND OPERATING DEFICITS

Year	Authority			Actual Amount	Recoveries	Outstanding December-31
	Date	Term	Amount			
2007	March 28, 2008	1 year	598	598	598	
2007	March 28, 2008	1 year	14,569	14,569	14,569	
2008	April 28, 2009	1 year	1,645	1,645		1,645
2009	April 29, 2009	1 year	3,768	3,768		3,768

BY-LAW OBLIGATIONS

Year	Purpose	By-Law Number	Term	Amount	Recoveries	Outstanding December-31

TAX COLLECTIONS

TAXES ON ROLL - Current - Cash Collections	2,650,473	
- Tax Credit Programs	80,635	2,731,108
- Arrears		159,956
- Total		2,891,064
TAX SALE CERTIFICATES		
LAND SALES		
TOTAL COLLECTIONS		2,891,064

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. Significant accounting policies

The financial statements of the Municipality have been prepared solely for the information and use of the Municipality and Manitoba Intergovernmental Affairs to comply with Section 183(1) of the Municipal Act. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Accrual Accounting

The accrual method of accounting has been used to recognize revenue as it is earned and expenditures as they are incurred, with the exception of interest earned on term deposits which is accounted for on the cash basis.

b) Fixed Assets

Fixed assets are charged to current expenditures in the revenue fund unless financed by grants or reserve funds and are recorded in the capital fund at cost. No depreciation is provided on any of the fixed assets.

c) Reserves

Reserve funds are established by by-law for the purpose of accumulating funds for specific purposes. Appropriations to reserve funds are charged to expenditure in the revenue fund.

d) Requisition Taxes

As directed by the Minister, school levies have been treated as requisition taxes payable instead of expenses. This results in the school requirements being netted against revenue from taxation and grants in lieu with a corresponding elimination of the related expense accounts.

2. Public Sector Compensation Disclosure Act

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to members of Council, and of individual compensation in an amount exceeding \$50,000 annually to any member of council, officer or employee of the municipality. For the year ended December 31, 2008:

- a) compensation paid to members of council amounted to \$31,788 in aggregate
- b) the following officers or employees received compensation in excess of \$50,000:

Name	Position	Amount
R. Moreau	Chief Administrative Officer	\$63,032
S. MacPherson	Police Chief	51,034

3. Financial Instruments

The Municipality's financial instruments consist of cash, accounts receivable, tax assets, and accounts payable, accrued liabilities and debentures. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. For cash, accounts receivable, tax assets, and accounts payable, accrued liabilities and debentures the fair value of these financial instruments approximate their carrying values.

4. Tangible Capital Assets

The Municipality is in the process of implementing the new accounting requirements for tangible capital assets, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The new requirements for tangible capital assets come into effect starting on January 1, 2009.

As at December 31, 2008 the Municipality has identified and valued all their tangible capital assets.

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

market value was not available. The Municipality does not capitalize interest charges as part of the cost of its tangible capital assets.

The cost, less residual value, of the tangible capital asset is amortized on a straight line basis over its useful life. Assets under construction are not amortized until the asset is put into use. No amortization has been recorded in the financial statements.

The estimated useful lives are as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 30 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 to 20 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	4 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	20 to 30 years
Road grade	40 years
Water	
Land	Indefinite
Buildings	25 to 40 years
Underground networks	40 to 60 years
Machinery and equipment	10 to 20 years

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the municipality, forests, water, and other natural resources are not recognized as tangible capital assets.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

The tangible capital asset balances at December 31, 2008 are:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2008</u>	<u>2007</u>
<u>General Tangible Capital Assets</u>				
Land and land improvements	\$ 367,449	\$ 39,772	\$ 327,677	\$ 339,008
Buildings and leasehold improvements	642,108	253,432	388,676	408,621
Vehicles and equipment	882,103	446,775	435,328	436,391
	-	-	-	-
<u>Infrastructure Assets</u>				
Roads, streets and bridges	217,212	114,864	102,348	107,727
Water and sewer	3,425,869	112,161	3,313,708	8,973
Assets under construction	-	-	-	1,350,33
	<u>\$ 5,534,741</u>	<u>\$ 967,004</u>	<u>\$ 4,567,737</u>	<u>\$ 2,651,051</u>

The Municipality has 17 km roads that are capitalized at a nominal value of \$94,523. Total amortization expense for the year ended December 31, 2008 was \$164,992. Amortization expense for the utility operations was \$83,084. No amortization expense was recorded in the financial statements.