

**THE CORPORATION OF THE
VILLAGE OF LUMBY**

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009
(Audited)

ROSSWORN HENDERSON LLP.
Chartered Accountants

The Corporation of the Village of Lumby

December 31, 2009

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AUDITORS' REPORT

To the Mayor and Council of the
The Corporation of the Village of Lumby:

We have audited the consolidated statement of financial position of the The Corporation of the Village of Lumby as at December 31, 2009 and the consolidated statements of financial activities, changes in financial position, reserve fund activities, operating fund activities and equity in physical assets for the year then ended. These financial statements are the responsibility of the Village'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 Village as at December 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian accounting principles generally accepted for municipalities in the Province of British Columbia.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements as a whole. The current year's supplementary information on the financial position and operating results of individual functions included on pages 24 - 25 are presented for the purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and in our opinion, are fairly stated, in all material aspects, in relation to the consolidated financial statements taken as a whole.

Enderby, BC
April 30, 2010

Rossworn Henderson LLP
Chartered Accountants

The Corporation of the Village of Lumby

Consolidated Statement of Financial Position

As at December 31, 2009

	2009	2008
Financial assets		Restated Note 15
Cash	\$ 910,734	\$ 249,879
Temporary investments	561,590	555,533
Accounts receivable (Note 3)	665,700	1,008,484
Deposit - Municipal Finance Authority (Note 4)	13,546	13,169
Tax sale proceeds subject to redemption	21,641	
	<u>2,173,211</u>	<u>1,827,065</u>
Liabilities		
Accounts payable (Note 5)	295,137	397,636
Deferred revenue (Note 6)	1,079,160	365,791
Deposit - Municipal Finance Authority (Note 4)	13,546	13,169
Long term debt (Note 7)	1,205,362	1,343,439
	<u>2,593,205</u>	<u>2,120,035</u>
Net financial position	<u>(419,994)</u>	<u>(292,970)</u>
Non-financial assets		
Capital assets (Note 8)	11,402,889	10,933,068
Net Position	<u>\$ 10,982,895</u>	<u>\$ 10,640,098</u>
Accumulated surplus	<u>\$ 10,982,895</u>	<u>\$ 10,640,098</u>
Trust funds	26,673	24,986
Operating fund	243,558	356,898
Reserves	332,185	477,395
Statutory reserves	182,952	191,191
Equity in capital assets	10,197,527	9,589,628
	<u>\$ 10,982,895</u>	<u>\$ 10,640,098</u>

Director of financial services



The Corporation of the Village of Lumby

Consolidated Statement of Financial Activities

For the year ended December 31, 2009

	2009 Budget	2009 Actual	2008 Actual
Revenue			Restated Note 15
Taxation - net (Note 11)	\$ 840,545	\$ 835,848	\$ 795,805
Grants and subsidies (Note 12)	1,682,394	989,582	465,984
Sales of service (Note 13)	515,746	509,493	513,131
Other revenue from own sources (Note 14)	181,989	177,988	208,784
Interest and penalties	42,000	61,490	66,599
Developer contributions	12,572	12,571	12,571
	<u>3,275,246</u>	<u>2,586,972</u>	<u>2,062,874</u>
Expenditures			
General government services	567,322	534,177	464,753
Protective services	140,903	142,687	148,171
Transportation services	636,336	471,301	590,184
Environmental health services	95,555	91,801	87,446
Public health and welfare	19,314	10,926	12,379
Community development services	107,841	88,099	86,135
Recreational and cultural services	100,214	109,392	100,150
Water supply	244,842	232,674	257,803
Sewer services	155,040	121,123	164,966
Amortization		441,995	410,077
	<u>2,067,367</u>	<u>2,244,175</u>	<u>2,322,064</u>
Annual surplus (deficit) for the year	<u>\$ 1,207,879</u>	<u>\$ 342,797</u>	<u>\$ (259,190)</u>
Prior period adjustment			790,082
Consolidated fund balance, beginning of year	<u>10,640,098</u>	<u>10,640,098</u>	<u>10,109,206</u>
Consolidated fund balance, end of year	<u>\$ 10,640,098</u>	<u>\$ 10,982,895</u>	<u>\$ 10,640,098</u>

The accompanying summary of significant policies, notes to financial statements and schedule are an integral part of these statements.

The Corporation of the Village of Lumby
 Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2009

	2009 Actual	2008 Actual
		Restated Note 15
Annual surplus	\$ 342,797	\$ (259,190)
Amortization of tangible capital assets	441,995	410,077
Aquisition of tangible capital assets	(911,816)	(406,982)
Increase/(decrease) in net financial assets	(127,024)	(256,095)
Net financial assets, beginning of year	(292,970)	(36,875)
Net financial assets, end of year	\$ (419,994)	\$ (292,970)

The accompanying summary of significant policies, notes to financial statements and schedule are an integral part of these statements.

The Corporation of the Village of Lumby

Consolidated Statement of Change in Financial Position

For the year ended December 31, 2009

	2009	2008
Cash flows from operating activities		Restated Note 15
Cash receipts	\$ 3,342,093	\$ 1,590,038
Cash payments to suppliers and employees	(1,637,433)	(2,466,351)
Interest received	61,490	66,599
Interest paid	(57,828)	(51,780)
	<u>1,708,322</u>	<u>(861,494)</u>
Financing activities		
Proceeds of long term debt		500,000
Debt repayment	(129,593)	(29,593)
		<u>470,407</u>
Investing activities		
Increase in capital assets (net of disposals)	(911,816)	406,982
Increase in temporary investments	(6,058)	(215,450)
	<u>(917,874)</u>	<u>191,532</u>
Increase/(decrease) in cash	660,855	(199,555)
Cash, beginning of year	249,879	449,434
Cash/(deficiency), end of year	\$ 910,734	\$ 249,879

The accompanying summary of significant policies, notes to financial statements and schedule are an integral part of these statements.

The Corporation of the Village of Lumby

Consolidated Statement of Equity in Capital Assets

For the year ended December 31, 2009

	2009	2008
Balance beginning of year	\$ 9,589,628	Restated Note 15 \$ 9,266,240
Acquisition of capital assets	911,816	406,982
Debt reduction	129,593	29,593
Proceeds of long term debt		(500,000)
Refunded finance charges	1,493	
Actuarial adjustments	6,992	6,808
Amortization	(441,995)	(410,077)
Prior period adjustment		790,082
Balance end of year	\$ 10,197,527	\$ 9,589,628
Represented by:		
General	\$ 5,923,520	\$ 3,500,543
Sewer	1,118,095	1,653,647
Water	3,155,912	4,435,438
Balance end of year	\$ 10,197,527	\$ 9,589,628

Consolidated Statement of Trust Funds

For the year ended December 31, 2009

Cemetery Trust	Protestant		Catholic		2009	2008
Cash, beginning of year	\$ 17,872	\$	6,728	\$	24,600	\$ 24,048
Due to/from general fund	(395)		1,472		1,077	386
Contributions	697		299		996	552
Balance, end of year	\$ 18,174	\$	8,499	\$	26,673	\$ 24,986

The accompanying summary of significant policies, notes to financial statements and schedule are an integral part of these statements.

The Corporation of the Village of Lumby

Consolidated Statement of Operating Surplus

For the year ended December 31, 2009

	2009	2008
Operating Surplus		
Balance beginning of year	\$ 356,886	\$ 432,612
Transfers to reserves	(54,308)	(35,000)
Transfers from surplus	(650,464)	(78,462)
Transfer from reserves	248,647	296,926
Surplus (deficit) for the year	342,797	(259,190)
Balance end of year	\$ 243,558	\$ 356,886
Represented by:		
General	130,383	167,056
Water	46,535	68,883
Sewer	66,640	120,947
Balance end of year	\$ 243,558	\$ 356,886

Consolidated Statement of Statutory Reserve Fund Activities

For the year ended December 31, 2009

Federal Gas Tax Agreement Funds	2009	2008
Balance beginning of year	\$ 191,191	\$ 127,823
Add: Amounts received during year	95,257	59,853
Interest earned	2,390	3,515
Less: Amount spent of projects	(105,886)	
Balance end of year	\$ 182,952	\$ 191,191

The accompanying summary of significant policies, notes to financial statements and schedule are an integral part of these statements.

The Corporation of the Village of Lumby

Consolidated Statement of Reserve Fund Activities

For the year ended December 31, 2009

	2009	2008
Balance beginning of year	\$ 477,395	\$ 258,483
Additions		
Other contributions	69,100	532,038
Return on investments	1,996	3,800
Net interfund transfers		
Capital fund	(216,306)	(20,000)
Current fund		(296,926)
Balance end of year	\$ 332,185	\$ 477,395
Represented by:		
General reserve		
Future expenditures	\$ 142,426	\$ 334,835
General capital	7,840	7,743
Salmon Trail	37,500	37,500
Equipment replacement	57,102	10,000
	244,868	390,078
Sewer reserve		
Future sewer capital	87,317	87,317
	\$ 332,185	\$ 477,395

The accompanying summary of significant policies, notes to financial statements and schedule are an integral part of these statements.

The Corporation of the Village of Lumby

Summary of Significant Accounting Policies

For the year ended December 31, 2009

1. Status of the Village of Lumby

The Corporation of the Village of Lumby ("the Village") is a municipality that was created on March 1, 1956 under the laws of British Columbia. The Village provides municipal services such as public works, sewer, water, urban planning, fire protection services, and recreational and cultural services and other general government operations.

2. Significant Accounting policies

These consolidated financial statements have been prepared by management in accordance with Canadian generally accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The significant polices are summarized as follows:

a. Fund accounting

The resources and operations of the Village are comprised of the funds listed below. Supporting schedules to the consolidated financial statements are included to show the financial activities and balance of each fund for supplementary information.

General Fund:

Accounts for operating and capital revenues and expenditures for the all activities of the Village except those included in the water and sewer funds and holds all property required for these purposes and related long term debt.

Water Fund:

Accounts for operating and capital revenues and expenditures for the water utility and holds all property required for these purposes and related long term debt.

Sewer Fund:

Accounts for operating and capital revenues and expenditures for the sewer utility and holds all property required for this purposes and related long term debt.

b. Basis of consolidation

The consolidated financial statements include the assets, liabilities, reserves, surpluses/deficits, revenue and expenses of those Village funds and governmental functions or entities which have been determined to comprise a part of the aggregate Village operations based upon control exercised by the Village. Interfund balances and transactions have been eliminated.

c. Basis of accounting

The consolidated financial statements are prepared using 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 and services and/or the creation of a legal obligation to pay.

d. School taxes

The Village is required by **The School Act** to bill, collect and remit provincial education support levies in respect of residential and other properties on behalf of the Province, and school division special levies on behalf of school divisions. The Village has no jurisdiction or control over the school division's operations or their mil rate increases. Therefore, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of school boards are not reflected in these consolidated financial statements.

The Corporation of the Village of Lumby

Summary of Significant Accounting Policies

For the year ended December 31, 2009

e. Temporary investments

Temporary investments consist of deposits with the Municipal Finance Authority pooled investment money market fund are recorded at cost, which approximates their quoted market value. These investments are redeemable on demand and have an effective average interest rate of 1.8% (2009 - 3.25%).

f. Deferred revenue

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of 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 tangible capital assets acquired.

g. 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 ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses provides the Change in Net Financial Assets for the year.

i. Tangible capital assets

Capital assets consist of land, buildings, engineering structures, water and sewer infrastructure, roads, and machinery and equipment. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the cost, construction, development or betterment of the asset. The cost less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful life as follows:

Buildings	40 to 75 years
Drainage	10 to 100 years
Machinery and equipment	7 to 15 years
Other structures	15 to 65 years
Roads	10 to 100 years
Sewer system	10 to 100 years
Water system	10 to 100 years

Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of tangible capital assets

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

iii. 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.

h. Revenue recognition

Government grants and 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 made.

Taxation revenues are recognized at the time of issuing property tax notices for the fiscal year. Sale of services and user fees are recognized when the service or product is provided by the Village. All other revenue is recognized as it is earned and is measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the creation of a legal obligation to pay.

The Corporation of the Village of Lumby

Summary of Significant Accounting Policies

For the year ended December 31, 2009

i. Debt charges

Debt charges, including principal, interest and foreign exchange, are charged to current operations. Interest charges are accrued for the period from the date of the latest interest payment to the end of the year.

j. Capitalization of Interest

The Village capitalizes interest on temporary borrowing until the completion of the project which is to be financed by debenture debt.

k. Reserves

Reserves for future expenditures represent amounts set aside for future operating and capital expenditures.

l. Budget Figures

The budget figures are from the Financial Plan Bylaw No. 679, 2009 adopted May 11, 2009, they have been reallocated to conform to PSAB financial statement presentation. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

m. Use of estimates

The consolidated financial statements of the Village have been prepared by management in accordance with Canadian generally accepted accounting principles. As such, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions are based on the Village's best information and judgment and may differ significantly from actual results. The financial statements have, in the opinion of management been prepared using careful judgment within the reasonable limits of materiality and within the framework of the accounting policies identified.

THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

3. Accounts receivable

	2009	2008
Federal Government	\$ 97,889	\$ 80,254
Provincial government	34,570	531,800
Trade receivables	264,295	217,834
Taxes receivable - current	231,782	162,990
- arrears & delinquent	37,164	15,606
	<u>\$ 665,700</u>	<u>\$ 1,008,484</u>

4. Reserve - Municipal Finance Authority

The Village issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The Village also executes demand notes in connection with each debenture whereby the Village may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at the year end are as follows:

	Demand note	Cash deposits	2009	2008
General fund	\$ 9,568	\$ 2,889	\$ 12,457	\$ 12,376
Sewer fund	6,581	3,122	9,703	9,616
Water fund	14,866	7,535	22,401	22,192
	<u>\$ 31,015</u>	<u>\$ 13,546</u>	<u>\$ 44,561</u>	<u>\$ 44,184</u>

5. Accounts payable

	2009	2008
Trade payables	\$ 204,715	\$ 325,150
Wages payable	90,422	72,486
	<u>\$ 295,137</u>	<u>\$ 397,636</u>

6. Deferred revenue

	2009	2008
Deferred grants	\$ 277,364	\$
Development cost charges	329,893	338,236
Prepaid taxes	10,083	9,955
Refundable deposits	461,820	17,600
	<u>\$ 1,079,160</u>	<u>\$ 365,791</u>

THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

7. Long term debt

Bylaw number	Purpose	Term remaining	% rate	2009	2008
General fund					
1316	Vernon Street	12	4.66	\$ 209,933	\$ 223,815
	Water meters	4	1.25	400,000	500,000
				609,933	723,815
Water fund					
1317	System upgrade	22	4.86	528,127	543,937
Sewer fund					
1167	1996 extension	9	4.00	67,302	75,687
Total long term debt - all funds				\$ 1,205,362	\$ 1,343,439

The municipality is committed to principal requirements, including sinking fund additions, over the next 5 years as follows:

	General fund	Water fund	Sewer fund
2010	\$ 112,485	\$ 12,571	\$ 4,536
2011	112,485	12,571	4,536
2012	112,485	12,571	4,536
2013	112,485	12,571	4,536
2014	112,485	12,571	4,536
2015 and subsequent periods	47,508	465,272	44,622
	\$ 609,933	\$ 528,127	\$ 67,302

THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

8. Capital assets

	Cost	Accumulated amortization	2009	2008
General fund				Restated Note 15
Land	\$ 69,751	\$	\$ 69,751	\$ 69,751
Buildings	321,768	129,160	192,608	199,044
Mobile equipment	515,832	298,688	217,144	219,785
Street lights	445,264	264,682	180,582	210,264
Roads	3,422,822	2,834,789	588,033	662,103
Sidewalks	577,318	190,836	386,482	405,726
Curbs	289,745	114,942	174,803	186,393
Storm sewers	1,857,299	391,405	1,465,894	1,491,462
Paths	897,568	84,395	813,173	594,208
Bridges	628,452	87,605	540,847	166,811
Furnishings	94,885	94,885		
Stormceptor	30,000	11,938	18,062	18,813
	9,150,704	4,503,325	4,647,379	4,224,360
Water fund				
Land	84,889		84,889	84,889
Buildings	179,904	17,616	162,288	166,786
Water lines	1,645,115	369,105	1,276,010	1,295,046
Wells	127,545	33,050	94,495	97,505
Treatment plant	1,777,540	234,562	1,542,978	1,572,639
Reservoir	2,071,987	779,911	1,292,076	1,333,214
Meters	484,230	38,182	446,048	305,103
Hydrants	259,200	141,398	117,802	124,192
	6,630,410	1,613,824	5,016,586	4,979,374
Sewer fund				
Building				
Land	170,800		170,800	170,800
Fences	54,308	3,319	50,989	
Sewer lines	1,804,651	557,218	1,247,433	1,274,153
Lagoons	212,112	152,367	59,745	63,987
UV treatment	160,562	82,957	77,605	84,027
Lift stations	200,750	68,398	132,352	136,367
Diffusers	18,095	18,095		
	2,621,278	882,354	1,738,924	1,729,334
	\$ 18,402,392	\$ 6,999,503	\$ 11,402,889	\$ 10,933,068

THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

9. Contingent liabilities

- (a) The Municipality is a member of the North Okanagan Regional District and is liable for its proportion of any operating deficits or long-term debt related to functions in which it participates.
- (b) Commencing December 31, 1987, the Village of Lumby entered into a self insurance scheme with British Columbia municipalities and regional districts. The Village is obliged under the scheme to pay a percentage of its fellow insured's losses. The Village pays an annual premium, which is anticipated to be adequate to cover any losses incurred.
- (c) The Municipality 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 pension plan, including investment of the assets and administration of the benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 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 information at the time of publication, 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 Village of Lumby paid \$59,329 (2008- \$63,483) in employer contributions to the Plan in fiscal 2008.

10. Commitments and subsequent events

- (a) The Village leases equipment under operating leases. Future minimum lease payments over the next five years are as follows:

	Vehicle 1	Vehicle 2	Photocopier	Total lease commitment
2010	\$ 4,748	\$ 5,349	\$ 3,192	\$ 13,289
2011			3,192	3,192

- (b) The amount of vacation, banked time and sick pay that has been accrued and is included in accounts payable for the current year is based upon managements' best estimate based upon past performance. The estimated total liability for wages and benefits at December 31, 2009 is approximately \$151,931. Of this amount \$50,644 has been accrued and included in accounts payable.
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THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

11. Taxation

Taxation revenue is comprised of the following amounts raised less transfers:

	Budget	2009	2008
Taxation			
General municipal purposes	\$ 738,723	\$ 737,234	\$ 699,415
1% utility taxes	37,877	40,001	34,747
Collections for other governments			
School District	642,632	618,355	627,270
Policing	67,480	67,474	66,722
Regional District	504,598	504,267	472,035
Regional Hospital District	50,510	50,474	47,790
Municipal Finance Authority	55	55	44
B.C. Assessment Authority	20,961	19,463	18,736
Regional library	53,939	53,934	48,634
	2,116,775	2,091,257	2,015,393
Transfers			
School District	644,043	620,824	632,541
Regional Hospital District	50,605	50,731	47,777
Regional District	506,574	510,306	471,873
Municipal Finance Authority	63	55	44
B.C. Assessment Authority	21,006	19,554	18,731
Okanagan Regional Library	53,939	53,939	48,622
	1,276,230	1,255,409	1,219,588
	\$ 840,545	\$ 835,848	\$ 795,805

THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

12. Government grants and subsidies

	Budget	2009	2008
Operating			
Small communities protection	\$ 659,433	\$ 382,068	\$ 332,338
West Nile virus	6,000	1,970	2,918
Tourism		5,210	20,842
Emergency measures			2,500
Recreation management fee	43,242	43,242	41,861
Fire department	3,420	3,420	3,321
NORD - Library capital		383	365
	712,095	436,293	404,145
Capital			
Water		19,756	
Street lighting	660	661	661
Provincial planning		6,000	
Conditional	871,067	431,615	
New Deal	95,572	95,257	59,853
HRDC - Salmon Trail			1,325
	967,299	553,289	61,839
	\$ 1,679,394	\$ 989,582	\$ 465,984

13. Sales of Service

	Budget	2009	2008
Application fees	\$ 14,000	\$ 3,000	\$ 25,341
Cemetery	4,500	8,963	5,713
Drainage connections	1,000	300	1,600
Garbage collection and disposal	94,004	94,036	94,786
Searches	3,350	3,819	3,159
Sewer user fees	158,543	158,991	152,265
Water user fees	240,349	240,384	230,267
	\$ 515,746	\$ 509,493	\$ 513,131

THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

14. Other revenue from own sources

	Budget	2009	2008
Building permits	\$ 20,000	\$ 25,822	\$ 53,806
Business licences	13,100	14,557	13,037
Commercial vehicle licenses	400	453	356
Commissions	72,000	90,587	75,745
Gas franchise fees	32,292	32,293	29,021
Other revenue	13,100	7,523	23,027
Rental income	23,000	1,800	1,800
Sewer connections, penalties and septage disposal	3,604	2,642	3,450
Water connections, penalties and other charges	4,493	2,311	8,542
	\$ 181,989	\$ 177,988	\$ 208,784

15. Prior period adjustment

The Village 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 the financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions have been included in income. Revisions have also been made to record the City's investment in Joint Functions. The adjustments are as follows:

Adjustments to 2008 Accumulated Surplus

Accumulated surplus, as previously reported	\$ 10,109,206
Less:	
Net book value of tangible capital assets recorded	<u>530,892</u>
Accumulated surplus, as restated	<u>10,640,098</u>

Adjustments to 2008 Annual Surplus

Annual surplus, as previously reported	150,887
Add:	
Revenue from contributed tangible capital assets	
Less:	
Increase in amortization expense	(410,077)
Increase in loss on disposal of tangible capital assets	
Annual surplus, as restated	<u>(259,190)</u>

Adjustments to 2008 Tangible Capital Assets

Net book value of tangible capital assets, as previously reported	10,553,809
Add:	
Net book value of tangible capital assets resulting from the adjustment of opening 2008 surplus	790,082
Revenue from contributed tangible capital assets	(746)
Increase in accumulated amortization expense	(410,077)
Net book value of tangible capital assets, as restated	<u>\$ 10,933,068</u>

THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

16. Expenditures by object

	Budget	2009	2008
Advertising and publications	\$ 64,341	\$ 43,258	\$ 38,289
Amortization		441,995	410,077
Contracted services	408,683	396,945	453,582
Council grants	15,000	15,310	16,482
Insurance	46,000	37,551	36,555
Interest and bank charges	65,810	57,828	51,780
Utilities and communications	91,355	94,513	93,641
Materials and supplies	332,516	247,159	333,769
Professional fees	187,000	97,346	100,078
Salaries and benefits	812,321	766,686	750,577
Training, travel and conferences	39,500	40,545	28,132
Other costs	4,841	5,038	9,102
	<u>\$ 2,067,367</u>	<u>\$ 2,244,174</u>	<u>\$ 2,322,064</u>

17. Financial instruments

The Village's financial instruments consist of cash, temporary investments, accounts receivable, accounts payable, deferred revenue, deposits and long term debt. The fair values of these financial instruments approximate their carrying values. It is management's opinion that the Village is not exposed to significant interest, currency or credit risks arising from these financial instruments.

THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

18. Segmented information

The Village of Lumby is a municipal government that provides a range of services to its citizens. For management reporting purposes, the Village's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Village services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, along with the services they provide, as follows:

General government services - Legislative, administration and finance

The function of the legislative department including, Mayor and Council, is to set bylaws and policies for the governance of the Village in accordance with the Community Charter. The function of the Administration Department is to coordinate the operation of the municipality in accordance with policies set by Council. The Administration Department is responsible for functions such as personnel, organizational changes, employee review and training, manpower planning, strategic planning, Information Systems, GIS and records management. The mandate of the Finance Department is to achieve excellence in customer service through the efficient and effective use of technology and personal service. Also, to provide operational efficiency, financial planning and accountability through the application of sound accounting practices and internal control. The Finance Department is responsible for functions such as financial records reporting and safekeeping; investment of municipal funds; advice and guidance to Council and Administration on financial matters; financial planning and budget development and analysis; property tax and utility user fee notification and collection; accounts payable and receivable; payroll, pension and benefits administration; records maintenance of tickets, fines and other municipal business.

Protective services - Fire and animal control services

The mandate of the Fire Department is to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The mandate of Animal Control is to control the animal population and the issuance of dog licenses.

Public works services

The public works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, and street lighting.

Environmental health services

The mandate of environmental health services is to provide for the collection, disposal and recycling services; and waste minimization programs of solid waste.

Public health and welfare

The mandate of Public Health and Welfare is to provide cemetery services to the citizens of the Village.

Community development services

Community development provides services to manage urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and downtown through Village planning, community development, parks and riverbank planning. It ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and bylaw for the protection of occupants. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of zoning bylaws, and the processing of building permit applications.

Recreational and cultural services

The recreational and cultural services mandate in cooperation with the Regional District is to provide for the maintenance of parks and open space.

Water supply and services

The water department provides for the delivery of safe drinking water to the citizens of Lumby.

THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2009

Segment disclosures (cont'd)

Sewer services

The sewer department provides for the collection and treatment of wastewater.

Certain allocation methodologies are employed in the preparation of segmented financial information. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund's net surplus. Certain government grants, transfers from and to other funds, and other revenues have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in preparation of the consolidated financial statements as disclosed in Note 2. For additional information see the Consolidated Schedule of Segment Disclosure - Service (Schedule1).

19. Comparative figures

Certain comparative figures have been reclassified to conform to the financial presentation adopted for the current year.

The Corporation of the Village of Lumby
 Consolidated Schedule of Segment Disclosure - Service

For the year ended December 31, 2009

Schedule 1

General revenue fund

	General government	Protective services	Transportation Services	Environmental health services	Recreation and culture	Other general services	Water supply	Sewer services	2009 Consolidation
Revenues									
Taxation	\$ 768,374	\$ 67,474	\$ 533,532	\$ 94,036	\$ 48,835	\$ 1,970	\$ 19,756	\$ 158,991	\$ 835,848
Grants and subsidies	382,069	3,420				11,963	240,384	2,642	989,582
Sales of services	4,119						2,311		509,493
Other revenue from own sources	173,035						5,874	2,582	177,988
Interest and penalties	53,034						12,571		61,490
Contributions from developers									
Transfer from other funds	(384,857)	305,146	(63,703)	(2,235)	60,557	85,092			12,571
	995,774	376,040	469,829	91,801	109,392	99,025	280,896	164,215	2,586,972
Expenditures									
Amortization	6,435	233,354					157,487	44,719	441,995
Contracted services	6,403	88,428	74,661	84,847	52,975	17,797	55,097	16,737	396,945
Interest and bank charges	22,668						29,160	6,000	57,828
Professional fees	15,850	6,007	38,581			36,908			97,346
Material and supplies	54,600	13,591	101,150		16,641	120	19,251	41,808	247,161
Other	75,645	5,762	53,275		765	35,858	36,920	564	208,789
Salaries and benefits	391,758	28,898	209,280	6,954	39,011	8,342	59,221	23,222	766,686
Training, travel and conferences	37,717		2,592				236		40,545
Transfers	(70,462)		(8,238)				32,790	32,790	(13,120)
	540,614	376,040	471,301	91,801	109,392	99,025	390,162	165,840	2,244,175
Net change in financial assets	\$ 455,160	\$	\$ (1,472)	\$	\$	\$	\$ (109,266)	\$ (1,625)	\$ 342,797

The Corporation of the Village of Lumby
 Consolidated Schedule of Segment Disclosure - Service

For the year ended December 31, 2008

Schedule 1 (cont'd)

	General revenue fund								Sewer services	2008 Consolidation
	General government	Protective services	Transportation Services	Environmental health services	Recreation and Cultural	Other general services	Water supply			
Revenues										
Taxation	\$ 729,083	\$ 66,722	\$	\$	\$	\$	\$	\$	\$	\$ 795,805
Grants and subsidies	332,339	5,820	61,839		63,068	2,918	230,267	152,265		465,984
Sales of services	4,759			94,786		31,054	8,542	3,450		513,131
Other revenue from own sources	196,792		865				4,980	3,454		208,784
Interest and penalties	59,030									68,329
Contributions from developers										
Transfer from other funds	(913,749)	289,255	529,210	(7,340)	37,082	65,542	12,571			12,571
	408,254	361,797	591,914	87,446	100,150	99,514	256,360	159,169		2,064,604
Expenditures										
Amortization	6,435	213,626					148,617	41,400		410,078
Contracted services	4,654	106,078	127,452	79,987	43,279	29,501	47,634	14,999		453,584
Interest and bank charges	16,620						29,160	6,000		51,780
Professional fees	18,700	14,097	34,495			32,786				100,078
Material and supplies	52,155	4,681	146,537		13,100	726	36,698	79,874		333,771
Other	76,906	2,091	55,256		746	28,348	36,401	501		200,249
Salaries and benefits	339,669	21,224	224,627	7,459	43,025	7,153	75,919	31,500		750,576
Training, travel and conferences	26,215		1,817					101		28,133
Transfers	(70,167)						31,991	31,991		(6,185)
	471,187	361,797	590,184	87,446	100,150	98,514	406,420	206,366		2,322,064
Net change in financial assets	\$ (62,933)	\$	\$ 1,730	\$	\$	\$ 1,000	\$ (150,060)	\$ (47,197)	\$	(257,460)

The Corporation of the Village of Lumby

White Valley Parks & Recreation
Statement of Financial Activities

For the year ended December 31, 2009

Schedule 2 (cont'd)

The Village manages White Valley Parks & Recreation for the Regional District of North Okanagan. During the current year, the Village of Lumby received a management fee of \$43,242 (2007 - \$41,861).

	2009 Budget	2009 Actual	2008 Actual
Revenue			
Facility rentals	\$ 5,000	\$ 5,095	\$ 6,985
Library	10,200	9,402	9,578
Swimming pool	22,000	27,576	25,086
Arena	98,000	128,281	99,614
Playing fields	3,500	4,588	4,076
Curling club rentals		1,862	
School programs	26,000	36,474	32,054
Special programs & events	7,600	9,588	10,683
Grants, donations and other revenue			3,240
Transfer from Regional District	484,089	484,118	534,475
	<u>656,389</u>	<u>706,984</u>	<u>725,791</u>
Expenditures			
Administration	43,242	79,102	42,773
White Valley Community Centre	58,209	44,076	62,636
Swimming pool	96,985	87,795	86,754
Arena	224,209	253,107	242,934
Parks	91,349	79,997	65,137
Curling club	52,620	56,215	45,034
Programs	74,775	92,781	83,621
Contributions to capital			
White Valley Community Centre			
Swimming pool			36,042
Arena			36,608
Parks			19,706
Curling	15,000	13,911	4,546
	<u>656,389</u>	<u>706,984</u>	<u>725,791</u>
Surplus (deficit) for the year	\$	\$	\$