

**THE CORPORATION OF THE  
VILLAGE OF LUMBY**

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010  
(Audited)

**ROSSWORN HENDERSON LLP**  
Chartered Accountants

# The Corporation of the Village of Lumby

December 31, 2010

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of The Corporation of the Village of Lumby which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statement of financial activities, change in net financial assets, statement of equity in capital assets and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information

### Management's Responsibility for the Financial Statements

The Village's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for municipalities in British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of Lumby as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards generally accepted for municipalities in the Province of British Columbia.



Chartered Accountants

July 25, 2011

**The Corporation of the Village of Lumby**  
 Consolidated Statement of Financial Position

As at December 31, 2010

	2010	2009
<b>Financial assets</b>		Restated Note 15
Cash	\$ 308,590	\$ 910,734
Temporary investments		561,590
Accounts receivable (Note 3)	1,090,095	665,700
Deposit - Municipal Finance Authority (Note 4)	13,986	13,546
Tax sale proceeds subject to redemption		21,641
	<u>1,412,671</u>	<u>2,173,211</u>
<b>Liabilities</b>		
Accounts payable (Note 5)	332,925	295,136
Deferred revenue (Note 6)	373,559	1,079,160
Deposit - Municipal Finance Authority (Note 4)	13,986	13,546
Long term debt (Note 7)	1,065,519	1,205,362
	<u>1,785,989</u>	<u>2,593,204</u>
<b>Net financial position</b>	<u>(373,318)</u>	<u>(419,993)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	<u>15,730,359</u>	<u>15,347,005</u>
<b>Net Position</b>	<u>\$ 15,357,041</u>	<u>\$ 14,927,012</u>
Trust funds	27,392	26,673
Operating fund	151,797	243,558
Reserves	339,086	332,185
Statutory reserves	173,926	182,952
Equity in capital assets	<u>14,664,840</u>	<u>14,141,644</u>
<b>Accumulated surplus</b>	<u>\$ 15,357,041</u>	<u>\$ 14,927,012</u>

Director of financial services Ken Gleason

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 Financial Activities

For the year ended December 31, 2010

	2010 Budget	2010 Actual	2009 Actual
Revenue			Restated Note 15
Taxation - net (Note 11)	\$ 878,729	\$ 878,842	\$ 835,848
Grants and subsidies (Note 12)	649,332	1,159,058	989,582
Sales of service (Note 13)	538,401	536,582	509,493
Other revenue from own sources (Note 14)	218,142	232,840	177,988
Interest and penalties	47,200	56,338	61,489
Developer contributions	182,572	213,476	12,571
	<u>2,514,376</u>	<u>3,077,136</u>	<u>2,586,971</u>
Expenditures			
General government services	619,319	557,214	534,177
Protective services	155,905	194,163	142,687
Transportation services	583,780	532,200	471,301
Environmental health services	101,501	89,374	91,801
Public health and welfare	16,035	9,733	10,926
Community development services	75,500	50,599	88,099
Recreational and cultural services	85,836	69,361	109,392
Water supply	253,378	215,676	232,674
Sewer services	293,710	349,252	121,123
Amortization		579,535	539,555
	<u>2,184,964</u>	<u>2,647,107</u>	<u>2,341,735</u>
Annual surplus (deficit) for the year	<u>\$ 329,412</u>	<u>\$ 430,029</u>	<u>\$ 245,236</u>
Prior period adjustment (Note 15)			4,286,914
Consolidated fund balance, beginning of year	14,927,012	14,927,012	10,394,862
Consolidated fund balance, end of year	<u>\$ 14,927,012</u>	<u>\$ 15,357,041</u>	<u>\$ 14,927,012</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, 2010

	2010 Actual	2009 Actual
		Restated Note 15
Annual surplus	\$ 430,029	\$ 245,236
Amortization of tangible capital assets	579,535	539,555
Aquisition of tangible capital assets	(962,888)	(911,815)
Increase/(decrease) in net financial assets	46,676	(127,024)
Net financial assets, beginning of year	(419,994)	(292,970)
Net financial assets, end of year	\$ (373,318)	\$ (419,994)

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, 2010

	2010	2009
Cash flows from operating activities		Restated Note 15
Cash receipts	\$ 1,912,883	\$ 3,568,337
Cash payments to suppliers and employees	(1,972,590)	(1,855,191)
Interest received	56,338	61,489
Interest paid	(57,634)	(57,828)
	<u>(61,003)</u>	<u>1,716,807</u>
Financing activities		
Debt repayment	<u>(139,843)</u>	<u>(138,078)</u>
Investing activities		
Increase in capital assets (net of disposals)	(962,888)	(911,816)
Decrease (increase) in temporary investments	<u>561,590</u>	<u>(6,058)</u>
	<u>(401,298)</u>	<u>(917,874)</u>
Increase/(decrease) in cash	(602,144)	660,855
Cash, beginning of year	<u>910,734</u>	<u>249,879</u>
Cash/(deficiency), end of year	<u>\$ 308,590</u>	<u>\$ 910,734</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 Equity in Capital Assets

For the year ended December 31, 2010

	2010	2009
Balance beginning of year	\$ 14,141,644	\$ 9,589,629 <sup>Restated Note 15</sup>
Acquisition of capital assets	962,888	911,816
Debt reduction	139,843	138,078
Amortization	(579,535)	(539,555)
Prior period adjustment		4,041,676
Balance end of year	\$ 14,664,840	\$ 14,141,644
Represented by:		
General	\$ 6,344,752	\$ 8,011,492
Sewer	2,762,968	2,184,537
Water	5,557,120	3,945,615
Balance end of year	\$ 14,664,840	\$ 14,141,644

## Consolidated Statement of Trust Funds

For the year ended December 31, 2010

Cemetery Trust	Protestant		Catholic		2010		2009	
Cash, beginning of year	\$	17,097	\$	8,499	\$	25,596	\$	24,600
Due (to)/from general fund		1,167		(121)		1,046		1,077
Contributions		450		300		750		996
Balance, end of year	\$	18,714	\$	8,678	\$	27,392	\$	26,673

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, 2010

	2010	2009
Operating Surplus		Restated Note 15
Balance beginning of year	\$ 243,558	\$ 356,815
Transfers to reserves	(95,415)	(166,257)
Transfers from surplus	(125,016)	(186,356)
Transfer from reserves	88,872	322,192
Transfer to capital fund	(390,231)	(328,072)
Surplus (deficit) for the year	<u>430,029</u>	<u>245,236</u>
Balance end of year	\$ 151,797	\$ 243,558
Represented by:		
General	98,913	130,383
Water	62,831	46,535
Sewer	<u>(9,947)</u>	<u>66,640</u>
Balance end of year	<u>\$ 151,797</u>	<u>\$ 243,558</u>

## Consolidated Statement of Statutory Reserve Fund Activities

For the year ended December 31, 2010

Federal Gas Tax Agreement Funds	2010	2009
Balance beginning of year	\$ 182,952	\$ 191,191
Add: Amounts received during year	94,563	95,257
Interest earned	1,372	2,390
Less: Amount spent of projects	<u>(104,961)</u>	<u>(105,886)</u>
Balance end of year	<u>\$ 173,926</u>	<u>\$ 182,952</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 Reserve Fund Activities

For the year ended December 31, 2010

	2010	2009
Balance beginning of year	\$ 332,185	\$ 477,395
Additions		
Return on investments	59	1,996
Net interfund transfers		
Capital fund	6,842	(147,206)
Balance end of year	\$ 339,086	\$ 332,185
Represented by:		
General reserve		
Future expenditures	\$ 142,426	\$ 142,426
General capital	7,899	7,840
Salmon Trail	37,500	37,500
Equipment replacement	134,738	57,102
	322,563	244,868
Sewer reserve		
Future sewer capital	7,317	87,317
Water reserve		
Meter replacement	9,206	
	\$ 339,086	\$ 332,185

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, 2010

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### 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 policies 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 mill 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, 2010

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**e. Temporary investments**

Temporary investments consist of deposits with the Municipal Finance Authority. Pooled investment money market funds 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, 2010

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**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. 704, 2010 adopted March 15, 2010. 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.

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# THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2010

## 3. Accounts receivable

	2010		2009	
Federal Government	\$	168,172	\$	97,889
Provincial government		319,405		34,570
Trade receivables		253,823		264,295
Taxes receivable - current		250,259		231,782
- arrears & delinquent		98,436		37,164
	\$	1,090,095	\$	665,700

## 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		2010		2009	
General fund	\$	9,568	\$	2,983	\$	12,551	\$	12,458
Sewer fund		6,581		3,223		9,804		9,702
Water fund		14,866		7,780		22,646		22,401
	\$	31,015	\$	13,986	\$	45,001	\$	44,561

## 5. Accounts payable

	2010		2009	
Trade payables	\$	217,815	\$	204,715
Wages payable		115,110		90,422
	\$	332,925	\$	295,137

# THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2010

## 6. Deferred revenue

	2010	2009
Deferred grants	\$ 277,972	\$ 277,365
Development cost charges	28,705	329,892
Prepaid taxes	66,882	10,083
Refundable deposits	373,559	461,820
	<u>\$ 373,559</u>	<u>\$ 1,079,160</u>

## 7. Long term debt

Bylaw number	Purpose	Term remaining	% rate	2010	2009
<b>General fund</b>					
1316	Vernon Street	12	4.66	\$ 195,494	\$ 209,933
	Water meters	4	1.25	300,000	400,000
				<u>495,494</u>	<u>609,933</u>
<b>Water fund</b>					
1317	System upgrade	22	4.86	511,526	528,127
<b>Sewer fund</b>					
1167	1996 extension	9	4.00	58,499	67,302
				<u>58,499</u>	<u>67,302</u>
<b>Total long term debt - all funds</b>				<u>\$ 1,065,519</u>	<u>\$ 1,205,362</u>

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

	General fund	Water fund	Sewer fund
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	4,554	12,571	4,536
2016 and subsequent periods	-	448,671	35,815
	<u>\$ 454,494</u>	<u>\$ 511,526</u>	<u>\$ 58,495</u>

# THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2010

## 8. Tangible capital assets

	Cost	Accumulated amortization	2010	2009
<b>General fund</b>				Restated Note 15
Land	\$ 69,751	\$	\$ 69,751	\$ 69,751
Buildings	321,768	135,595	186,173	192,608
Engineering structures	9,769,346	3,348,523	6,420,823	6,255,846
Machinery & equipment	610,717	419,439	191,278	217,145
	10,771,582	3,903,557	6,868,025	6,735,350
<b>Water fund</b>				
Land	84,889		84,889	84,889
Buildings	179,904	22,113	157,791	162,288
Engineering structures	8,042,673	2,244,486	5,798,187	5,559,112
	8,307,466	2,266,599	6,040,867	5,806,289
<b>Sewer fund</b>				
Land	170,800		170,800	170,800
Engineering structures	4,011,846	1,361,179	2,650,667	2,634,566
	4,182,646	1,361,179	2,821,467	2,805,366
	\$ 23,261,694	\$ 7,531,335	\$ 15,730,359	\$ 15,347,005

# THE CORPORATION OF THE VILLAGE OF LUMBY

## Notes to Financial Statements

For the year ended December 31, 2010

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### 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 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 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, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the surplus to individual employers. The Village of Lumby paid \$61,117 (2009 - \$59,329) for employer contributions to the Plan in fiscal 2010.

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### 10. Commitments and subsequent events

- (a) The Village leases equipment under operating leases. The Village has entered into a photocopier lease expiring in 2011. Future minimum lease payments are \$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, 2010 is approximately \$183,519 (2009 - 151,931). Of this amount, \$61,173 (2009 - \$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, 2010

## 11. Taxation

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

	Budget	2010	2009
<b>Taxation</b>			
General municipal purposes	\$ 773,476	\$ 766,857	\$ 737,234
1% utility taxes	39,948	39,374	40,001
<b>Collections for other governments</b>			
School District	642,632	633,012	618,355
Policing	69,167	76,215	67,474
Regional District	504,598	518,423	504,267
Regional Hospital District	50,510	59,542	50,474
Municipal Finance Authority	56	56	55
B.C. Assessment Authority	20,961	20,692	19,463
Regional library	56,857	56,866	53,934
	<u>2,158,205</u>	<u>2,171,042</u>	<u>2,091,257</u>
<b>Transfers</b>			
School District	644,371	634,481	620,824
Regional Hospital District	50,605	59,648	50,731
Regional District	506,574	520,423	510,306
Municipal Finance Authority	63	56	55
B.C. Assessment Authority	21,006	20,735	19,554
Okanagan Regional Library	56,857	56,857	53,939
	<u>1,279,476</u>	<u>1,292,200</u>	<u>1,255,409</u>
	\$ 878,729	\$ 878,842	\$ 835,848

# THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2010

## 12. Government grants and subsidies

	Budget	2010	2009
<b>Operating</b>			
Small communities protection	\$ 104,705	\$ 382,069	\$ 382,068
West Nile virus			1,970
Tourism			5,210
Emergency measures		961	
Recreation management fee	44,323	44,323	43,242
Fire department	3,506	3,420	3,420
NORD - Library capital			383
	152,534	430,773	436,293
<b>Capital</b>			
Water	400,566	284,627	19,756
Street lighting	660	677	661
Provincial planning			6,000
Conditional		348,418	431,615
New Deal	95,572	94,563	95,257
	496,798	728,285	553,289
	\$ 649,332	\$ 1,159,058	\$ 989,582

## 13. Sales of Service

	Budget	2010	2009
Application fees	\$ 14,000	\$ 11,557	\$ 3,000
Cemetery	4,500	5,406	8,963
Drainage connections	1,000	1,300	300
Garbage collection and disposal	98,409	96,519	94,036
Searches	3,350	3,188	3,819
Sewer user fees	165,826	165,376	158,991
Water user fees	251,316	253,236	240,384
	\$ 538,401	\$ 536,582	\$ 509,493

# THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2010

## 14. Other revenue from own sources

	Budget	2010	2009
Building permits	\$ 25,000	\$ 47,361	\$ 25,821
Business licences	14,000	14,722	14,557
Commercial vehicle licenses	400	497	453
Commissions	85,000	95,876	90,587
Gas franchise fees	32,292	30,500	32,293
Other revenue	13,200	13,407	7,524
Rental income	23,000	1,800	1,800
Sewer connections, penalties and septage disposal	3,233	3,951	2,642
Water connections, penalties and other charges	22,017	24,726	2,311
	<u>\$ 218,142</u>	<u>\$ 232,840</u>	<u>\$ 177,988</u>

## 15. Prior period adjustment

The Village has restated its financial statements to recognize a revaluation of infrastructure assets by the Village's engineers:

### Adjustments to 2009 Accumulated Surplus

Accumulated surplus, as previously reported	\$	10,640,098
Add:		
Net book value of tangible capital assets recorded		4,286,914
Accumulated surplus, as restated		<u>14,927,012</u>

### Adjustments to 2009 Annual Surplus

Annual surplus, as previously reported		342,797
Add:		
Revenue from contributed tangible capital assets		
Less:		
Increase in amortization expense		(97,561)
Increase in loss on disposal of tangible capital assets		
Annual surplus, as restated		<u>245,236</u>

### Adjustments to 2009 Tangible Capital Assets

Net book value of tangible capital assets, as previously reported		11,402,889
Add:		
Net book value of tangible capital assets resulting from the adjustment of opening 2009 surplus		4,041,677
Increase in accumulated amortization expense		(97,561)
Net book value of tangible capital assets, as restated	\$	<u>15,347,005</u>

# THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2010

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## 16. Expenditures by object

	Budget	2010	2009
Amortization	\$	579,535	539,555
Contracted services	519,101	583,806	396,945
Interest and bank charges	59,910	57,634	57,828
Materials and supplies	354,720	283,046	247,159
Professional fees	162,800	103,745	97,346
Salaries and benefits	858,145	831,423	766,686
Training, travel and conferences	40,500	32,614	40,545
Other costs	189,788	175,304	195,671
	<hr/>	<hr/>	<hr/>
	\$ 2,184,964	\$ 2,647,107	\$ 2,341,735

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## 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.

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# THE CORPORATION OF THE VILLAGE OF LUMBY

## Notes to Financial Statements

For the year ended December 31, 2010

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### 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.

# THE CORPORATION OF THE VILLAGE OF LUMBY

Notes to Financial Statements

For the year ended December 31, 2010

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## Water supply and services

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

## 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).

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## 19. Comparative figures

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

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**The Corporation of the Village of Lumbly**  
 Consolidated Schedule of Segment Disclosure - Service

For the year ended December 31, 2010

Schedule 1

**General revenue fund**

	General government	Protective services	Transportation Services	Environmental health services	Recreation and culture	Other general services	Water supply	Sewer services	2010 Consolidation
<b>Revenues</b>									
Taxation	\$ 802,627	\$ 76,215	\$	\$	\$	\$	\$ 284,627	\$	\$ 878,842
Grants and subsidies	382,069	4,381	443,658		44,323		253,236	165,376	1,159,058
Sales of services	4,488			96,519		16,963	24,726	3,951	536,582
Other revenue from own sources	204,163						6,947	4,018	232,840
Interest and penalties	45,373						118,413	95,063	56,338
Contributions from developers									
Transfer from other funds	(566,435)	409,485	88,541		25,038	43,371			213,476
	872,285	490,081	532,199	96,519	69,361	60,334	687,949	268,408	3,077,136
<b>Expenditures</b>									
Amortization	6,435	295,917					198,222	78,961	579,535
Contracted services	5,499	114,248	149,557	85,490	12,466	1,793	19,534	195,219	583,806
Interest and bank charges	22,474						29,160	6,000	57,634
Material and supplies	56,831	27,717	70,554		18,798	1,574	30,987	76,585	283,046
Other	(7,649)	2,492	58,148		1,034	16,700	70,567	34,012	175,304
Professional fees	11,126	23,220	37,185			32,214			103,745
Salaries and benefits	441,607	26,487	212,561	3,884	37,063	8,053	64,707	37,061	831,423
Training, travel and conferences	27,324		4,194				721	375	32,614
Transfers	(7,145)			7,145					
	556,502	490,081	532,199	96,519	69,361	60,334	413,898	428,213	2,647,107
<b>Net change in financial assets</b>	\$ 315,783	\$	\$	\$	\$	\$	\$ 274,051	\$ (159,805)	\$ 430,029

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

For the year ended December 31, 2009

Schedule 1 (cont'd)

	General revenue fund							Sewer services	Water supply	2009 Consolidation
	General government	Protective services	Transportation Services	Environmental health services	Recreation and Cultural	Other general services				
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		989,582	
Sales of services	4,119			94,036			2,311		509,493	
Other revenue from own sources	173,035						5,874	2,642	177,988	
Interest and penalties	53,033						12,571	2,582	61,489	
Contributions from developers										
Transfer from other funds	(502,069)	354,950	1,472		60,557	85,090			12,571	
	878,561	425,844	535,004	94,036	109,392	99,023	280,896	164,215	2,586,971	
Expenditures										
Amortization	6,435	283,158					181,037	68,925	539,555	
Contracted services	6,401	88,428	74,661	84,847	52,975	17,797	55,097	16,739	396,945	
Interest and bank charges	22,668						29,160	6,000	57,828	
Professional fees	15,849	6,007	38,582			36,908			97,346	
Material and supplies	54,599	13,591	101,150		16,641	119	19,251	41,808	247,159	
Other	5,187	5,762	45,037		765	35,856	69,709	33,355	195,671	
Salaries and benefits	391,757	28,898	209,280	6,954	39,011	8,343	59,221	23,222	766,686	
Training, travel and conferences	37,717		2,592						40,545	
Transfers	(65,937)		63,702	2,235			236			
	474,676	425,844	535,004	94,036	109,392	99,023	413,711	190,049	2,341,735	
Net change in financial assets	\$ 403,885	\$	\$	\$	\$	\$	\$ (132,815)	\$ (25,834)	\$ 245,236	

# The Corporation of the Village of Lumby

White Valley Parks & Recreation  
Statement of Financial Activities

For the year ended December 31, 2010

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 \$44,323 (2009 - \$43,242).

	2010 Budget	2010 Actual	2009 Actual
<b>Revenue</b>			
Facility rentals	\$ 5,000	\$ 6,830	\$ 5,095
Library	10,200	11,112	9,402
Swimming pool	24,500	25,117	27,576
Arena	100,000	94,032	128,281
Playing fields	3,500	5,238	4,588
Curling club rentals			1,862
School programs	32,500	33,105	36,474
Special programs & events	10,100	12,196	9,588
Grants, donations and other revenue		7,827	
Transfer from Regional District	557,990	514,604	484,118
	743,790	710,061	706,984
<b>Expenditures</b>			
Administration	\$ 44,323	44,062	79,102
White Valley Community Centre	60,248	45,036	44,076
Swimming pool	101,405	80,780	87,795
Arena	234,335	251,478	253,107
Parks	95,505	91,897	79,997
Curling club	54,120	48,603	56,215
Programs	94,854	89,703	92,781
Contributions to capital			
White Valley Community Centre			
Swimming pool		6,624	
Arena	7,000		
Parks	10,000	31,240	
Curling			13,911
Equipment	42,000	20,638	
	743,790	710,061	706,984
<b>Surplus (deficit) for the year</b>	\$	\$	\$