

**VILLAGE OF FORESTBURG**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

---

## AUDITOR'S REPORT

---

### TO: THE MEMBERS OF COUNCIL

We have audited the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of change in net financial assets (debt) and the consolidated statement of cash flows of the Village of Forestburg as at December 31, 2009. 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 consolidated financial statements present fairly, in all material respects, the financial position of the Village of Forestburg as at December 31, 2009 and the results of its operations, the change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Stettler, Alberta  
April 07, 2010

Chartered Accountants

**VILLAGE OF FORESTBURG  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2009**

	2009 \$	2008 \$ (Restated)
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	1,121,203	917,183
Receivables		
Taxes and grants in place of taxes (note 3)	39,950	19,206
Trade and other receivables (note 5)	164,578	259,963
Land for resale inventory (note 1f)	152,475	153,820
Investments (notes 1d & 4)	<u>18,610</u>	<u>18,585</u>
	<u>1,496,816</u>	<u>1,368,757</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	153,905	229,051
Deferred revenue (notes 1b & 6)	5,231	12,910
Employee benefit obligations (note 7)	<u>14,655</u>	<u>14,983</u>
	<u>173,791</u>	<u>256,944</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,323,025</u>	<u>1,111,813</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	7,334,800	7,172,622
Prepaid expenses	<u>43,327</u>	<u>6,325</u>
	<u>7,378,127</u>	<u>7,178,947</u>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<u>8,701,152</u>	<u>8,290,760</u>

Commitments and contingencies - See Notes 16 and 17

**VILLAGE OF FORESTBURG  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget \$ (Unaudited)	2009 \$	2008 \$ (Restated)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	752,753	747,992	672,019
User fees and sales of goods	1,197,371	977,651	1,267,546
Government transfers for operating (Schedule 3)	187,652	194,668	209,880
Investment income	23,250	32,228	30,666
Penalties and cost on taxes	8,600	21,141	8,686
Concession and franchises	19,000	20,330	5,823
Fines	1,500	2,385	1,535
Other revenue	<u>33,240</u>	<u>56,736</u>	<u>18,565</u>
Total Revenue	<u>2,223,366</u>	<u>2,053,131</u>	<u>2,214,720</u>
<b>EXPENSES</b>			
Legislative	52,100	57,636	43,556
Administration	190,802	199,097	193,207
Protection Services	69,315	75,350	104,562
Roads, streets, walks, lighting	260,960	249,809	232,254
Water supply and distribution	114,850	87,976	122,819
Wastewater treatment and disposal	68,230	64,734	82,863
Waste management	90,007	90,325	85,576
Family and community support	51,510	78,838	35,852
Subdivision land development	26,870	18,274	68,963
Parks and recreation	167,690	155,030	143,761
Rentals	92,882	92,439	91,316
Culture	25,390	25,617	24,834
Natural gas operations	685,795	461,877	669,577
Amortization of tangible capital assets	<u>-</u>	<u>326,953</u>	<u>305,274</u>
Total Expenses	<u>1,896,401</u>	<u>1,983,955</u>	<u>2,204,414</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	326,965	69,176	10,306
<b>OTHER</b>			
Government transfers for capital (Schedule 3)	<u>360,109</u>	<u>341,216</u>	<u>612,825</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>687,074</u>	<u>410,392</u>	<u>623,131</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>8,290,760</u>	<u>8,290,760</u>	<u>7,667,629</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>8,290,760</u>	<u>8,701,152</u>	<u>8,290,760</u>

**VILLAGE OF FORESTBURG  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009 \$	2008 \$ (Restated)
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	410,392	623,131
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	326,953	305,274
Non-cash changes operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(20,744)	13,145
Decrease (increase) in trade and other receivables	95,385	(80,449)
Decrease (increase) in prepaid expenses	(37,002)	125
Decrease in land held for sale	1,345	8,177
Increase (decrease) in accounts payable and accrued liabilities	(75,146)	11,288
Decrease in deferred revenue	(7,679)	(236,920)
Increase (decrease) in employee benefit obligations	<u>(328)</u>	<u>3,711</u>
Cash provided by operating transactions	<u>693,176</u>	<u>647,482</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(489,131)	(793,632)
Cash provided by (applied to) capital transactions	<u>(489,131)</u>	<u>(793,632)</u>
<b>INVESTING</b>		
Decrease (increase) in restricted cash and temporary investments	(121,093)	136,949
Decrease (Increase) in investments	<u>(25)</u>	<u>(50)</u>
Cash provided by (applied to) investing transactions	<u>(121,118)</u>	<u>136,899</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	82,927	(9,251)
<b>CASH AND CASH EQUIVALENT, BEGINNING OF YEAR</b>	<u>373,026</u>	<u>382,277</u>
<b>CASH AND CASH EQUIVALENT, END OF YEAR (note 2)</b>	<u>455,953</u>	<u>373,026</u>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (note 2)	1,121,203	917,183
Less: restricted portion of cash and temporary investments (note 2)	<u>(665,250)</u>	<u>(544,157)</u>
	<u>455,953</u>	<u>373,026</u>

**VILLAGE OF FORESTBURG  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
Schedule 1**

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2009 \$	2008 \$ (Restated)
<b>COST:</b>							
BALANCE, BEGINNING OF YEAR	209,385	2,874,819	8,016,481	959,195	174,420	12,234,300	11,440,668
Acquisition of tangible capital assets	-	-	380,678	-	24,143	404,821	727,877
Construction-in-progress	<u>-</u>	<u>84,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,310</u>	<u>65,755</u>
<b>BALANCE, END OF YEAR</b>	<u>209,385</u>	<u>2,959,129</u>	<u>8,397,159</u>	<u>959,195</u>	<u>198,563</u>	<u>12,723,431</u>	<u>12,234,300</u>
<b>ACCUMULATED AMORTIZATION:</b>							
BALANCE, BEGINNING OF YEAR	-	1,060,848	3,161,825	674,535	164,470	5,061,678	4,756,404
Annual amortization	<u>-</u>	<u>72,310</u>	<u>212,535</u>	<u>31,880</u>	<u>10,228</u>	<u>326,953</u>	<u>305,274</u>
BALANCE, END OF YEAR	<u>-</u>	<u>1,133,158</u>	<u>3,374,360</u>	<u>706,415</u>	<u>174,698</u>	<u>5,388,631</u>	<u>5,061,678</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>209,385</u>	<u>1,825,971</u>	<u>5,022,799</u>	<u>252,780</u>	<u>23,865</u>	<u>7,334,800</u>	<u>7,172,622</u>

**VILLAGE OF FORESTBURG**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget \$ (Unaudited)	2009 \$	2008 \$ (Restated)
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>687,074</u>	<u>410,392</u>	<u>623,131</u>
Acquisition of tangible capital assets	(609,529)	(489,131)	(793,632)
Amortization of tangible capital assets	<u>-</u>	<u>326,953</u>	<u>305,274</u>
	<u>(609,529)</u>	<u>(162,178)</u>	<u>(488,358)</u>
Acquisition of prepaid expenses	-	(43,327)	(6,325)
Use of prepaid expenses	<u>-</u>	<u>6,325</u>	<u>6,450</u>
	<u>-</u>	<u>(37,002)</u>	<u>125</u>
<b>(INCREASE) DECREASE IN NET ASSETS (DEBT)</b>	687,074	211,212	134,898
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<u>1,111,813</u>	<u>1,111,813</u>	<u>976,915</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u><u>1,798,887</u></u>	<u><u>1,323,025</u></u>	<u><u>1,111,813</u></u>

**VILLAGE OF FORESTBURG  
SCHEDULE OF PROPERTY AND OTHER TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Schedule 2)**

	Budget (Unaudited)	2009 \$	2008 \$
<b>TAXATION</b>			
Real property taxes	754,488	738,273	681,022
Linear property taxes	34,000	47,753	45,564
Special assessments and local improvement taxes	<u>94,500</u>	<u>92,200</u>	<u>93,800</u>
	<u>882,988</u>	<u>878,226</u>	<u>820,386</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	122,975	122,975	141,263
Seniors Lodge	<u>7,260</u>	<u>7,259</u>	<u>7,104</u>
	<u>130,235</u>	<u>130,234</u>	<u>148,367</u>
<b>NET MUNICIPAL TAXES</b>	<u><u>752,753</u></u>	<u><u>747,992</u></u>	<u><u>672,019</u></u>

**VILLAGE OF FORESTBURG  
SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Schedule 3)**

	Budget (Unaudited)	2009 \$	2008 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	114,267	119,254	134,986
Other Local Governments	<u>73,385</u>	<u>75,414</u>	<u>74,894</u>
	187,652	194,668	209,880
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	360,109	341,216	602,443
Other Local Government	<u>-</u>	<u>-</u>	<u>10,382</u>
	<u>360,109</u>	<u>341,216</u>	<u>612,825</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u><u>547,761</u></u>	<u><u>535,884</u></u>	<u><u>822,705</u></u>

**VILLAGE OF FORESTBURG**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**(Schedule 4)**

<b>CONSOLIDATED EXPENSES BY OBJECT</b>	Budget (Unaudited)	2009 \$	2008 \$
Salaries, wages and benefits	404,587	402,107	397,039
Contracted and general services	433,282	459,151	414,248
Materials, goods, and utilities	787,020	557,238	751,638
Provisions for allowances	-	2,171	10,349
Transfers to local boards and agencies	236,712	213,023	240,713
Bank charges and short-term interest	1,500	1,845	1,485
Amortization of tangible capital assets	-	326,953	305,274
Other expenses	<u>33,300</u>	<u>21,467</u>	<u>83,668</u>
	<u>1,896,401</u>	<u>1,983,955</u>	<u>2,204,414</u>

**VILLAGE OF FORESTBURG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**1. Significant Accounting Policies**

The consolidated financial statements of the Village of Forestburg are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village are as follows:

**a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes operating requisitions for external organizations that are not a part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

**b) Basis of Accounting**

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or 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 the tangible capital assets are acquired.

**c) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

**d) Investments**

Investments are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**e) Requisition Over-levy and Under-levy**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**VILLAGE OF FORESTBURG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**1. Significant Accounting Policies - continued**

**f) Inventories for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

**g) Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government 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 determined.

**h) 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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

**i) Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>YEARS</u>
Buildings	25-50
Engineered structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	5-75
Machinery and equipment	5-40

Vehicles are amortized using the declining balance method, at a rate of 30%.

Full year amortization is charged in the year of acquisition and no amortization is charge in the year of disposal. 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 the fair value at the date of receipt and also recorded as revenue.

**VILLAGE OF FORESTBURG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**2. Cash and Temporary Investments**

	2009 \$	2008 \$
Cash	243,694	395,992
Temporary investments	<u>877,509</u>	<u>521,191</u>
Total cash and temporary investments	<u>1,121,203</u>	<u>917,183</u>

Temporary investments are short-term deposits with original maturities of three months or less.

Council has designated funds of \$665,250 (2008 - \$538,605) included in the above amounts for capital replacement.

Included in temporary investments is a restricted amount of \$ 0 (2008 - \$5,552) received from Infrastructure Canada-Alberta Programs and held exclusively for capital projects (Note 6).

**3. Taxes and Grants in Place of Taxes Receivables**

	2009 \$	2008 \$
Current taxes and grants in place of taxes	37,022	9,873
Arrears tax	<u>2,928</u>	<u>9,333</u>
	<u>39,950</u>	<u>19,206</u>

**4. Investments**

	2009 \$	2008 \$
Gas Alberta Inc. - debentures	17,500	17,500
Gas Alberta Inc. - shares	99	99
Alberta Municipal Finance Corp - shares	10	10
Equity in United Farmers of Alberta	<u>1,001</u>	<u>976</u>
	<u>18,610</u>	<u>18,585</u>

**5. Trade and Other Receivables**

	2009 \$	2008 \$
Trade and other receivables are comprised of the following:		
GST receivable	20,596	29,031
Utility accounts receivable	119,828	147,078
Grant receivable	-	17,278
Alberta gas rebate	-	33,243
Other	24,154	33,909
Allowance for doubtful accounts	<u>-</u>	<u>(576)</u>
	<u>164,578</u>	<u>259,963</u>

**VILLAGE OF FORESTBURG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>6. Deferred Revenue</b>	2009	2008
	\$	\$
Deferred revenue is comprised of the following:		
Alberta Municipal Infrastructure Program	-	3,669
Municipal Sustainability Initiative Program	-	1,883
Deposits on land sales	-	1,452
Rent and By-law revenues	<u>5,231</u>	<u>5,906</u>
	<u>5,231</u>	<u>12,910</u>

<b>7. Employee Benefit Obligations</b>	2009	2008
	\$	\$
Vacation and overtime	<u>14,655</u>	<u>14,983</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

**8. Debt Limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta regulation 255/00 for the Village be disclosed as follows:

	2009	2008
	\$	\$
Total debt limit	3,079,697	3,322,080
Total debt	<u>-</u>	<u>-</u>
Amount under total debt limit	<u>3,079,697</u>	<u>3,322,080</u>
Service on debt limit	513,283	553,680
Service on debt	<u>-</u>	<u>-</u>
Amount under service on debt limit	<u>513,283</u>	<u>553,680</u>

The debt limit is calculated at 1.5 times revenue of the municipality and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if future debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**VILLAGE OF FORESTBURG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>9. Tangible Capital Assets</b>	2009 \$	2008 \$ (Restated)
<b>Net Book Value</b>		
Land	209,385	209,385
Buildings	1,825,971	1,813,971
Engineering structures		
Roadway system	2,079,331	1,882,221
Airport	32,416	36,080
Water distribution system	1,092,887	1,104,040
Wastewater treatment system	1,300,491	1,313,330
Family and community support	19,412	17,396
Parks and recreation	108,085	104,100
Natural gas	390,177	397,489
Machinery, equipment and furnishings	252,780	284,660
Vehicles	<u>23,865</u>	<u>9,950</u>
	<u>7,334,800</u>	<u>7,172,622</u>
<b>10. Equity in Tangible Capital Fund</b>	2009 \$	2008 \$ (Restated)
Tangible capital assets (Schedule 1)	12,723,431	12,234,300
Accumulated amortization (Schedule 1)	<u>(5,388,631)</u>	<u>(5,061,678)</u>
	<u>7,334,800</u>	<u>7,172,622</u>
<b>11. Accumulated Surplus</b>	2009 \$	2008 \$ (Restated)
Unrestricted surplus (deficit)	701,102	579,533
Restricted surplus		
General and administration	13,359	47,728
Fire	158,670	116,670
Roads, streets, walks, lighting	15,835	24,969
Water	130,000	29,590
Recreation, parks, and culture	181,820	189,219
Subdivision and land development	72,686	62,686
Gas	52,504	27,367
Contingency reserve	40,376	40,376
Equity in tangible capital assets	<u>7,334,800</u>	<u>7,172,622</u>
	<u>8,701,152</u>	<u>8,290,760</u>

**VILLAGE OF FORESTBURG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**12. Trust Funds**

2009                      2008  
\$                              \$

The Village administers the following trust funds not included in the financial statements:

Arena capital investments	513,206	166,639	
Forestburg Enhancement Trust	<u>21,237</u>	<u>20,841</u>	
	<u>534,443</u>	<u>187,480</u>	

**13. Salary and Benefits Disclosure**

Disclosure of salary and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta regulation 313/2000 is as follows:

	Salaries \$	Benefits & Allowances \$	2009 \$	2008 \$
Councilor 1	6,735	-	6,735	6,165
Councilor 2	7,225	-	7,225	6,130
Councilor 3	6,190	-	6,190	6,775
Councilor 4	4,845	-	4,845	3,710
Councilor 5	2,720	-	2,720	2,900
Chief Administrative Officer	59,780	10,766	70,546	73,986

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honorarium and any other direct cash remuneration.

2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

**14. Local Authorities Pension Plan**

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund.

Contributions for current service are recorded as expenditures in the year in which they became due.

The Village is required to make current service contributions to the LAPP of 8.46% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% on pensionable earnings above this amount. Employees on the Village are required to make current service contributions of 7.46% of pensionable salary up to the year's maximum pensionable salary and 10.66% on pensionable salary above this amount.

Current service contributions by the village to the LAPP in 2009 were \$ 22,090 (2008 - \$ 20,265). Total services contributions by the employees of the town to the Local Authorities Pension Plan in 2009 were \$ 19,543 (2008 - \$17,748).

**VILLAGE OF FORESTBURG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**15. Related Party Transactions**

During the year, the Village purchased \$9,802 (2008 - \$13,739) of supplies and materials from a business owned by a member of Council. These purchases were made in the normal course of business and are measured using the exchange amount, amounts agreed to by the related parties. There is an amount owing of \$363 to the related party as at December 31, 2009 (2008 - \$558).

**16. Contingencies**

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

**17. Commitments**

The Village has committed to the construction of a new arena at a total estimated cost of \$3,131,603. The Village has committed funds of \$1,000,000 funded through the purchase of a debenture of \$870,000 and the remainder through reserves. Additionally, the Village has committed to fund any funding shortfall up to \$215,311 through prior years operating surplus.

Additionally, the Village has office equipment under a lease expiring February 28, 2011. Future minimum lease payments are as follows:

Year	\$
2010	3,037
2011	<u>506</u>
	<u>3,543</u>

**18. Financial Instruments**

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities and deferred revenue. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**VILLAGE OF FORESTBURG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**19. Prior Period Adjustments**

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 their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	2008 \$
<b>Adjustments to opening accumulated surplus:</b>	
As previously reported	12,010,560
Adjustments to net book value of tangible capital assets	<u>(4,342,931)</u>
<b>As restated</b>	<u><u>7,667,629</u></u>
	2008 \$
<b>Adjustments to shortfall of revenues over expenses:</b>	
As previously reported	134,467
Tangible capital assets but previously capitalized	793,938
Annual amortization expense	<u>(305,274)</u>
<b>As restated</b>	<u><u>623,131</u></u>
	2008 \$
<b>Adjustments to tangible capital assets:</b>	
As previously reported	11,893,253
Adjustment to historical cost of tangible capital assets	341,047
Accumulated amortization recorded	<u>(5,061,678)</u>
<b>As restated</b>	<u><u>7,172,622</u></u>

Certain comparative figures have been restated to conform with the current year's presentation.

**20. Approval of Financial Statements**

Council and management have approved these financial statements.

**Contents:**

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Change in Net Financial Assets (Debt)

Consolidated Statement of Cash Flows

Schedule of Tangible Capital Assets

Schedule of Property and Other Taxes

Schedule of Government Transfers

Schedule of Consolidated Expenses by Object

Notes to Financial Statements

