

**TOWN OF CLARESHOLM**

**Financial Statements**

**For the year ended December 31, 2009**

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**TOWN OF CLARESHOLM**  
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For the year ended December 31, 2009

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## AUDITORS' REPORT

To: The Mayor and Members of Council of  
the Town of Claresholm

We have audited the consolidated statement of financial position of the Town of Claresholm as at December 31, 2009, the consolidated statement of operations, the consolidated statement of change in net financial debt and the consolidated statement of cash flow for the year then ended. These financial statements are the responsibility of the municipal administration. 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 Town of Claresholm as at December 31, 2009 and the results of its financial operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Lethbridge, Alberta

March 11, 2010

*Young Parkyn McNab LLP*

Chartered Accountants

## **MANAGEMENT REPORT**

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the Town of Claresholm.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Claresholm is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Audit Committee.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Young Parkyn McNab LLP, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Young Parkyn McNab LLP has full and free access to the Council.

Town Administrator

**TOWN OF CLARESHOLM**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2009

	2009	2008 (restated)
<b>Financial assets</b>		
Cash and short-term investments (note 2)	\$ 7,337,305	\$ 5,745,667
Taxes and grants in place of taxes receivable (note 3)	246,863	177,153
Trade and other receivables	296,160	512,968
Land held for resale	154,922	158,180
	\$ 8,035,250	\$ 6,593,968
<b>Liabilities</b>		
Temporary loan (note 4)	\$ 60,000	\$ 130,000
Accounts payable and accrued liabilities	1,936,039	833,404
Employee benefit obligations (note 5)	129,793	123,625
Deposits	93,545	44,077
Deferred revenue (note 6)	3,485,140	3,810,100
Long-term debt (note 7)	4,819,819	4,955,232
	10,524,336	9,896,438
<b>Net financial debt</b>	(2,489,086)	(3,302,470)
<b>Non-financial assets</b>		
Tangible capital assets (schedule 1)	45,887,932	40,680,505
Inventory of materials and supplies	223,660	200,936
Prepaid expenses	7,383	6,116
	46,118,975	40,887,557
<b>Accumulated surplus</b> (note 10)	\$ 43,629,889	\$ 37,585,087

*Commitments and contingencies* (note 19)

**TOWN OF CLARESHOLM**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2009

	Budget (Unaudited)	2009	2008 (restated)
<b>Revenue</b>			
Net municipal taxes (note 11)	\$ 2,651,690	\$ 2,667,377	\$ 2,595,433
User fees and sales of goods	1,591,200	1,517,454	1,529,145
Penalties and costs of taxes	101,000	98,006	100,032
Licenses and permits	59,000	76,805	59,425
Franchise and concession contracts	90,000	100,197	91,060
Investment income	35,000	40,931	134,721
Rental	105,700	105,728	131,124
Government transfers for operating (note 12)	157,156	3,573,055	157,199
Family and community support services	281,006	288,997	240,320
Other	121,700	146,594	127,938
	5,193,452	8,615,144	5,166,397
<b>Expenditures (note 13)</b>			
Legislative	55,900	48,869	49,659
Administration	1,040,558	942,193	757,010
Fire	92,900	99,665	103,329
Ambulance services and first aid	31,971	31,971	122,556
Bylaw enforcement	92,120	85,962	117,925
Common and equipment pool	469,000	519,448	500,120
Roads, streets, walks, lighting	292,000	882,680	855,022
Airport	16,500	16,945	17,541
Storm sewers and drainage	120,000	104,715	75,348
Water supply and distribution	735,300	4,319,973	751,982
Wastewater treatment and disposal	185,700	240,336	234,742
Waste management	298,000	301,152	243,761
Family and community support services	281,006	301,259	226,683
Day care	49,016	72,616	46,271
Cemeteries and crematoriums	25,500	15,014	22,029
Other public health and welfare	64,500	58,114	-
Planning and development	166,450	185,692	156,009
Parks and recreation	685,581	768,940	487,002
Culture - libraries, museums, halls	219,900	286,218	214,848
	4,921,902	9,281,762	4,981,837
<b>(Deficiency) excess of revenues over expenditures before other</b>	271,550	(666,618)	184,560
<b>Other</b>			
Government transfers for capital (note 12)	5,068,650	6,711,420	3,102,960
<b>Excess of revenues over expenditures</b>	5,340,200	6,044,802	3,287,520
<b>Accumulated surplus, beginning of year</b>			
As previously stated	40,480,229	40,480,229	37,178,777
Prior period adjustment (note 14)	-	(2,895,142)	(2,881,210)
As restated	40,480,229	37,585,087	34,297,567
<b>Accumulated surplus, end of year</b>	\$ 45,820,429	\$ 43,629,889	\$ 37,585,087

**TOWN OF CLARESHOLM**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)**  
For the year ended December 31, 2009

	Budget	2009	2008 (restated)
<b>Excess of revenues over expenditures</b>	\$ 5,340,200	\$ 6,044,802	\$ 3,287,520
Acquisition of tangible capital assets	(5,359,150)	(6,412,853)	(8,174,677)
Amortization of tangible capital assets	-	1,143,707	1,091,130
Loss on disposal of tangible capital assets	-	38,403	41,371
Proceeds on disposal of tangible capital assets	-	23,315	-
	(5,359,150)	(5,207,428)	(7,042,176)
Net change in supplies inventory	-	(22,723)	5,779
Net change in prepaid expense	-	(1,267)	(2,396)
	-	(23,990)	3,383
<b>Change in net financial assets (debt)</b>	(18,950)	813,384	(3,751,273)
<b>Net financial assets (debt), beginning of year</b>	(3,302,470)	(3,302,470)	448,803
<b>Net financial debt, end of year</b>	\$ (3,321,420)	\$ (2,489,086)	\$ (3,302,470)

**TOWN OF CLARESHOLM**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2009

	2009	2008 (restated)
<b>Operating transactions</b>		
Excess of revenues over expenditures	\$ 6,044,802	\$ 3,287,520
Consolidation of Family and Community Support Services	-	41,300
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	38,403	41,371
Amortization of tangible capital assets	1,143,707	1,091,130
	7,226,912	4,461,321
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(69,710)	(52,351)
Trade and other receivables	216,809	(225,338)
Land held for resale	3,258	32,089
Inventory of materials and supplies	(22,724)	5,779
Prepaid expenses	(1,267)	(2,396)
Accounts payable and accrued liabilities	1,102,635	486,311
Employee benefit obligations	6,168	(5,466)
Deposits	49,468	(25,083)
Deferred revenue	(324,960)	(975,062)
	8,186,589	3,699,804
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	23,315	-
Acquisition of tangible capital assets	(6,412,853)	(8,174,677)
	(6,389,538)	(8,174,677)
<b>Financing transactions</b>		
Temporary loan	(70,000)	130,000
Proceeds of long-term debt	-	4,000,000
Repayment of long-term debt	(135,413)	(179,972)
	(205,413)	3,950,028
<b>Increase (decrease) in cash and temporary investments</b>	1,591,638	(524,845)
<b>Cash and short-term investments, beginning of year</b>	5,745,667	6,270,512
<b>Cash and short-term investments, end of year</b>	\$ 7,337,305	\$ 5,745,667

**1. Significant accounting policies**

The consolidated financial statements of the Town of Claresholm are the representations of management prepared in accordance with generally accepted accounting principles for local government established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town 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 which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the municipality is the Town of Claresholm Family and Community Support Services.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not 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 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 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure 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 amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. 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.

**1. Significant accounting policies, continued**

- (e) Debt charges recoverable  
Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

- (f) 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.

- (g) Inventories for resale  
Land held for resale is recorded at the lower of cost and 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 waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

- (h) Prepaid local improvements charges  
Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town.

Where a taxpayer has elected to prepay the outstanding local improvement charge, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowing, the deferred revenue is amortized to the revenue by an amount equal to the debt repayment.

- (i) 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.

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**TOWN OF CLARESHOLM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

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**1. Significant accounting policies, continued**

(j) 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:

	Years
Land improvements	10-25
Buildings	25-50
Engineered structures	5-75
Machinery and equipment	5-40
Construction-in-progress	10-25

One-half of the annual amortization is charged in the year of acquisition and 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 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.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(v) Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

**TOWN OF CLARESHOLM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

**2. Cash and short-term investments**

	2009	2008
Cheques issued in excess of cash on deposit	\$ (157,927)	\$ (47,138)
Temporary investments	7,495,232	5,792,805
	<u>\$ 7,337,305</u>	<u>\$ 5,745,667</u>

Included in cash and short-term investments is \$93,544 (2008 - \$44,077) of deposit liability funds which are not available for current purposes.

Temporary investments consists of one to three month term deposits with varying interest rates of 0.25% to 0.60% if held to maturity.

**3. Taxes and grants in place of taxes receivables**

	2009	2008
Current year	\$ 185,019	\$ 105,414
Arrears	61,844	71,739
	<u>\$ 246,863</u>	<u>\$ 177,153</u>

**4. Temporary Loan**

A temporary loan has been authorized by the Alberta Treasury Branches to a maximum of \$450,000 which bears interest at 2.45%. Security pledged includes a general security agreement.

**5. Employee benefit obligations**

	2009	2008
Vacation	\$ 90,248	\$ 85,933
Sick time	39,545	37,692
	<u>\$ 129,793</u>	<u>\$ 123,625</u>

**Vacation and overtime**

Employee benefit obligations is comprised of the vacation and sick time that employees are deferring to future years. Employees have either earned the benefits (and they are vested) or are entitled to these benefits within the next budgetary year.

**TOWN OF CLARESHOLM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

**6. Deferred revenue**

The deferred revenue balance represents funds received for specific purposes that have not been spent by year end. Deferred revenue consists of the following:

	2009	2008 (restated)
Taxi token prepayments	\$ 4,311	\$ 4,249
Parking fund	3,558	3,541
Subdivision fund	35,529	69,134
Walking path fund	1,927	1,915
Sundry trust	360,574	287,449
Family and Community Support Services	-	13,841
AMWWP grant monies (water treatment plant and pipelines)	2,070,815	2,836,662
MSI grant monies (highway pumping station and water looping)	744,389	122,617
Other grant monies received for capital projects	264,037	470,692
	<b>\$ 3,485,140</b>	<b>\$ 3,810,100</b>

**7. Long-term debt**

	2009	2008
Debentures supported by general tax levies	\$ 91,705	\$ 110,158
Debentures supported by utility rates	4,728,114	4,845,074
	<b>\$ 4,819,819</b>	<b>\$ 4,955,232</b>
Current portion	<b>\$ 143,467</b>	<b>\$ 135,413</b>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2010	\$ 143,467	\$ 259,932	\$ 403,399
2011	152,020	251,379	403,399
2012	161,102	242,297	403,399
2013	170,750	232,648	403,398
2014	152,772	222,398	375,170
Thereafter	4,039,708	2,225,507	6,265,215
	<b>\$ 4,819,819</b>	<b>\$ 3,434,161</b>	<b>\$ 8,253,980</b>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 5.24% to 9.375% per annum, before Provincial subsidy, and matures in periods 2013 through 2033. The average annual interest rate is 7.75% (7.75% for 2008). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Claresholm at large.

**TOWN OF CLARESHOLM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

**7. Long-term debt, continued**

Interest on long-term debt amounted to \$266,004 (2008 - \$83,988). The Town's total cash payments for interest in 2009 were \$267,986 (2008 - \$86,381).

**8. Reserves**

Reserves for operating and capital activities are as follows:

	2009	2008
<b>Operating</b>		
Waterline replacement	\$ 20,000	\$ 20,000
Cemetery	723	723
Office	28,780	28,780
Arena renovation	8,500	8,500
Waterworks	15,000	15,000
Garbage equipment	25,739	25,739
Debt reduction	292,453	292,453
Sewer main replacement	35,000	35,000
Fire truck	8,819	8,819
Fill dirt	11,427	11,427
Water pumps	2,500	2,500
Ball diamonds	245	245
General	159,206	561,067
Trust accounts	56,558	56,558
Physician recruitment fund	11,670	-
	676,620	1,066,811
<b>Capital</b>		
General administration	17,739	17,739
Water supply	78,867	78,867
Sewer	74,003	74,003
Subdivision	8,510	8,510
Acreage assessment	100,368	100,368
Airport land sales	43,844	43,844
Residential land sales	129,787	129,787
Industrial land sales	71,240	71,240
Town land	25,163	25,163
Tax recovery land	11,854	11,854
Tamarack subdivision	25,149	25,149
Enforcement vehicle	16,000	-
Backhoe	40,000	-
Drainage project	102,000	-
Garbage	18,000	18,000
Patterson playground	20,000	-
	782,524	604,524
	\$ 1,459,144	\$ 1,671,335

**TOWN OF CLARESHOLM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

**9. Equity in tangible capital assets**

	2009	2008 (restated)
Tangible capital assets (schedule 1)	\$ 70,993,790	\$ 64,782,478
Accumulated amortization (schedule 1)	(25,105,858)	(24,101,973)
Long-term debt (note 7)	(4,819,819)	(4,955,232)
	\$ 41,068,113	\$ 35,725,273

**10. Accumulated surplus**

Accumulated surplus consists of internally restricted and unrestricted amount and equity in tangible capital assets as follows:

	2009	2008 (restated)
Unrestricted surplus (deficit)	\$ 1,102,632	\$ 188,479
Internally restricted surplus (reserves) (note 8)	1,459,144	1,671,335
Equity in tangible capital assets (note 9)	41,068,113	35,725,273
	\$ 43,629,889	\$ 37,585,087

**11. Net municipal property taxes**

	Budget (Unaudited)	2009	2008 (restated)
<b>Taxation</b>			
Real property taxes	\$ 3,431,607	\$ 3,452,292	\$ 3,330,868
Linear property taxes	106,995	106,245	159,030
Government grants in place of property taxes	83,703	83,073	80,268
Special assessments and local improvements	50,400	46,782	50,445
	3,672,705	3,688,392	3,620,611
<b>Requisitions</b>			
Alberta School Foundation Fund	948,981	948,981	959,581
Porcupine Hills Lodge	72,034	72,034	65,597
	1,021,015	1,021,015	1,025,178
	\$ 2,651,690	\$ 2,667,377	\$ 2,595,433

**TOWN OF CLARESHOLM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

**12. Government transfers**

	Budget (Unaudited)	2009	2008 (restated)
<b>Transfers for operating:</b>			
Government transfers for operating	\$ 157,156	\$ 3,573,055	\$ 157,199
<b>Transfers for capital</b>			
Shared-cost agreements and grants	5,068,650	6,711,420	3,102,960
	\$ 5,225,806	\$ 10,284,475	\$ 3,260,159

Included in government transfers for operating is \$3,404,913 of funding for the Granum water line project.

**13. Expenditures by object**

	Budget (Unaudited)	2009	2008 (restated)
Salaries, wages and benefits	\$ 1,928,962	\$ 1,811,750	\$ 1,708,742
Contracted and general services	1,106,168	1,028,535	966,086
Materials, goods, supplies and utilities	1,070,716	4,484,797	813,998
Bank charges and short term interest	2,427	1,555	2,394
Interest on long term debt	268,100	266,004	83,988
Other expenditures	253,032	190,754	88,724
Provision for allowances	2,000	2,327	1,016
Transfers to organizations and others	52,581	54,914	16,217
Purchases from other governments	237,916	259,016	168,171
Loss on disposal of tangible capital assets	-	38,403	41,371
Amortization	-	1,143,707	1,091,130
	\$ 4,921,902	\$ 9,281,762	\$ 4,981,837

Included in materials, goods, supplies and utilities is \$3,404,913 of expenditures for the Granum water line project. This was fully offset by government transfers as described in note 12.

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**TOWN OF CLARESHOLM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

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**14. Prior period adjustments**

The town has restated its financial statements to comply with the provision 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:

<b>Adjustments to January 1, 2008 accumulated surplus:</b>	
As previously reported	\$ 37,178,777
Adjustment to net book value of tangible capital assets	1,538,407
Adjustment to deferred revenue	(4,419,617)
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<b>As restated</b>	<b>34,297,567</b>
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<b>Adjustments to (deficiency) excess of revenues over expenditures for the year ended December 31, 2008:</b>	
As previously reported	(4,744,340)
Tangible capital assets recorded but previously expensed	8,174,677
Amortization	(1,091,130)
Decrease in deferred revenue	989,684
Loss on disposal of capital assets	(41,371)
<hr/>	
<b>As restated</b>	<b>3,287,520</b>
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<b>Adjustments to tangible capital assets as at December 31, 2008:</b>	
As previously reported	40,145,678
Adjustments to historical cost of tangible capital assets	24,636,800
Accumulated amortization recorded	(24,101,973)
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<b>As restated</b>	<b>\$ 40,680,505</b>
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**TOWN OF CLARESHOLM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

**15. Salary and benefits disclosure**

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

	(1)	(2)	2009	2008
	Salary	Benefits & allowances		
<b>Council</b>				
Mayor Steel	\$ 8,157	\$ 4,088	\$ 12,245	\$ 12,308
Councillor Isaacson	7,172	2,361	9,533	9,461
Councillor Sutter	5,563	2,351	7,914	7,935
Councillor MacPherson	3,619	1,254	4,873	5,819
Councillor Leonard	2,907	1,308	4,215	4,814
Councillor Moore	2,860	1,254	4,114	4,323
Councillor Quayle	2,677	1,254	3,931	4,046
Chief Administrative Officer	80,249	16,322	96,571	95,082
Designated Officers (2 positions)	\$ 116,209	\$ 25,375	\$ 141,584	\$ 136,502

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

(2) Benefits and allowances include the 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. These figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

**TOWN OF CLARESHOLM**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

**16. 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 Town be disclosed as follows:

	2009	2008
Total debt limit	\$ 12,865,109	\$ 7,852,088
Total debt	5,862,486	6,097,983
	\$ 7,002,623	\$ 1,754,105
Debt servicing limit	\$ 2,144,185	\$ 1,308,681
Debt servicing	403,399	403,399
	\$ 1,740,786	\$ 905,282

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) 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 which could be at financial risk if further 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.

The total debt of \$5,862,486 includes the principal balance of the loan guarantee (\$1,042,667) for the Claresholm Golf Club, as disclosed in note 19.

**17. Local authorities pension plan**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 189,000 people and 411 employers. The LAPP is financed by the 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 become due.

The Town 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 of the Town 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.

Total current service contributions by the Town to the LAPP in 2009 were \$92,375 (2008 - \$84,414). Total current service contributions by the employees of the Town to the LAPP in 2009 were \$81,934 (2008 - \$73,958).

At December 31, 2008, the LAPP disclosed an actuarial deficiency of \$4,414 million.

**18. Financial instruments**

The Town's financial instruments consist of cash and short-term investments, receivables, temporary loan, accounts payable and accrued liabilities, employee benefit obligations and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

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

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

**19. Contingency and commitments**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. Under the terms of membership, the Town 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.

The Town has guaranteed a Macleod Savings and Credit Union Ltd. loan to the Claresholm Golf Club to a maximum of \$1,325,000. As at December 31, 2009, the principal balance of the loan was \$1,042,667.

The Town has made a commitment to the Municipal District of Willow Creek to pay for one half of the closure/post-closure costs of the Municipal District of Willow Creek's landfill. The expected future costs under this commitment are included in accounts payable and accrued liabilities.

The Town of Claresholm has entered an agreement with the Town of Granum for the conveyance and supply of potable water. This agreement is in effect until December 31, 2034.

The Town has future commitments to purchase a DAF filtration and membrane filtration system for the water treatment plant. The total amounts of these commitments are \$143,604 US and \$1,111,023, respectively.

**20. Budget amounts**

The 2009 budget for the Town was approved by Council on May 25, 2009 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

**21. Approval of financial statements**

These financial statements were approved by Council and Management.

**TOWN OF CLARESHOLM**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2009

**Schedule of tangible capital assets**

**Schedule 1**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction-in-progress	2009	2008 (restated)
<b>Cost:</b>									
Balance, beginning of year \$	977,939	\$ 420,239	\$ 11,023,680	\$ 43,019,704	\$ 1,097,306	\$ 1,172,156	\$ 7,071,455	\$ 64,782,478	\$ 56,672,150
Acquisition of tangible capital assets	-	-	15,216	6,084,742	28,000	284,895	-	6,412,853	8,174,677
Construction-in-progress	-	-	885,481	(1,235,393)	-	-	349,912	-	-
Disposal of tangible capital assets	-	-	-	(58,455)	(22,541)	(120,545)	-	(201,541)	(64,349)
<b>Balance, end of year</b>	<b>977,939</b>	<b>420,239</b>	<b>11,924,377</b>	<b>47,810,598</b>	<b>1,102,765</b>	<b>1,336,506</b>	<b>7,421,367</b>	<b>70,993,790</b>	<b>64,782,478</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	59,356	4,560,275	18,600,928	349,686	531,727	-	24,101,973	23,033,822
Annual amortization	-	29,049	235,337	768,242	55,585	55,494	-	1,143,707	1,091,130
Accumulated amortization on disposals	-	-	-	(21,375)	(11,359)	(107,088)	-	(139,822)	(22,979)
<b>Balance, end of year</b>	<b>-</b>	<b>88,405</b>	<b>4,795,612</b>	<b>19,347,795</b>	<b>393,912</b>	<b>480,133</b>	<b>-</b>	<b>25,105,858</b>	<b>24,101,973</b>
<b>Net book value</b>	<b>\$ 977,939</b>	<b>\$ 331,834</b>	<b>\$ 7,128,765</b>	<b>\$ 28,462,803</b>	<b>\$ 708,853</b>	<b>\$ 856,373</b>	<b>\$ 7,421,367</b>	<b>\$ 45,887,932</b>	<b>\$ 40,680,505</b>
<b>2008 net book value (restated)</b>									
	<b>\$ 977,939</b>	<b>\$ 360,882</b>	<b>\$ 6,463,404</b>	<b>\$ 24,418,776</b>	<b>\$ 747,619</b>	<b>\$ 640,429</b>	<b>\$ 7,071,455</b>	<b>\$ 40,680,505</b>	