

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2012

8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2012	2011
Surplus:		
Invested in tangible capital assets	\$ 24,976,272	\$ 20,559,383
Unrestricted	2,334,484	2,197,123
Total surplus	27,310,756	22,756,506
Reserves set aside by council for operating purposes:		
Wharf	54,461	53,890
Garbage truck	85,917	85,016
Fire truck	21,630	21,403
Equipment replacement	1,525	1,509
Recreation	2,203	2,180
Outdoor rink	872	863
Vehicle replacement	7,074	7,000
Debt retirement	122,993	121,703
Committed reserves	82,500	-
	379,175	293,564
Reserve funds set aside by council for capital purposes:		
Statutory - general capital works and machinery	395	391
Statutory - water capital works	66,212	65,518
Statutory - sewer capital works	329,361	325,907
	395,968	391,816
Total accumulated surplus	\$ 28,085,899	\$ 23,441,886

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2012

9. Taxation:

Taxation revenue, reported on the statement of operations, is made up of the following:

	2012	2011
Municipal and school property taxes levied	\$ 3,117,941	\$ 3,055,400
Parcel taxes levied	295,841	296,410
Payments-in-lieu of property and business taxes	54,844	63,447
	<u>3,468,626</u>	<u>3,415,257</u>
Less transfers to other governments:		
Thompson-Nicola Regional District ("TNRD")	558,010	566,953
Thompson Regional Hospital District	127,991	97,082
Province of B.C. - school taxes	892,165	907,060
Province of B.C. - police taxes	119,935	121,719
B.C. Assessment Authority	33,808	35,516
MFA	83	85
	<u>1,731,992</u>	<u>1,728,415</u>
Net taxation revenue available for municipal purposes	\$ 1,736,634	\$ 1,686,842

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2012

10. Government transfers:

The Village recognizes the transfer of government funding as revenues or expenses in the period that the events giving rise to the transfer occurred. The government transfers revenues reported on the statement of operations are:

	2012	2011
Provincial grants:		
B.C. Small Communities grant	\$ 561,875	\$ 548,890
Universal Water Metering grant	-	60,000
Building Canada Grant - Water Treatment Plant	205,627	209,448
Other	4,405	11,500
	<u>771,907</u>	<u>829,838</u>
Federal grants:		
Canada Day grant	-	2,000
Gas tax revenue recognized	72,675	72,123
Youth employment grant	-	6,132
	<u>72,675</u>	<u>80,255</u>
TNRD:		
Cemetery grant	3,000	3,000
	<u>3,000</u>	<u>3,000</u>
Total government transfer revenues	\$ 847,582	\$ 913,093

11. Trust funds:

The Village operates the Chase Municipal Cemetery and maintains a cemetery perpetual care fund in accordance with the Cemetery and Funeral Services Act. Trust fund assets and related reserve balance have been excluded from the financial statements, as the assets are only held beneficially in trust for unrelated third parties. At December 31, 2012, the Village held \$44,593 (2011 - \$44,125) in trust.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2012

12. Commitments and contingencies:

- (a) As a member of the TNRD, the Village is liable for its proportion of any operating deficits or term debt related to functions in which it participates.
- (b) The Village has guaranteed the loan principal and interest payments on a mortgage for the Chase and District Recreation Society (the "Society") to a maximum \$550,000 for the Chase golf course. As at December 31, 2012, the mortgage balance was \$364,436 (2011 - \$408,848). The Village provides an annual grant of \$75,000 to assist the Society with repayment and general operating costs. In the event the Society were to default on the mortgage payments, the golf course would become the property of the Village.
- (c) This Village 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 Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan; basic pension benefits provided are defined. The Plan has about 176,000 (2011 - 173,000) active members and approximately 67,000 (2011 - 63,000) retired members. Active members include approximately 35,000 (2011 - 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 as at December 31, 2009 indicated a unfunded liability of \$1.024 billion for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in the fall of 2013. The actuary does not attribute portions of the surplus to individual employers. The Village paid \$68,910 (2011 - \$65,522) for employer contributions to the Plan during the year.

- (d) The Village provides benefits for sick leave to all its employees. All employees accumulate sick leave entitlement on a monthly basis and can only use this entitlement for paid time off under certain circumstances. Per the current collective agreement, employees earn sick leave benefits at the rate of 1.5 days for every month of service, which accumulate and roll forward year to year, up to a maximum of 150 days per employee.

The Village has not recorded a liability for this sick leave benefit entitlement as the current entitlement is unlikely to be utilized before retirement. However, at December 31, 2012 the sick leave benefits entitlement accumulated to date totals approximately 4,925 hours (2011 - 5,355) or approximately \$146,932 (2011 - \$157,768).

The Village also provides benefits on retirement. After five years of employment, 20% of the sick pay benefits will be paid out plus an additional 2% per each year after five years on retirement. In the current year the Village has recorded a \$65,600 liability for these benefits (2011 - \$nil) due to vested retirement benefits.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2012

12. Commitments and contingencies (continued):

- (e) From time to time the Village is brought forth as defendant in various lawsuits. The Village reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim against would materially affect the financial statements. The Village is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the financial statements of the Village.
- (f) The Village is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the Village, along with the other participants, would be required to contribute towards the deficit.

13. Segmented information:

Segmented information has been identified based upon lines of service provided by the Village. Village services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) Taxes and general revenue

Taxes and general revenue include all taxation revenue and government transfers not allocated to a specific segment. This revenue is used to fund various segments.

(ii) General government

General government operations provide the functions of corporate administration, finance, human resources, legislative services, building services and maintenance, community planning and development and any other functions not categorized to a specific department.

(iii) Protective services

Protection is comprised of the fire and animal control departments. The mandate of the fire department is to provide fire suppression services; fire prevention programs; training and education related to prevention; and detection or extinguishment of fires. The animal control department provides licensing and related by-law enforcement services.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2012

13. Segmented information (continued):

(iv) Transportation

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

(v) Parks and recreation

The Village public works and parks department provides public services related to the maintenance of parks and open spaces, the Community Hall, and provision of various seasonal recreation programs.

(vi) Solid waste

The Village is responsible for environmental programs including solid waste collection and disposal.

(vii) Water utility

The Village is responsible for environmental programs including the engineering and operation of the potable water system.

(viii) Sewer utility

The Village is responsible for environmental programs including the engineering and operation of the wastewater and storm drain systems.

(ix) Other

The Village provides public services related to the Chase Cemetery, public wharf and dykes within the community.

Certain allocation methodologies are employed in the preparation of segmented financial information. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2012

13. Segmented information (continued):

2012	Taxes and general revenues	General government	Protective services	Transportation	Parks and recreation	Solid waste	Water utility	Sewer utility	Other services	Total
Revenues:										
Taxation	\$ 1,736,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,736,634
User fees	-	53,209	54,832	-	23,360	216,800	189,587	204,030	6,030	747,548
Government transfers	586,280	-	-	-	-	48,663	229,839	-	3,000	847,582
Investment income	27,301	-	-	-	-	-	-	-	-	27,301
Penalties and interest	46,528	-	-	-	-	-	-	-	-	46,528
Contributed tangible capital assets	-	-	-	-	4,368,433	-	-	-	-	4,368,433
Other	-	3,656	-	-	-	-	-	-	-	3,656
Total revenues	2,376,743	56,865	54,832	-	4,391,793	265,263	419,226	204,030	9,030	7,777,782
Expenses:										
Salaries, wages and employee benefits	-	580,738	58,367	196,476	141,529	51,276	62,763	58,498	7,886	1,157,533
Operating	-	232,238	140,689	271,762	186,270	73,815	86,323	78,861	-	1,062,956
Grants in aid	-	35,635	-	-	93,520	-	-	-	-	129,155
Debt interest charges	-	52	848	2,187	8,347	755	32,500	21,600	-	66,269
Amortization	-	28,064	44,578	172,512	166,853	45,599	105,106	150,144	-	710,856
Total expenses	-	874,725	244,482	642,917	596,519	171,445	286,692	308,103	7,886	3,133,769
Annual surplus (deficit)	\$ 2,376,743	\$ (817,860)	\$ (189,650)	\$ (642,917)	\$ 3,795,274	\$ 93,818	\$ 132,534	\$ (105,073)	\$ 1,144	\$ 4,644,013

THE VILLAGE OF CHASE
Notes to Financial Statements (continued)

Year ended December 31, 2012

13. Segmented information (continued):

2011	Taxes and general revenues	General government	Protective services	Transportation	Parks and recreation	Solid waste	Water utility	Sewer utility	Other services	Total
Revenues:										
Taxation	\$ 1,686,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,686,842
User fees	-	59,305	60,921	-	20,637	216,661	194,659	203,842	5,295	761,320
Government transfers	550,890	-	-	-	17,632	72,123	269,448	-	3,000	913,093
Investment income	-	10,226	-	-	-	-	2,022	3,786	-	16,034
Penalties and interest	39,938	-	-	-	-	-	-	-	-	39,938
Developer contributions	-	90,993	-	-	-	-	-	-	-	90,993
Total revenues	2,277,670	160,524	60,921	-	38,269	288,784	466,129	207,628	8,295	3,508,220
Expenses:										
Salaries, wages and employee benefits	-	476,137	46,459	135,881	123,654	58,377	69,182	67,364	19,936	996,990
Operating	-	275,387	97,573	287,132	183,677	64,233	98,484	72,563	2,486	1,081,535
Grants in aid	-	38,517	-	-	132,000	-	-	-	-	170,517
Debt interest charges	-	1,250	5,539	4,216	-	5,611	7,104	21,771	-	45,491
Amortization	-	22,918	55,928	163,626	99,643	28,152	104,986	161,769	-	637,024
Total expenses	-	814,209	205,499	590,855	538,976	155,373	279,756	323,467	22,422	2,931,557
Annual surplus (deficit)	\$ 2,277,670	\$ (653,685)	\$ (144,578)	\$ (590,855)	\$ (500,707)	\$ 132,411	\$ 186,373	\$ (115,839)	\$ (14,127)	\$ 576,663

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THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2012

14. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 operating and capital budgets approved as the 2012 Financial Plan by Council on April 10, 2012. The legislative requirements of the Financial Plan are that the cash inflows for the period must equal planned cash outflows.

Cash inflows and outflows include such items as transfers to and from reserves and surplus and capital expenditures. These items are not recognized as revenues and expenses in the statement of operations and accumulated surplus as they do not meet the public sector accounting standards requirements. PSAB requires that budget figures be presented on the same basis of accounting as actual and comparative figures.

The following reconciles the budget figures reported in these financial statements to the approved Financial Plan.

	Budget amount
Surplus - Statement of Operations	\$ 4,343,356
Adjust for budgeted cash items not included in Statement of Operations:	
Offset for amortization budgeted	637,023
Transfers to and from reserves	348,166
Proceeds from new debt	984,000
Principal and interest payments on capital lease obligations	(171,981)
Acquisition of tangible capital assets	(6,838,146)
Principal and interest payments on term debt	(89,638)
Net transfers from operating surplus	787,220
<u>Total Adjustments</u>	<u>(4,343,356)</u>
<u>Financial Plan Balance</u>	<u>\$ -</u>

15. Related party transactions:

In August of 2012, the Village acquired the Arena previously owned by the Chase and District Recreation Society (the "Society"). As a result, the Village also assumed the term debt relating to the Arena that was guaranteed by the Village. The Arena was recorded as a contributed asset at its fair value (note 7(b)).

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2012

16. Comparative figures:

The statements were revised to reflect immaterial adjustments to the comparative figures with respect to the values of tangible capital assets recorded in the 2009 financial statements. Accumulated amortization of vehicles, machinery and equipment decreased by \$35,275, and the cost of roads, bridges and highways increased by \$217,896, and net book value of tangible capital assets increased by \$253,171. Accumulated surplus also increased by \$253,171. The adjustment had no impact on prior period operating results.

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

THE VILLAGE OF CHASE

Statement of Operations

Year ended December 31, 2012, with comparative information for 2011

	Budget (Unaudited - note 14)	2012	2011
Revenues:			
Taxation (note 9)	\$ 1,726,549	\$ 1,736,634	\$ 1,686,842
User charges	748,116	747,648	761,320
Government transfers			
Provincial (note 10)	4,809,706	771,907	829,838
Federal (note 10)	153,288	72,675	80,255
Regional District (note 10)	3,000	3,000	3,000
Developer contributions	4,500	-	90,993
Investment income	10,226	27,301	16,034
Penalties and interest	35,000	46,528	39,938
Other	-	3,656	-
Contributed tangible capital asset (note 7(b))	-	4,368,433	-
Total revenues	7,490,385	7,777,782	3,508,220
Expenses:			
General government	850,442	874,725	814,209
Protective services	222,166	244,482	205,499
Transportation	655,161	642,917	590,855
Parks and recreation	596,248	596,519	538,976
Solid waste	157,979	171,445	156,373
Water utility	305,926	286,692	279,756
Sewer utility	346,369	309,103	323,467
Other	12,738	7,886	22,422
Total expenses	3,147,029	3,133,769	2,931,557
Annual surplus	4,343,356	4,644,013	576,663
Accumulated surplus, beginning of year	23,441,886	23,441,886	22,865,223
Accumulated surplus, end of year	\$ 27,785,242	\$ 28,085,899	\$ 23,441,886

The accompanying notes are an integral part of these financial statements

THE VILLAGE OF CHASE

Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative information for 2011

	Budget (Unaudited - note 14)	2012	2011
Annual surplus	\$ 4,343,356	\$ 4,644,013	\$ 576,663
Acquisition of tangible capital assets	(6,838,146)	(5,603,875)	(953,614)
Amortization of tangible capital assets	-	711,294	637,022
	(2,494,790)	(248,568)	260,071
Acquisition of prepaid expenses	-	(66,437)	(41,561)
Use of prepaid expenses	-	41,561	45,012
	-	(24,876)	3,451
Change in net financial assets	(2,494,790)	(273,444)	263,522
Net financial assets, beginning of year	837,719	837,719	574,197
Net financial assets, end of year	\$ (1,657,071)	\$ 564,275	\$ 837,719

The accompanying notes are an integral part of these financial statements

THE VILLAGE OF CHASE

Statement of Cash Flows

Year ended December 31, 2012, with comparative information for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,644,013	\$ 576,663
Items not involving cash:		
Amortization of tangible capital assets	711,294	637,022
Change in non-cash operating assets and liabilities:		
Accounts receivable	(60,122)	(148,959)
Contributions of tangible capital assets, net of term debt assumed	(4,373,433)	-
Accounts payable and accrued liabilities	(6,002)	108,101
Accrued payroll expenses	68,916	(28,354)
Deferred revenue	444,048	(9,107)
Prepaid expenses	(24,876)	3,451
Net change in cash from operating activities	1,403,838	1,138,817
Capital activities:		
Acquisition of tangible capital assets	(520,505)	(953,614)
Net change in cash from capital activities	(520,505)	(924,325)
Financing activities:		
Proceeds from issuance of term debt	-	1,000,000
Principal payments on obligations under capital lease	(167,366)	(149,765)
Principal payments on term debt	(66,875)	(11,526)
Net change in cash from financing activities	(234,241)	838,709
Net change in cash and short-term investments	649,092	1,053,201
Cash and short-term investments, beginning of year	3,442,414	2,389,213
Cash and short-term investments, end of year	\$ 4,091,506	\$ 3,442,414
Supplemental cash flow information:		
Cash received from interest	\$ 32,815	\$ 57,033
Cash paid for interest	(63,348)	(45,491)
Tangible capital assets acquired by capital lease, not included in cash transactions above	58,370	29,289

The accompanying notes are an integral part of these financial statements

**VILLAGE OF CHASE
2012 FINANCIAL INFORMATION
SCHEDULE OF REMUNERATION AND EXPENSES PAID TO OR ON BEHALF OF EACH
EMPLOYEE**

	Remuneration	Expenses	Total
Elected Officials			
Anderson, Ron	12,020	3,019	15,039
Berrigan, Rick	8,350	3,117	11,467
Lepsoe, David	7,925	425	8,350
Crowe, Rod	7,500	597	8,097
Scott, Steven	7,850	967	8,817
			0
	<u>\$ 43,645</u>	<u>\$8,126</u>	<u>\$51,771</u>
Other Employees with Remuneration Exceeding \$75,000.00			
Larry Randle	75,858	5,063	81,058
Joni Heinrich	100,199	6,169	106,368
Colin Connett	80,831	124	80,955
Patrick Regush	76,702	1,717	78,419
Consolidated Total for all employees with remuneration of \$ 75,000 or less	569,813	30,660	600,473
	<u>\$ 903,403</u>	<u>43,734</u>	<u>947,274</u>
Reconciliation			
	<u>Remuneration</u>	<u>Expenses</u>	<u>Total</u>
Total remuneration - elected officials	\$ 43,645	8,126	51,771
Total remuneration - other employees	903,403	43,734	947,274
	<u>\$ 947,048</u>	<u>51,859</u>	<u>999,045</u>
Total per Statement of Operations	1,157,533		1,157,533
VARIANCE	<u>\$ -210,485</u>	<u>51,859</u>	<u>-158,488</u>
Statement of Revenue & Expenditure includes benefits as per Note 12 to statements	210,485	-51,859	158,488
	<u>\$ 0</u>	<u>0</u>	<u>-0</u>

Prepared under the Financial Information Regulation, Schedule 1, section 6(2),(3),(4),(5) and (6)

VILLAGE OF CHASE
2012 FINANCIAL INFORMATION
SCHEDULE OF DEBTS

The Schedule of debts is presented in Note 4 - Term Debt and Note 6 - Obligations under capital leases of the annual audited financial statements for the year ended 31 December 2012.

**VILLAGE OF CHASE
2012 FINANCIAL INFORMATION
SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS**

Information on all guarantees and indemnities for the Village of Chase is included in Note 12 to the audited annual financial statements for the year ended 31 December 2012.

VILLAGE OF CHASE
2012 FINANCIAL INFORMATION
STATEMENT OF SEVERANCE AGREEMENTS

NIL - Statement

There were no severance agreements made between The Village of Chase and its non-unionized e
during the fiscal year 2012

Prepared under the Financial Information Regulation 1, subsection 6(8)

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VILLAGE OF CHASE
2012 FINANCIAL INFORMATION
Schedule of Suppliers of Goods or Services: Section 7

Schedule of Payments Made for the Provision of Goods and Services

1. List of Suppliers receiving aggregate payments exceeding \$ 25,000	
TNRD (THOMPSON-NICOLA REGIONAL DISTRICT)	713,620
MINISTRY OF PROVINCIAL REVENUE	333,773
RECEIVER GENERAL OF CANADA	231,104
DAWSON CONSTRUCTION LTD.	163,326
THOMPSON REGIONAL HOSPITAL DISTRICT	127,991
Chase & District Recreation Centre Society	113,480
MFA LEASING CORPORATION	106,488
BC HYDRO	99,043
ROBBINS DRILLING AND PUMP LTD.	88,721
GUILLEVIN INTERNATIONAL INC.	76,274
AECOM CANADA LIMITED AN EACOM COMPANY	55,955
JEFF STALEY	52,980
SCHOOL DISTRICT NO. 73	47,939
MUNICIPAL PENSION PLAN	37,050
GENTECH ENGINEERING INC.	36,834
BILL GUY MASONRY	33,812
BC ASSESSMENT AUTHORITY FINANCIAL SERVICES	33,808
MUNICIPAL INS ASSOC OF BC	32,986
TAG AUTO	31,038
GENERAL ASSEMBLY EXCAVATING (1994) LTD	30,872
ROYAL BANK VISA	29,873
PACIFIC BLUE CROSS	27,336
Total aggregate amount paid to suppliers	<u>2,504,303 (A)</u>
2. Consolidated total paid to suppliers receiving aggregate payments of \$25,000 or less:	
	<u>925,108 (B)</u>
	<u>\$ 3,429,411</u>
3. Total of payments to suppliers for grants and contributions exceeding \$25,000	
Chase & District Recreation Centre Society	93,520
	<u>\$ 93,520 (C)</u>
4. Reconciliation	
Total aggregate payments exceeding \$25,000 paid to suppliers	2,504,303 (A)
Consolidated total of payments of \$25,000 or less paid to suppliers	925,108 (B)
Consolidated total of all grants and contributions exceeding \$25,000	93,520 (C)
Reconciling items	
Increase in Accounts Payable	6,002
Property Tax payments to other governments net of Revenue	-1,731,992
Home Owner Grants deducted from other Government payments	690,774
School Tax Commission deducted from remittance	3,109
Rebatable HST Included in Schedule of supplier payments	-198,551
Changes in Accrued payroll expenses	68,916
Acquisition of TCAs	-5,603,875
Reduce Capital by Donated Asset	5,020,000
TCA acquired by Capital Lease	-58,370
Remove Amortization of TCA	711,924
Remove Employee portion of Payroll Remittances (CPP, EI, SuperAnnuation)	-94,808
CUPE payments	-10,281
Change in Prepaid expenses	-24,976
Principal payments on capital lease obligations	-108,996
Principal payments on term debt	-66,965
Interest portion included in Chase & District Arena Grant	7,142
Wages and salaries included in Statement of Operations	999,045
Total of Reconciled Payments to Suppliers	<u>\$ 3,131,029</u>
Total per Statement of Operations	<u>\$ 3,133,769</u>
Net Variance.	<u>\$ 2,740</u>

VILLAGE OF CHASE
2012 FINANCIAL INFORMATION
STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.

Leif Pedersen, LGA
Director of Financial Services

Name
Council Member on behalf of Council

Date: _____

Date: _____

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 9

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