

Financial Statements of

THE VILLAGE OF CHASE

Year ended 31 December 2015



THE VILLAGE OF CHASE

Financial Statements

Year ended 31 December 2015

Management's Responsibility for the Financial Statements	1
Independent Auditors' Report	2
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets (Debt)	6
Statement of Cash Flows	7
Notes to Financial Statements	8 to 24
Schedule of Tangible Capital Assets	25 to 26
Segmented Disclosures Schedules	27 to 37

THE VILLAGE OF CHASE

Management's Responsibility for the Financial Statements

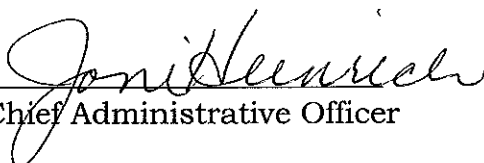
Year ended 31 December 2015

The accompanying financial statements of The Village of Chase (the "Village") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Village's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the approval of the financial statements by Council.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Village. The accompanying Independent Auditors Report outlines their responsibilities, the scope of their examination and their opinion on the Village's financial statements.


Chief Administrative Officer


Director of Financial Services



KPMG LLP
Chartered Accountants
200-206 Seymour Street
Kamloops BC V2C 6P5
Canada

Telephone (250) 372-5581
Fax (250) 828-2928
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Chase

We have audited the accompanying financial statements of the Village of Chase (the "Village"), which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' 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 from 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 our 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, we consider internal controls relevant to the Village'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 Village's internal controls. 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 Village of Chase as at December 31, 2015, and the results of its operations, changes in net financial assets (debt), and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

Kamloops, Canada
April 26, 2016

THE VILLAGE OF CHASE

Statement of Financial Position


31 December 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash and short-term investments (note 3)	\$ 2,033,509	\$ 1,767,969
Accounts receivable:		
- Taxes receivable	252,795	268,067
- Other	624,880	1,526,220
Total financial assets	2,911,184	3,562,256
Financial liabilities:		
Accounts payable and accrued liabilities	210,388	855,569
Accrued payroll expenses	145,694	158,223
Deferred revenue (note 4)	645,190	496,277
Demand promissory note (note 5)	350,000	437,500
Obligations under capital lease (note 6)	22,140	93,133
Term debt (note 7)	2,266,623	2,332,089
Total financial liabilities	3,640,035	4,372,791
Net financial assets (debt)	(728,851)	(810,535)
Non-financial assets:		
Tangible capital assets (note 9)	32,541,501	32,786,194
Prepaid expenses	81,150	49,460
Total non-financial assets	32,622,651	32,835,654
Accumulated surplus (note 10)	\$ 31,893,800	\$ 32,025,119

Commitments and contingencies (note 14)

The accompanying notes are an integral part of these financial statements.

Approved:



Director of Financial Services

THE VILLAGE OF CHASE

Statement of Operations

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
	(note 16)		
Revenue			
Taxation (note 11)	\$ 1,602,200	\$ 1,631,420	\$ 1,558,528
Parcel taxes collected	302,000	301,877	294,999
Government transfers (note 12)	1,193,300	859,568	3,377,705
User charges	765,700	782,844	732,688
Other transfers	5,700	300	5,361
Development cost charges	0	0	26,155
Investment income	7,000	21,785	29,634
Other	2,000	13,525	21,202
Total revenue	3,877,900	3,611,319	6,046,272
Expenses			
General government	625,000	698,393	655,323
Protective services	401,100	423,401	260,792
Development services	120,700	103,953	128,479
Transportation services	803,900	684,765	743,512
Parks, recreation and culture	657,200	686,784	655,032
Solid waste management	196,700	202,268	183,130
Water utility	506,000	572,530	373,399
Waste water utility	381,100	328,955	333,606
Other services	38,800	41,589	34,071
Total expenses	3,730,500	3,742,638	3,367,344
Annual surplus (deficit)	147,400	(131,319)	2,678,928
Accumulated surplus, beginning of year	32,025,119	32,025,119	29,346,191
Accumulated surplus, end of year	\$ 32,172,519	\$ 31,893,800	\$ 32,025,119

The accompanying notes are an integral part of these financial statements.

THE VILLAGE OF CHASE

Statement of Changes in Net Financial Assets (Debt)

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
	(note 16)		
Annual surplus (deficit)	\$ 147,400	\$ (131,319)	\$ 2,678,928
Acquisition of tangible capital assets	(1,690,800)	(876,210)	(4,389,084)
Amortization of tangible capital assets	906,700	922,058	792,772
Proceeds from disposition of tangible capital assets	-	70,812	-
Loss on disposition of tangible capital assets	198,800	128,033	5,371
	<u>(437,900)</u>	<u>113,374</u>	<u>(912,013)</u>
Acquisition of prepaid expenses	-	(81,150)	(49,460)
Use of prepaid expenses	-	49,460	30,298
	-	<u>(31,690)</u>	<u>(19,162)</u>
Change in net financial assets	(437,900)	81,684	(931,175)
Net financial assets, beginning of year	(810,535)	(810,535)	120,640
Net financial assets (debt), end of year	<u>\$ (1,248,435)</u>	<u>\$ (728,851)</u>	<u>\$ (810,535)</u>

The accompanying notes are an integral part of these financial statements.

THE VILLAGE OF CHASE

Statement of Cash Flows

Year ended 31 December 2015, with comparative information for 2014

	2015	2014
Cash provided (used) by:		
Operating activities:		
Annual surplus (deficit)	\$ (131,319)	\$ 2,678,928
Items not involving cash:		
Amortization of tangible capital assets	922,058	792,772
Loss on disposal of tangible capital assets	128,033	5,371
Change in non-cash operating assets and liabilities:		
Accounts receivable	916,612	231,892
Accounts payable and accrued liabilities	(645,181)	403,137
Accrued payroll expenses	(12,529)	5,432
Deferred revenue	148,913	(272,274)
Prepaid expenses	(31,690)	(19,162)
Net change in cash from operating activities	1,294,897	3,826,096
Capital activities:		
Proceeds on disposition of tangible capital assets	70,812	-
Acquisition of tangible capital assets	(876,210)	(4,389,084)
Net change in cash from capital activities	(805,398)	(4,389,084)
Financing activities:		
Principal payments on obligations under capital lease	(70,993)	(165,181)
Principal payments on term debt	(65,466)	(589,275)
Proceeds from demand promissory note issued	-	525,000
Repayment of demand promissory note	(87,500)	(87,500)
Net change in cash from financing activities	(223,959)	(316,956)
Net change in cash and short-term investments	265,540	(879,944)
Cash and short-term investments, beginning of year	1,767,969	2,647,913
Cash and short-term investments, end of year	\$ 2,033,509	\$ 1,767,969
Supplemental cash flow information:		
Cash received from interest	\$ 21,785	\$ 29,634
Cash paid for interest	92,325	98,790

The accompanying notes are an integral part of these financial statements.

THE VILLAGE OF CHASE

Notes to Financial Statements

Year ended 31 December 2015

The Village of Chase (the "Village") was incorporated on 21 April 1969 under statute of the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia.

The Village provides municipal services to residents of the incorporated area. These include fire protection, transportation and roads maintenance, solid waste collection and disposal, parks and recreation and maintenance of green spaces, water utility, sewer utility and other general government services.

1. Significant accounting policies:

The financial statements of the Village are prepared by management in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA"). Significant accounting policies adopted by the Village are as follows:

(a) Reporting entity:

(i) Funds of the Village

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all funds of the Village, segregated into general, water utility and sewer utility funds.

The Village has not identified any external entities that are owned or whose boards are controlled by the Village and that are accountable to the Village for the administration of their financial affairs and resources; however it is the policy of the Village that any such entities would also form part of the reporting entity.

Inter-departmental and inter-fund transactions and balances between these funds have been eliminated in the financial statements.

(ii) Accounting for other government organizations and School Board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of other government entities and the School Boards with which the Village interacts are not reflected in these financial statements. Funds collected by the Village on behalf of these other entities and transmitted to them are summarized in note 11. Funds received by the Village as transfers or grants from other government entities are summarized in note 12.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

1. Significant accounting policies (continued):

(iii) Trust funds

Trust funds and their related operations administered by the Village are not included in these financial statements.

(b) Basis of accounting:

The Village follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned, can be measured and there is reasonable assurance that they will be collected. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Revenue recognition:

Property taxes, parcel taxes, frontage taxes, special assessments and grants in lieu of taxes are recognized as revenue in the year in which they are assessable. Water and sewer user rates, connection fees, sale of services, interest and penalties are recognized as revenue in the year the related service is provided, and when the amount to be received can be reasonably estimated and collection is reasonably assured.

Government transfers received or receivable are recognized in the financial statements as revenue in the year that the event giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Investment income is reported as revenue in the year earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(d) Deferred revenue:

Deferred revenue represents grants, development cost charges ("DCCs"), licenses and other fees which have been collected, but for which the related expenditures or services have yet to be performed or incurred. These amounts will be recognized as revenues in the year the services are performed or expenses incurred.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

1. Significant accounting policies (continued):

(e) Government transfers:

Government transfers (other than unconditional grants) are recognized in the financial statements as revenues in the years in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made unless the transfer contains stipulations that create a liability, in which case the transfers are recognized as revenue in the years that the liability is extinguished. Grants in lieu of taxes are recognized at the earlier of when received or when money is determined to be more likely than not collected.

(f) Cash and short-term investments:

Cash and short-term investments include cash and highly liquid investments with a term to maturity of 90 days or less at acquisition and that are readily convertible to cash.

(g) Reserves:

Reserves for operating and capital purposes represent amounts within accumulated surplus reserved either internally or by statute for specific future purposes.

(h) Term debt:

Term debt acquired through the Municipal Finance Authority ("MFA") is recorded net of the related sinking fund balances. Earnings on sinking fund investments are allocated to the Village as an actuarial adjustment, which is recorded as a revenue and reduction in the related debt.

(i) Employee future benefits:

(i) The Village provides certain employee benefits which will require funding in future periods. These benefits include sick leave and banked overtime provided to all its unionized employees. The costs of sick leave and banked overtime arising from past service and expected to be paid out in a future period have been accrued as a liability and have been determined using management's best estimate of salary and utilization rates. Non-vesting sick leave benefit entitlements in excess of these amounts are not accrued, as they are unlikely to be utilized prior to retirement.

(ii) The costs of multi-employer defined contribution pension plan benefits, such as the Municipal Pension Plan, are the employer's contributions due to the plan in the period.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

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 ordinary course of operations.

(i) Tangible capital assets

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

Asset	Useful life - years
Land improvements	15-70
Buildings and building improvements	30-75
Vehicles, machinery and equipment	3-25
Roads, bridges and drainage	10-80
Water and waste water infrastructure	10-80

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 their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) Works of art and cultural and historic assets

The Village manages and controls various works of art and non-operational historical cultural assets including paintings and sculptures located at Village sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

1. Significant accounting policies (continued):

(v) Interest capitalization

The Village does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(k) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions based on current conditions and laws that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include assumptions used in estimating provisions for the estimated useful lives of tangible capital assets and in performing actuarial valuations of employee future benefits.

Management reviews these estimates on a periodic basis and, where necessary, makes adjustments prospectively.

(l) Contaminated Sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- a) An environmental standard exists
- b) Contamination exceeds the environmental standard
- c) The organization is directly responsible or accepts responsibility for liability
- d) Future economic benefits will be given up, and
- e) A reasonable estimate of the liability can be made

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

2. Adoption of new accounting policy:

The Village adopted the Public Sector Accounting Board Standards PS 3260 *Liability for Contaminated Sites* effective 1 January 2015. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The Village adopted this standard on a retroactive basis and there are no adjustments as a result of the adoption of this standard.

3. Cash and short-term investments:

Cash and short-term investments reported on the statement of financial position have costs that approximate market value. Short-term investments of \$57,705 (2014 - \$57,216) consist of investments primarily in MFA pooled money market funds with an annual rate of return of approximately 0.9% (2014 - 1.1%).

Restrictions around use of cash and cash equivalents are as follows:

	2015	2014
Restricted:		
Reserves	\$ 738,991	\$ 754,849
Development cost charges	318,361	301,117
MFA debt reserve fund	28,330	27,623
	1,085,682	1,083,589
Unrestricted	947,827	684,380
Total	\$ 2,033,509	\$ 1,767,969

4. Deferred revenue:

Deferred revenue, reported on the statement of financial position, is made up of the following:

	2015	2014
DCC's	\$ 318,361	\$ 306,117
Gas Tax funding	279,074	169,794
Cash in lieu of parkland	15,300	15,171
Other	32,455	5,195
Total deferred revenue	\$ 645,190	\$ 496,277

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

4. Deferred revenue (continued):

Continuity of deferred revenue is as follows:

	2015	2014
Balance, beginning of year:		
DCC's	\$ 306,117	\$ 321,315
Gas Tax funding	169,794	429,187
Cash in lieu of parkland	15,171	15,021
Other	5,195	3,028
	496,277	768,551
Contributions:		
DCC's	9,600	7,770
Gas Tax funding	150,239	150,239
Other	46,821	2,167
Interest earned	6,669	8,691
	213,329	168,867
Revenues recognized	(64,416)	(441,141)
Balance, end of year	\$ 645,190	\$ 496,277

Gas tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Village and the Union of British Columbia Municipalities. Gas tax funding may be used towards designated public transit, local roads and infrastructure, community energy, water, wastewater, solid waste and capacity building projects, disaster mitigation and culture, tourism, sport and recreation infrastructure as specified in the funding agreements.

Development cost charges ("DCCs") are amounts received from developers to be used by the Village for specific infrastructure upgrades, improvements and projects. The above amounts have been deferred and are to be recognized as revenue in the year the related project expenditures are incurred.

5. Demand promissory note:

During 2014, the Village obtained a demand promissory note from the MFA. The note matures 10 January 2019 and has a current interest rate of 1.38% per annum.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

6. Obligations under capital lease:

To finance the acquisition of certain tangible capital assets, the Village has entered into various capital lease agreements with maturity dates between 2016 and 2017. The required minimum lease payments and net obligation under capital lease is as follows:

	2015	2014
2015	-	72,069
2016	15,821	15,821
2017	6,708	6,708
Total minimum lease payments	22,529	94,598
Less amount representing interest (at rates ranging from 1.25% to 2.00% per annum)	389	1,465
Present value of net minimum capital lease payments	\$ 22,140	\$ 93,133

Interest of \$784 (2014 - \$3,496) relating to capital lease obligations has been included in expenses on the statement of operations. See note 14 for detail of allocation to various functions.

7. Term debt:

The Village issues debt instruments through the MFA of British Columbia, pursuant to term capital borrowing, loan authorization and security issuing bylaws under authority of Sections 178, 179 and 181 of the Community Charter, to finance certain capital expenditures.

The balance of term debt reported on the statement of financial position is made up of the following:

	2015	2014
MFA debt instrument with a maturity date of April 2038, bearing interest at a rate of 3.15% per annum	\$ 951,016	\$ 975,988
MFA debt instrument with a maturity date of October 2036, bearing interest at a rate of 3.25% per annum	898,034	925,044
MFA debt instrument with a maturity date of April 2035, bearing interest at a rate of 4.50% per annum	417,573	431,057
Term debt, end of year	\$ 2,266,623	\$ 2,332,089

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

7. Term debt (continued):

Total interest on term debt reported in the statement of operations amounted to \$85,600 (2014 - \$85,600).

The term debt issued in the name of the Village has been approved by bylaw. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

The total principal payments for the next five years and thereafter are as follows:

2016	\$	68,085
2017		70,808
2018		73,641
2019		76,586
2020		79,650
Thereafter		1,897,853
	\$	2,266,623

Scheduled debt repayments may be suspended due to excess sinking fund earnings with MFA.

8. Municipal Finance Authority debt reserve:

As a condition of the MFA borrowings made by the Village, and as required by legislation, a debt reserve fund is maintained in the amount of one-half the average annual installment of principal and interest as set out in the agreements entered into. The reserve is funded in part by cash, being the withholding of 1% of the total issue proceeds, and the remainder being funded by a demand note whereby the Village may be required to loan certain amounts to the MFA. Details of the cash deposits and demand notes on hand at year end are as follows:

	2015	2014
Cash deposits	\$ 28,330	\$ 27,623
Demand notes	47,775	47,775
Debt reserve fund balance	\$ 76,105	\$ 75,398

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

9. Tangible capital assets:

Transactions related to tangible capital assets are presented in Schedules 1 and 1a.

a) Assets under construction

Assets under construction have not been amortized. Amortization of these assets will commence when the asset is put into service. Where projects have been completed during the year, accumulated costs are reclassified to the appropriate category of asset and included in related additions in the current year.

b) Write-down of tangible capital assets:

During 2015, no write-down of tangible capital assets occurred. In 2014, several fully amortized collections of small equipment valued at \$73,032 under the fire department were written off. Individual pieces were not identified and small equipment replacements are expensed as they occur. In 2014, under general government, several fully amortized computer hardware and software items which have been replaced over the years valued at \$24,228 were removed. There is no impact upon the financial statements.

10. Accumulated surplus:

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$29,902,738	\$29,923,472
Unrestricted	1,252,071	1,346,798
Total surplus	31,154,809	31,270,270
Reserves set aside by Council for specified purposes:		
Committed	223,464	229,221
Equipment replacement	8,857	8,782
Garbage truck	204,772	178,257
Recreation	75	2,249
	437,168	418,509
Reserve funds set aside by Council for capital purposes:		
Statutory - general capital works and machinery	-	-
Statutory - water capital works	-	-
Statutory - sewer capital works	301,823	336,340
	301,823	336,340
Total accumulated surplus	\$31,893,800	\$32,025,119

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

10. Accumulated surplus (continued):

The committed reserve was established by Council at the end of 2012 for the purpose of tracking budgeted amounts which had not been utilized in the current year. In 2013, the debenture in the amount of \$1,000,000 for the water treatment plant had not been utilized, resulting in a significant increase in the reserve. The funds were utilized in 2014 as the project neared completion.

11. Taxation:

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

	2015	2014
Municipal and school property taxes levied	\$ 3,286,266	\$ 3,216,877
Payments-in-lieu of property taxes	25,464	21,103
Utilities 1% tax	37,849	38,192
Penalties and interest on property taxes	53,472	32,693
	3,403,051	3,308,865
Less transfers to other governments:		
Thompson-Nicola Regional District	531,278	533,271
Thompson Regional Hospital District	190,695	186,877
Province of B.C. - School taxes	878,543	863,784
Province of B.C. - Police taxes	138,304	133,068
B.C. Assessment Authority	32,729	33,257
Municipal Finance Authority	82	80
	1,771,631	1,750,337
Taxation revenue available for municipal purposes	\$ 1,631,420	\$ 1,558,528

12. 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. Government funding sources are primarily Federal, Provincial or a combination of both. The Government transfers reported on the statement of operations and accumulated surplus are:

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

12. Government transfers (continued):

	2015	2014
B.C. Small Communities grant	\$ 419,303	\$ 260,972
Building Canada Grant - Water Treatment Plant	345,011	2,612,447
Canada Day grant	2,000	2,000
Climate Action Review Incentive Plan	4,785	4,722
Gas Tax grant	44,854	414,985
Gas Tax – ICS Planning Project	745	23,750
Provincial Emergency Plan	6,614	10,027
Smart Communities grant	1,123	26,877
Thompson-Nicola Regional District:		
Fire response area	14,500	14,000
Cemetery grant	3,000	3,000
Arena Upgrade	17,633	-
Youth employment grant	-	4,925
Total government transfer revenues	\$ 859,568	\$ 3,377,705

13. 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 31 December 2015 the Village held \$48,775 (2014 - \$47,527) in trust.

14. Commitments and contingencies:

- (a) The Village, as a member of the Thompson-Nicola Regional District, 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 of \$550,000 for the Chase golf course. At 31 December 2015 the mortgage balance was \$494,129 (2014 - \$542,175). The Village provides annual grants up to \$50,000 and a contract fee for operations in the amount of \$ 75,000 to assist the Society with general operating costs. In the event the Society was to default on the mortgage payments, the golf course would become the property of the Village.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

14. Commitments and contingencies (continued):

- (c) The 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 defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015 The Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local government.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal costs method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as of 31 December 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The Village paid \$85,183 for employer contributions to the plan in fiscal 2015, which represents 0.005 per cent of the total plan contributions. The Village expects to pay \$87,738 for employer contributions in the next fiscal year.

The next valuation will be at 31 December 2015 with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Village paid \$85,183 (2014 - \$80,613) for employer contributions while employees contributed \$63,782 (2014 - \$60,353) to the Plan in fiscal 2015.

- (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 OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

14. Commitments and contingencies (continued):

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 31 December 2015 the sick leave benefits entitlement accumulated to date totals were approximately 4,680 hours (2014 - 4,402) or approximately \$151,800 (2014 - \$138,600).

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% for each additional year employed to a maximum of 150 days. The Village has recorded a liability of \$62,384 (2014 - \$57,800) for these benefits due to vested retirement benefits.

- (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.

15. 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:

Segmented information is presented in Schedules 2 to 2j.

- (i) Taxes

Taxes include all taxation revenues and tax related revenues except parcel taxes which are allocated to the specific functions for which they are collected.

- (ii) General government

General government operations provide the functions of corporate administration, finance, human resources, legislative services, building services and maintenance, and other functions not categorized to a specific department. It includes general revenues and transfers not allocated to specific functions.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

15. Segmented information (continued):

(iii) Protective services

Protection is comprised of the fire and rescue service, bylaw enforcement and animal control, and building inspection services. 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 bylaw and animal control department provides licensing and bylaw enforcement services. The building inspection service provides enforcement of municipal bylaws and the Provincial Building Code and regulations.

(iv) Development services

Development provides planning assistance to guide developers in complying with the Village zoning bylaws, Official Community Plan and development procedures for subdividing lands and providing the necessary infrastructure to support those developments.

(v) Transportation

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

(vi) Parks, recreation and culture

The Village public works and parks department provides public services related to the maintenance of parks, open spaces, the Community Hall, the Museum and provision of various seasonal recreation programs. Administration provides funding and liaison with Chase and District Recreation Centre Society which administers the arena and golf course.

(vii) Solid waste management

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

(viii) Water utility

The Village is responsible for environmental programs including the engineering and operation of the potable water system to obtain, treat and deliver water.

(ix) Waste water utility

The Village is responsible for environmental programs including the engineering and operation of the waste water collection, treatment and disposal.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

15. Segmented information (continued):

(x) Other services

The Village provides public services related to Chase Cemetery, the 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. Development cost charges revenues were allocated to the segment for which the charge was utilized.

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

16. Budget data:

The budget data presented in these financial statements is based upon the 2015 operating and capital budgets approved as the 2015 Financial Plan by Council on 12 May 2015. 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 VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2015

16. Budget data (continued):

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

	Budget amount
Surplus - Statement of Operations	\$ 147,400
Adjust for budgeted cash items not included in Statement of Operations:	
Offset for amortization budgeted	906,700
Transfers to and from reserves	213,000
Proceeds from capital leases	280,000
Disposal of tangible capital assets	198,800
Acquisition of tangible capital assets	(1,690,800)
Demand Promissory Note	(87,500)
Principal payments on term debt	(59,500)
Principal payments on capital lease obligations	(81,300)
Net transfers from surplus	173,200
Total Adjustments	(147,400)
Financial Plan Balance	\$ -

17. Comparative figures:

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

THE VILLAGE OF CHASE

Schedule 1 - Tangible Capital Assets

Year ended 31 December 2015

	Land	Land Improvements	Buildings & Building Improvements	Vehicles, Machinery & Equipment	Roads, Bridges & Drainage	Water Infrastructure	Water Infrastructure	Waste Water	Capital Works in Progress	Total
Cost										
Balance, beginning of year	\$ 6,591,932	1,325,125	9,632,949	4,013,262	7,959,662	2,932,302	3,949,135	6,524,780	42,929,147	
Additions		166,946	3,207,298	2,250,186	56,586	1,593,752	-	876,210	8,150,978	
Disposals				(249,712)					(249,712)	
Transfer of costs, completed projects										
Balance, end of year	6,591,932	1,492,071	12,840,247	6,013,736	8,016,248	4,526,054	3,949,135	(7,274,768)	43,555,645	
Accumulated Amortization										
Balance, beginning of year	-	504,956	1,489,406	1,692,142	3,282,952	1,219,871	1,953,626	-	10,142,953	
Disposals	-			(50,867)					(50,867)	
Amortization expense	-	62,581	306,903	278,539	144,521	51,348	78,166	-	922,058	
Balance, end of year	-	567,537	1,796,309	1,919,814	3,427,473	1,271,219	2,031,792	-	11,014,144	
Net book value, end of year	\$ 6,591,932	\$ 924,534	\$ 11,043,938	\$ 4,093,922	\$ 4,588,775	\$ 3,254,835	\$ 1,917,343	\$ 126,222	\$ 32,541,501	

THE VILLAGE OF CHASE

Schedule 1a - Tangible Capital Assets

Comparative information for Year Ended 31 December 2014

	Tangible Capital Assets (notes 1, 9)										Total	
	Land	Land Improvements	Buildings & Building Improvements	Vehicles, Machinery & Equipment	Roads, Bridges & Drainage	Water Infrastructure	Waste Water	Capital Works in Progress				
Cost												
Balance, beginning of year	\$ 6,591,932	1,312,703	9,601,752	3,994,600	8,008,591	2,932,302	3,949,135	2,410,584			38,801,599	
Additions	-	-	-	-	-	-	-	4,389,084			4,389,084	
Disposals	-	-	-	(212,607)	(48,929)	-	-	-			(261,536)	
Transfer of costs, completed projects	-	12,422	31,197	231,269	-	-	-	(274,888)			-	
Balance, end of year	6,591,932	1,325,125	9,632,949	4,013,262	7,959,662	2,932,302	3,949,135	6,524,780			42,929,147	
Accumulated Amortization												
Balance, beginning of year	-	446,314	1,242,611	1,675,287	3,186,527	1,180,147	1,875,460	-			9,606,346	
Disposals	-	-	-	(207,236)	(48,929)	-	-	-			(256,165)	
Amortization expense	-	58,642	246,795	224,091	145,354	39,724	78,166	-			792,772	
Balance, end of year	-	504,956	1,489,406	1,692,142	3,282,952	1,219,871	1,953,626	-			10,142,953	
Net book value, end of year	\$ 6,591,932	\$ 820,169	\$ 8,143,543	\$ 2,321,120	\$ 4,676,710	\$ 1,712,431	\$ 1,995,509	\$ 6,524,780	\$	\$	32,786,194	

THE VILLAGE OF CHASE

Schedule 2 - Summary of Segmented Information

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
	(note 16)		
Revenue			
Taxation (note 11)	\$ 1,602,200	\$ 1,631,420	\$ 1,558,528
Parcel taxes collected	302,000	301,877	294,999
Government transfers (note 12)	1,193,300	859,568	3,377,705
User charges	765,700	782,844	732,688
Other transfers	5,700	300	5,361
Development cost charges	-	-	26,155
Investment income	7,000	21,785	29,634
Other	2,000	13,525	21,202
Total revenue	3,877,900	3,611,319	6,046,272
Expenses			
Salaries and benefits	1,318,700	1,251,722	1,201,088
Grants in aid	116,700	99,515	78,110
Operating costs	1,144,500	1,241,317	1,194,814
Interest on debt	111,200	92,325	98,790
Other expenditures	135,000	135,701	1,770
Amortization	904,400	922,058	792,772
Total expenses	3,730,500	3,742,638	3,367,344
Surplus (deficit)	\$ 147,400	\$ (131,319)	\$ 2,678,928

THE VILLAGE OF CHASE

Schedule 2a - Taxes

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Taxes collected			
Municipal taxes	\$ 1,509,000	\$ 1,514,579	\$ 1,466,705
Taxes collected on behalf of others	1,781,100	1,771,687	1,750,172
Payment in lieu of tax	21,000	25,464	21,103
Utilities tax	39,000	37,849	38,192
Penalties and interest	33,200	53,472	32,693
Total taxes collected	3,383,300	3,403,051	3,308,865
Transfer of taxes to others			
Thompson Nicola Regional District	544,000	531,278	533,271
Thompson Regional Hospital District	190,000	190,695	186,877
Province of BC - school taxes	878,000	878,543	863,784
Province of BC - police taxes	135,000	138,304	133,068
BC Assessment Authority	34,000	32,729	33,257
Municipal Finance Authority	100	82	80
Total taxes transferred	1,781,100	1,771,631	1,750,337
Net taxes collected	\$ 1,602,200	\$ 1,631,420	\$ 1,558,528

THE VILLAGE OF CHASE

Schedule 2b - General Government

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Revenue			
User charges	\$ 37,600	\$ 44,363	\$ 36,685
Government transfers (note 12)	267,500	426,088	267,694
Other transfers	5,700	300	5,361
Investment income	7,000	15,161	25,457
Total revenue	317,800	485,912	335,197
Expenses			
Salaries and benefits	376,400	448,023	433,161
Grants in aid	53,500	51,006	21,192
Operating costs	171,100	180,496	177,996
Interest on debt	-	-	17
Amortization	24,000	18,868	22,957
Total expenses	625,000	698,393	655,323
Deficit	\$ (307,200)	\$ (212,481)	\$ (320,126)

THE VILLAGE OF CHASE

Schedule 2c - Protective Services

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Revenue			
User charges	\$ 9,700	\$ 10,943	\$ 9,839
Government transfers (note 12)	34,500	21,114	24,027
Other	-	3,200	1,101
Total revenue	44,200	35,257	34,967
Expenses			
Salaries and benefits	106,700	102,833	84,696
Operating costs	112,200	139,403	132,185
Interest on debt	4,400	130	1,457
Other expenditures	135,000	135,701	-
Amortization	42,800	45,334	42,454
Total expenses	401,100	423,401	260,792
Deficit	\$ (356,900)	\$ (388,144)	\$ (225,825)

THE VILLAGE OF CHASE

Schedule 2d - Planning and Development Services

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Revenue			
User charges	\$ 18,500	\$ 22,827	\$ 17,923
Government transfers (note 12)	1,500	1,123	26,877
Other transfers	-	-	-
Total revenue	20,000	23,950	44,800
Expenses			
Salaries and benefits	30,900	18,722	13,238
Grants in aid	13,200	13,509	16,918
Operating costs	35,000	27,482	54,083
Amortization	41,600	44,240	44,240
Total expenses	120,700	103,953	128,479
Deficit	\$ (100,700)	\$ (80,003)	\$ (83,679)

THE VILLAGE OF CHASE

Schedule 2e - Transportation Services

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Revenue			
User charges	\$ -	\$ 100	\$ 200
Government transfers (note 12)	-	-	82,000
Development cost charges	-	-	-
Other	-	-	18,405
Total revenue	-	100	100,605
Expenses			
Salaries and benefits	263,300	217,398	218,366
Operating costs	340,800	276,608	336,658
Interest on debt	1,200	660	1,610
Amortization	198,600	190,099	186,878
Total expenses	803,900	684,765	743,512
Deficit	\$ (803,900)	\$ (684,665)	\$ (642,907)

THE VILLAGE OF CHASE

Schedule 2f - Parks, Recreation and Culture

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Revenue			
User charges	\$ 28,000	\$ 23,832	\$ 24,240
Government transfers (note 12)	112,000	62,488	4,925
Contributed tangible capital assets	-	-	-
Other	2,000	10,325	1,696
Total revenue	142,000	96,645	30,861
Expenses			
Salaries and benefits	202,100	191,277	176,711
Grants in aid	50,000	35,000	40,000
Operating costs	207,700	266,759	243,823
Interest on debt	8,000	5,935	9,694
Other expenditures	-	-	1,770
Amortization	189,400	187,813	183,034
Total Expenses	657,200	686,784	655,032
Deficit	\$ (515,200)	\$ (590,139)	\$ (624,171)

THE VILLAGE OF CHASE

Schedule 2g - Solid Waste Management

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Revenue			
User charges	\$ 225,400	\$ 222,210	\$ 218,442
Government transfers (note 12)	-	-	51,485
Total revenue	225,400	222,210	269,927
Expenses			
Salaries and benefits	65,800	72,733	62,873
Operating costs	84,600	83,291	73,601
Interest on debt	-	-	412
Amortization	46,300	46,244	46,244
Total expenses	196,700	202,268	183,130
Surplus	\$ 28,700	\$ 19,942	\$ 86,797

THE VILLAGE OF CHASE

Schedule 2h - Water Utility

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Revenue			
Parcel taxes	\$ 84,000	\$ 78,958	\$ 77,948
User charges	229,000	236,756	208,817
Government transfers (note 12)	408,800	345,755	2,917,697
Development cost charges	-	-	5,879
Investment income	-	4,521	2,578
Total revenue	721,800	665,990	3,212,919
Expenses			
Salaries and benefits	167,400	116,132	120,573
Operating costs	93,700	164,867	84,041
Interest on debt	64,000	64,000	64,000
Amortization	180,900	227,531	104,785
Total expenses	506,000	572,530	373,399
Surplus	\$ 215,800	\$ 93,460	\$ 2,839,520

THE VILLAGE OF CHASE

Schedule 2i - Waste Water Utility

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Revenue			
Parcel taxes	\$ 218,000	\$ 222,919	\$ 217,051
User charges	206,500	209,727	205,206
Government transfers (note 12)	366,000	-	-
Development cost charges	-	-	20,276
Investment income	-	2,103	1,599
Total revenue	790,500	434,749	444,132
Expenses			
Salaries and benefits	96,800	73,052	83,097
Operating costs	88,400	90,540	85,146
Interest on debt	33,600	21,600	21,600
Amortization	162,300	143,763	143,763
Total expenses	381,100	328,955	333,606
Surplus	\$ 409,400	\$ 105,794	\$ 110,526

THE VILLAGE OF CHASE

Schedule 2j - Other Services

Year ended 31 December 2015, with comparative information for 2014

	Budget	2015	2014
Revenue			
User charges	\$ 11,000	\$ 12,086	\$ 11,336
Government transfers (note 12)	3,000	3,000	3,000
Total Revenue	14,000	15,086	14,336
Expenses			
Salaries and benefits	9,300	11,552	8,373
Operating costs	11,000	11,871	7,281
Amortization	18,500	18,166	18,417
Total Expenses	38,800	41,589	34,071
Deficit	\$ (24,800)	\$ (26,503)	\$ (19,735)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100