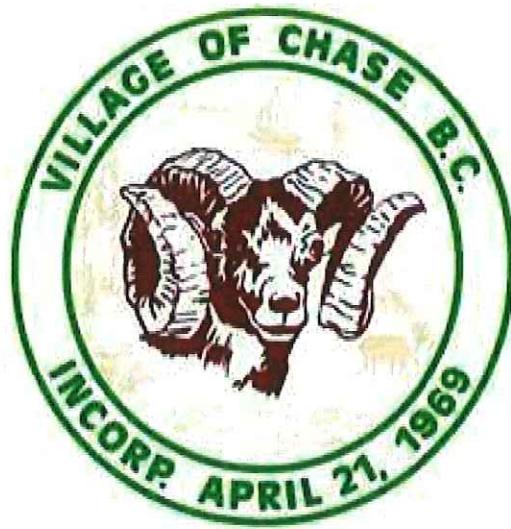


Financial Statements of

THE VILLAGE OF CHASE

Year ended 31 December 2016



THE VILLAGE OF CHASE

Financial Statements

Year ended 31 December 2016

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 2016

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
200-206 Seymour Street
Kamloops BC V2C 6P5
Canada
Telephone (250) 372-5581
Fax (250) 828-2928

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, 2016, 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, 2016, 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
May 9, 2017

THE VILLAGE OF CHASE

Statement of Financial Position

31 December 2016, with comparative information for 2015

	2016	2015
Financial assets:		
Cash and short-term investments (note 2)	\$ 2,183,206	\$ 2,033,509
Accounts receivable:		
- Taxes receivable	232,273	252,795
- Other	507,348	624,880
Total financial assets	2,922,827	2,911,184
Liabilities:		
Accounts payable and accrued liabilities	352,862	210,388
Accrued payroll expenses	155,531	145,694
Deferred revenue (note 3)	674,640	645,190
Demand promissory note (note 4)	262,500	350,000
Obligations under capital lease (note 5)	6,579	22,140
Term debt (note 6)	2,198,538	2,266,623
Total financial liabilities	3,650,650	3,640,035
Net financial assets (debt)	(727,823)	(728,851)
Non-financial assets:		
Tangible capital assets (note 8)	33,165,450	32,541,501
Prepaid expenses	36,885	81,150
Total non-financial assets	33,202,335	32,622,651
Accumulated surplus (note 9)	\$ 32,474,512	\$ 31,893,800

Commitments and contingencies (note 13)

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 2016, with comparative information for 2015

	Budget (note 15)	2016	2015
Revenue			
Taxation (note 10)	\$ 1,653,300	\$ 1,643,313	\$ 1,631,420
Parcel taxes collected	-	-	301,877
Government transfers (note 11)	1,585,800	777,232	859,568
User charges	1,116,400	1,156,736	782,844
Other transfers	500	6,418	3,500
Development cost charges	124,000	-	-
Investment income	9,000	30,780	21,785
Other	2,000	22,995	10,325
Contributed tangible capital assets (note 8(b))	450,000	734,500	-
Total revenue	4,941,000	4,371,974	3,611,319
Expenses			
General government	633,000	656,682	698,393
Protective services	314,100	283,708	423,401
Development services	143,100	140,513	103,953
Transportation services	769,700	723,798	684,765
Parks, recreation and culture	740,200	704,069	686,784
Solid waste management	250,500	241,404	202,268
Water utility	734,700	683,749	572,530
Waste water utility	379,500	311,240	328,955
Other services	44,000	46,099	41,589
Total expenses	4,008,800	3,791,262	3,742,638
Annual surplus (deficit)	932,200	580,712	(131,319)
Accumulated surplus, beginning of year	31,893,800	31,893,800	32,025,119
Accumulated surplus, end of year	\$ 32,826,000	\$ 32,474,512	\$ 31,893,800

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 2016, with comparative information for 2015

	Budget (note 15)	2016	2015
Annual surplus (deficit)	\$ 932,200	\$ 580,712	\$ (131,319)
Acquisition of tangible capital assets	(2,828,000)	(1,769,100)	(876,210)
Amortization of tangible capital assets	1,095,500	1,068,884	922,058
Proceeds from disposition of tangible capital assets	-	42,800	70,812
Loss on disposition of tangible capital assets	(86,200)	33,467	128,033
	<u>(886,500)</u>	<u>(43,237)</u>	<u>113,374</u>
Acquisition of prepaid expenses	-	(36,885)	(81,150)
Use of prepaid expenses	-	81,150	49,460
	-	44,265	(31,690)
Change in net financial assets	(886,500)	1,028	81,684
Net financial assets, beginning of year	(728,851)	(728,851)	(810,535)
Net financial assets (debt), end of year	\$ (1,615,351)	\$ (727,823)	\$ (728,851)

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

THE VILLAGE OF CHASE

Statement of Cash Flows

Year ended 31 December 2016, with comparative information for 2015

	2016	2015
Cash provided (used) by:		
Operating activities:		
Annual surplus (deficit)	\$ 580,712	\$ (131,319)
Items not involving cash:		
Amortization of tangible capital assets	1,068,884	922,058
Loss on disposal of tangible capital assets	33,467	128,033
Contributions of tangible capital assets, net of term debt assumed	(734,500)	-
Change in non-cash operating assets and liabilities:		
Accounts receivable	138,054	916,612
Accounts payable and accrued liabilities	142,474	(645,181)
Accrued payroll expenses	9,837	(12,529)
Deferred revenue	29,450	148,913
Prepaid expenses	44,265	(31,690)
Net change in cash from operating activities	1,312,643	1,294,897
Capital activities:		
Proceeds on disposition of tangible capital assets	42,800	70,812
Acquisition of tangible capital assets	(925,960)	(876,210)
Net change in cash from capital activities	(883,160)	(805,398)
Financing activities:		
Principal payments on obligations under capital lease	(15,561)	(70,993)
Principal payments on term debt	(176,725)	(65,466)
Proceeds from demand promissory note issued	-	-
Repayment of demand promissory note	(87,500)	(87,500)
Net change in cash from financing activities	(279,786)	(223,959)
Net change in cash and short-term investments	149,697	265,540
Cash and short-term investments, beginning of year	2,033,509	1,767,969
Cash and short-term investments, end of year	\$ 2,183,206	\$ 2,033,509
Supplemental cash flow information:		
Cash received from interest	\$ 30,780	\$ 21,785
Cash paid for interest	92,485	92,325

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

THE VILLAGE OF CHASE

Notes to Financial Statements

Year ended 31 December 2016

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 10. Funds received by the Village as transfers or grants from other government entities are summarized in note 11.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2016

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 2016

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 2016

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 2016

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 2016

2. 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 \$58,163 (2015 - \$57,705) consist of investments primarily in MFA pooled money market funds with an annual rate of return of approximately 0.8% (2015 - 0.9%).

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

	2016	2015
Restricted:		
Reserves	\$ 530,476	\$ 738,991
Development cost charges	323,224	318,361
MFA debt reserve fund	29,122	28,330
	882,822	1,085,682
Unrestricted	1,300,384	947,827
Total	\$ 2,183,206	\$ 2,033,509

3. Deferred revenue:

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

	2016	2015
DCC's	\$ 323,224	\$ 318,361
Gas Tax funding	325,617	279,074
Cash in lieu of parkland	15,421	15,300
Other	10,378	32,455
Total deferred revenue	\$ 674,640	\$ 645,190

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2016

3. Deferred revenue (continued):

Continuity of deferred revenue is as follows:

	2016	2015
Balance, beginning of year:		
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
	645,190	496,277
Contributions:		
DCC's	2,445	9,600
Gas Tax funding	157,751	150,239
Other	9,781	46,821
Interest earned	4,919	6,669
	174,896	213,329
Revenues recognized	(145,446)	(64,416)
Balance, end of year	\$ 674,640	\$ 645,190

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.

4. 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 1.44% per annum.

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2016

5. 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 in 2017. The required minimum lease payments and net obligation under capital lease is as follows:

	2016	2015
2016	-	15,821
2017	6,708	6,708
Total minimum lease payments	6,708	22,529
Less amount representing interest (at rates ranging from 1.25% to 2.00% per annum)	129	389
Present value of net minimum capital lease payments	\$ 6,579	\$ 22,140

Interest of \$245 (2015 - \$784) 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.

6. 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.

During the year, the Village assumed liability for the term debt relating to the contribution of a tangible capital asset (note 8(b)). The debt has been fully repaid during the year.

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

	2016	2015
MFA debt instrument with a maturity date of April 2038, bearing interest at a rate of 3.15% per annum	\$ 925,044	\$ 951,016
MFA debt instrument with a maturity date of October 2036, bearing interest at a rate of 3.25% per annum	869,944	898,034
MFA debt instrument with a maturity date of April 2035, bearing interest at a rate of 4.50% per annum	403,550	417,573
Term debt, end of year	\$ 2,198,538	\$ 2,266,623

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2016

6. Term debt (continued):

Total interest on term debt reported in the statement of operations amounted to \$85,600 (2015 - \$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:

2017	70,808
2018	73,641
2019	76,586
2020	79,650
2021	82,835
Thereafter	1,815,018
	<hr/>
	\$ 2,198,538

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

7. 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:

	2016	2015
Cash deposits	\$ 29,122	\$ 28,330
Demand notes	47,775	47,775
	<hr/>	<hr/>
Debt reserve fund balance	\$ 76,897	\$ 76,105

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2016

8. 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) Contributed tangible capital assets:

During the year, the Village received a curling rink as a contributed asset recorded in land, buildings, and equipment. Fair value for the curling rink assets at the date of contribution was \$842,000 offset by the \$101,229 (note 6) paid to remove the debt from the building and \$6,271 in costs of acquisition resulting in a net contribution of \$734,500. No contributed assets were received during 2015.

9. Accumulated surplus:

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

	2016	2015
Surplus:		
Invested in tangible capital assets	\$30,697,833	\$29,902,738
Unrestricted	1,246,203	1,252,071
Total surplus	31,944,036	31,154,809
Reserves set aside by Council for specified purposes:		
Committed	219,721	223,464
Equipment replacement	8,857	8,857
Garbage truck	-	204,772
Recreation	75	75
	228,653	437,168
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	301,823
	301,823	301,823
Total accumulated surplus	\$32,474,512	\$31,893,800

THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended 31 December 2016

9. 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.

10. Taxation:

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

	2016	2015
Municipal and school property taxes levied	\$ 3,314,010	\$ 3,286,266
Payments-in -lieu of property taxes	16,469	25,464
Utilities 1% tax	38,693	37,849
Penalties and interest on property taxes	24,146	53,472
	<u>3,393,318</u>	<u>3,403,051</u>
Less transfers to other governments:		
Thompson-Nicola Regional District	517,771	531,278
Thompson Regional Hospital District	194,506	190,695
Province of B.C. - School taxes	868,478	878,543
Province of B.C. - Police taxes	137,356	138,304
B.C. Assessment Authority	31,809	32,729
Municipal Finance Authority	85	82
	<u>1,750,005</u>	<u>1,771,631</u>
Taxation revenue available for municipal purposes	\$ 1,643,313	\$ 1,631,420

11. 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 2016

11. Government transfers (continued):

	2016	2015
B.C. Small Communities grant	\$ 399,478	\$ 419,303
Building Canada Grant - Water Treatment Plant	2	345,011
New Building Canada Fund	196,830	-
Canada Day grant	-	2,000
Climate Action Review Incentive Plan	4,159	4,785
Gas Tax grant	113,587	44,854
Gas Tax - ICS Planning Project	3,110	745
Provincial Emergency Plan	14,284	6,614
Smart Communities grant	(9,000)	1,123
Thompson-Nicola Regional District:		
Fire response area	15,000	14,500
Cemetery grant	3,000	3,000
Arena Upgrade	27,367	17,633
Youth employment grant	9,415	-
Total government transfer revenues	\$ 777,232	\$ 859,568

12. 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 2016 the Village held \$49,866 (2015 - \$48,775) in trust.

13. 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 2016 the mortgage balance was \$445,075 (2015 - \$494,129). 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 2016

13. Commitments and contingencies (continued):

- (c) The Village and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of 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, 2016 the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

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 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$82,940 (2015 - \$85,183) for employer contributions while employees contributed \$62,651 (2015 - \$63,782) to the Plan in fiscal 2016.

The next valuation will be at 31 December 2018 with results available in 2019.

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.

- (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 2016

13. 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 2016 the sick leave benefits entitlement accumulated to date totals were approximately 3,562 hours (2015 - 4,680) or approximately \$120,600 (2015 - \$151,800).

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 \$61,439 (2015 - \$62,384) 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.

14. 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 2016

14. 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 2016

14. 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.

15. Budget data:

The budget data presented in these financial statements is based upon the 2016 operating and capital budgets approved as the 2016 Financial Plan by Council on 10 May 2016. 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 2016

15. 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	\$ 932,200
Adjust for budgeted cash items not included in Statement of Operations:	
Offset for amortization budgeted	1,095,500
Transfers to and from reserves	386,000
Proceeds from capital leases	
Disposal of tangible capital assets	86,200
Acquisition of tangible capital assets	(2,828,800)
Demand Promissory Note	(87,500)
Principal payments on term debt	(59,500)
Principal payments on capital lease obligations	(22,000)
Net transfers from surplus	497,900
Total Adjustments	(932,200)
Financial Plan Balance	\$ -

THE VILLAGE OF CHASE

Schedule 1 - Tangible Capital Assets

Year ended 31 December 2016

Tangible Capital Assets (notes 1, 8)									
	Land	Land Improvements	Buildings & Building Improvements	Vehicles, Machinery & Equipment	Roads, Bridges & Drainage	Water Infrastructure	Waste Water Infrastructure	Capital Works in Progress	Total
Cost									
Balance, beginning of year	\$ 6,591,932	1,492,071	12,840,247	6,013,736	8,016,248	4,526,054	3,949,135	126,222	43,555,645
Additions	245,330	28,780	577,418	445,532	111,198	-	-	1,769,100	3,177,358
Disposals	-	-	-	(254,222)	-	-	-	-	(254,222)
Transfer of costs, completed projects	-	-	-	-	-	-	-	(1,408,258)	(1,408,258)
Balance, end of year	6,837,262	1,520,851	13,417,665	6,205,046	8,127,446	4,526,054	3,949,135	487,064	45,070,523
Accumulated Amortization									
Balance, beginning of year	-	567,537	1,796,309	1,919,814	3,427,473	1,271,219	2,031,792	-	11,014,144
Disposals	-	-	-	(177,955)	-	-	-	-	(177,955)
Amortization expense	-	66,862	377,957	335,152	147,777	62,970	78,166	-	1,068,884
Balance, end of year	-	634,399	2,174,266	2,077,011	3,575,250	1,334,189	2,109,958	-	11,905,073
Net book value, end of year	\$ 6,837,262	\$ 886,452	\$ 11,243,399	\$ 4,128,035	\$ 4,552,196	\$ 3,191,865	\$ 1,839,177	\$ 487,064	\$ 33,165,450

THE VILLAGE OF CHASE

Schedule 1a - Tangible Capital Assets

Comparative information for Year Ended 31 December 2015

Tangible Capital Assets (notes 1, 8)									
	Land	Land Improvements	Buildings & Building Improvements	Vehicles, Machinery & Equipment	Roads, Bridges & Drainage	Water Infrastructure	Waste Water Infrastructure	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	-	-	-	-	-	-	-	(7,274,768)	(7,274,768)
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	126,222	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 2 - Summary of Segmented Information

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
	(note 15)		
Revenue			
Taxation (note 10)	\$ 1,653,300	\$ 1,643,313	\$ 1,631,420
Parcel taxes collected	-	-	301,877
Government transfers (note 11)	1,585,800	777,232	859,568
User charges	1,116,400	1,156,736	782,844
Other transfers	500	6,418	3,500
Development cost charges	124,000	-	-
Investment income	9,000	30,780	21,785
Other	2,000	22,995	10,325
Total revenue	4,941,000	4,371,974	3,611,319
Expenses			
Salaries and benefits	1,335,600	1,298,597	1,251,722
Grants in aid	89,500	86,109	99,515
Operating costs	1,344,600	1,211,720	1,241,317
Interest on debt	97,400	92,485	92,325
Other expenditures	46,200	33,467	135,701
Amortization	1,095,500	1,068,884	922,058
Total expenses	4,008,800	3,791,262	3,742,638
Surplus (deficit)	\$ 932,200	\$ 580,712	\$ (131,319)

THE VILLAGE OF CHASE

Schedule 2a - Taxes

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Taxes collected			
Municipal taxes	\$ 1,566,000	\$ 1,564,226	\$ 1,514,579
Taxes collected on behalf of others	1,816,600	1,749,784	1,771,687
Payment in lieu of tax	11,300	16,469	25,464
Utilities tax	38,000	38,693	37,849
Penalties and interest	38,000	24,146	53,472
Total taxes collected	3,469,900	3,393,318	3,403,051
Transfer of taxes to others			
Thompson Nicola Regional District	555,000	517,771	531,278
Thompson Regional Hospital District	194,000	194,506	190,695
Province of BC - school taxes	895,000	868,478	878,543
Province of BC - police taxes	138,000	137,356	138,304
BC Assessment Authority	34,500	31,809	32,729
Municipal Finance Authority	100	85	82
Total taxes transferred	1,816,600	1,750,005	1,771,631
Net taxes collected	\$ 1,653,300	\$ 1,643,313	\$ 1,631,420

THE VILLAGE OF CHASE

Schedule 2b - General Government

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Revenue			
User charges	\$ 41,600	\$ 52,585	\$ 44,363
Government transfers (note 11)	275,000	403,637	426,088
Other transfers	500	1,661	300
Investment income	9,000	15,883	15,161
Total revenue	326,100	473,766	485,912
Expenses			
Salaries and benefits	394,000	437,618	448,023
Grants in aid	26,000	22,546	51,006
Operating costs	197,200	183,199	180,496
Interest on debt	-	-	-
Amortization	15,800	13,319	18,868
Total expenses	633,000	656,682	698,393
Deficit	\$ (306,900)	\$ (182,916)	\$ (212,481)

THE VILLAGE OF CHASE

Schedule 2c - Protective Services

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Revenue			
User charges	\$ 12,200	\$ 15,502	\$ 10,943
Government transfers (note 11)	23,000	29,284	21,114
Other	-	-	3,200
Other revenues	-	80	-
Total revenue	35,200	44,866	35,257
Expenses			
Salaries and benefits	130,400	110,414	102,833
Operating costs	137,700	127,242	139,403
Interest on debt	-	-	130
Other expenditures	-	-	135,701
Amortization	46,000	46,052	45,334
Total expenses	314,100	283,708	423,401
Deficit	\$ (278,900)	\$ (238,842)	\$ (388,144)

THE VILLAGE OF CHASE

Schedule 2d - Planning and Development Services

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Revenue			
User charges	\$ 19,300	\$ 19,938	\$ 22,827
Government transfers (note 11)	-	(9,000)	1,123
Other transfers	-	4,757	-
Other revenues	-	7,385	-
Total revenue	19,300	23,080	23,950
Expenses			
Salaries and benefits	31,800	29,875	18,722
Grants in aid	13,500	13,563	13,509
Operating costs	53,500	52,563	27,482
Amortization	44,300	44,512	44,240
Total expenses	143,100	140,513	103,953
Deficit	\$ (123,800)	\$ (117,433)	\$ (80,003)

THE VILLAGE OF CHASE

Schedule 2e - Transportation Services

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Revenue			
User charges	\$ -	\$ 6,279	\$ 100
Government transfers (note 11)	-	-	-
Development cost charges	-	-	-
Other	-	15,530	-
Total revenue	-	21,809	100
Expenses			
Salaries and benefits	266,400	253,850	217,398
Operating costs	313,100	276,843	276,608
Interest on debt	-	244	660
Amortization	190,200	192,861	190,099
Total expenses	769,700	723,798	684,765
Deficit	\$ (769,700)	\$ (701,989)	\$ (684,665)

THE VILLAGE OF CHASE

Schedule 2f - Parks, Recreation and Culture

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Revenue			
User charges	\$ 29,200	\$ 34,920	\$ 23,832
Government transfers (note 11)	84,000	51,954	62,488
Contributed tangible capital assets (note 8(b))	450,000	734,500	-
Other	2,000	-	10,325
Total revenue	565,200	821,374	96,645
Expenses			
Salaries and benefits	199,100	199,411	191,277
Grants in aid	50,000	50,000	35,000
Operating costs	271,400	241,024	266,759
Interest on debt	6,300	6,641	5,935
Other expenditures	-	-	-
Amortization	213,400	206,993	187,813
Total Expenses	740,200	704,069	686,784
Surplus (deficit)	\$ (175,000)	\$ 117,305	\$ (590,139)

THE VILLAGE OF CHASE

Schedule 2g - Solid Waste Management

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Revenue			
User charges	\$ 230,200	\$ 225,201	\$ 222,210
Government transfers (note 11)	-	-	-
Total revenue	230,200	225,201	222,210
Expenses			
Salaries and benefits	72,700	79,118	72,733
Operating costs	79,300	75,878	83,291
Interest on debt	-	-	-
Other expenditures	46,200	33,467	-
Amortization	52,300	52,941	46,244
Total expenses	250,500	241,404	202,268
Surplus (deficit)	\$ (20,300)	\$ (16,203)	\$ 19,942

THE VILLAGE OF CHASE

Schedule 2h - Water Utility

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Revenue			
Parcel taxes	\$ -	\$ -	78,958
User charges	344,000	376,518	236,756
Government transfers (note 11)	4,800	3,112	345,755
Development cost charges	-	-	-
Investment income	-	10,001	4,521
Total revenue	348,800	389,631	665,990
Expenses			
Salaries and benefits	131,600	97,004	116,132
Operating costs	182,900	172,467	164,867
Interest on debt	69,500	64,000	64,000
Amortization	350,700	350,278	227,531
Total expenses	734,700	683,749	572,530
Surplus (deficit)	\$ (385,900)	\$ (294,118)	\$ 93,460

THE VILLAGE OF CHASE

Schedule 2i - Waste Water Utility

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Revenue			
Parcel taxes	\$ -	\$ -	222,919
User charges	428,500	411,839	209,727
Government transfers (note 11)	1,196,000	295,245	-
Development cost charges	124,000	-	-
Investment income	-	4,896	2,103
Total revenue	1,748,500	711,980	434,749
Expenses			
Salaries and benefits	97,900	78,950	73,052
Operating costs	95,400	66,928	90,540
Interest on debt	21,600	21,600	21,600
Amortization	164,600	143,762	143,763
Total expenses	379,500	311,240	328,955
Surplus	\$ 1,369,000	\$ 400,740	\$ 105,794

THE VILLAGE OF CHASE

Schedule 2j - Other Services

Year ended 31 December 2016, with comparative information for 2015

	Budget	2016	2015
Revenue			
User charges	\$ 11,400	\$ 13,954	\$ 12,086
Government transfers (note 11)	3,000	3,000	3,000
Total Revenue	14,400	16,954	15,086
Expenses			
Salaries and benefits	11,700	12,357	11,552
Operating costs	14,100	15,576	11,871
Amortization	18,200	18,166	18,166
Total Expenses	44,000	46,099	41,589
Deficit	\$ (29,600)	\$ (29,145)	\$ (26,503)