

Financial Statements of

**THE VILLAGE OF CHASE**

Year ended December 31, 2021

# THE VILLAGE OF CHASE

Financial Statements

Year ended December 31, 2021

## Financial Statements

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## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 2 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



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## INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Chase

### *Opinion*

We have audited the financial statements of The Village of Chase (the "Village"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.



In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants

Kamloops, Canada

April 26, 2022

# THE VILLAGE OF CHASE

## Statement of Financial Position

December 31, 2021

	2021	2020
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 6,132,219	\$ 5,774,448
Accounts receivable:		
Taxes receivable	167,708	198,158
Other	314,163	157,601
	<u>6,614,090</u>	<u>6,130,207</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 3)	183,776	394,044
Accrued payroll expenses	119,009	119,055
Deferred revenue (note 4)	465,375	436,128
Term debt (note 5)	1,801,693	1,886,533
	<u>2,569,853</u>	<u>2,835,760</u>
Net financial assets	4,044,237	3,294,447
<b>Non-financial assets:</b>		
Tangible capital assets (note 8)	30,777,181	31,147,885
Prepaid expenses	150,953	82,115
	<u>30,928,134</u>	<u>31,230,000</u>
Commitments and contingencies (note 13)		
<b>Accumulated surplus (note 9)</b>	<b>\$ 34,972,371</b>	<b>\$ 34,524,447</b>

The accompanying notes are an integral part of these financial statements



Director of Financial Services

# THE VILLAGE OF CHASE

## Statement of Operations

Year ended December 31, 2021

	Budget (note 15)	2021	2020
<b>Revenues:</b>			
Taxation (note 10)	\$ 2,218,950	\$ 2,239,911	\$ 2,148,105
User charges	1,315,425	1,249,973	1,097,910
Government transfers			
Provincial (note 11)	3,327,070	725,324	1,429,765
Federal (note 11)	-	309,884	155,043
Regional District (note 11)	-	19,000	19,000
Investment income	-	58,693	69,035
Gain on sale of tangible capital assets	-	28,056	-
Other income	90,000	-	-
<b>Total revenues</b>	<b>6,951,445</b>	<b>4,630,841</b>	<b>4,918,858</b>
<b>Expenses:</b>			
General government	1,148,206	966,572	1,030,828
Protective services	583,224	398,403	295,746
Transportation	936,250	755,701	738,088
Parks and recreation	619,408	624,963	617,040
Solid waste	260,100	250,353	261,600
Water utility	657,733	727,087	682,042
Sewer utility	377,908	344,129	395,540
Other	111,600	41,965	27,702
Development services	225,450	73,744	90,404
<b>Total expenses</b>	<b>4,919,879</b>	<b>4,182,917</b>	<b>4,138,990</b>
<b>Annual surplus</b>	<b>2,031,566</b>	<b>447,924</b>	<b>779,868</b>
Accumulated surplus, beginning of year	34,524,447	34,524,447	33,744,579
<b>Accumulated surplus, end of year</b>	<b>\$ 36,556,013</b>	<b>\$ 34,972,371</b>	<b>\$ 34,524,447</b>

The accompanying notes are an integral part of these financial statements



# THE VILLAGE OF CHASE

## Statement of Changes in Net Financial Assets

Year ended December 31, 2021

	Budget (note 15)	2021	2020
Annual surplus	\$ 2,031,566	\$ 447,924	\$ 779,868
Acquisition of tangible capital assets	(2,861,250)	(779,968)	(101,629)
Amortization of tangible capital assets	988,625	1,144,077	1,149,988
Gain on sale of tangible capital assets	-	(28,056)	-
Proceeds on sale of tangible capital assets	132,000	34,651	-
	290,941	818,628	1,828,227
Acquisition of prepaid expenses	-	(150,953)	(82,115)
Use of prepaid expenses	-	82,115	74,125
	-	(68,838)	(7,990)
Change in net financial assets	290,941	749,790	1,820,237
Net financial assets, beginning of year	3,294,447	3,294,447	1,474,210
Net financial assets, end of year	\$ 3,585,388	\$ 4,044,237	\$ 3,294,447

The accompanying notes are an integral part of these financial statements

# THE VILLAGE OF CHASE

## Statement of Cash Flows

Year ended December 31, 2021

	2021	2020
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 447,924	\$ 779,868
Items not involving cash:		
Amortization of tangible capital assets	1,144,077	1,149,988
Gain on sale of tangible capital assets	(28,056)	-
Actuarial gain	(23,956)	(21,279)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(126,112)	(39,590)
Accounts payable and accrued liabilities	(210,267)	247,935
Accrued payroll expenses	(46)	13,430
Deferred revenue	29,247	153,187
Prepaid expenses	(68,838)	(7,990)
Net change in cash from operating activities	1,163,973	2,275,549
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(779,968)	(101,629)
Proceeds on sale of tangible capital assets	34,651	-
Net change in cash from capital activities	(745,317)	(101,629)
<b>Financing activities:</b>		
Principle payment on term debt	(60,885)	(59,550)
Net change in cash and short-term investments	357,771	2,114,370
Cash and short-term investments, beginning of year	5,774,448	3,660,078
Cash and short-term investments, end of year	\$ 6,132,219	\$ 5,774,448
Supplemental cash flow information:		
Cash received from interest	\$ 34,738	\$ 48,935
Cash paid for interest	70,144	77,872

The accompanying notes are an integral part of these financial statements

# THE VILLAGE OF CHASE

Notes to Financial Statements

Year ended December 31, 2021

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The Village of Chase (the "Village") was incorporated on April 21, 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:

### (a) Basis of presentation:

The financial statements of the Village have been prepared 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").

### (b) 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 interfund 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 December 31, 2021

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## 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.

### (c) 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.

### (d) Revenue recognition:

Property taxes, parcel taxes, frontage taxes and special assessments 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.

### (e) 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 December 31, 2021

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## 1. Significant accounting policies (continued):

(f) Government transfers:

Government transfers (other than grants in lieu of taxes) are recognized in the consolidated financial statements as revenues in the periods 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 deferred and recognized as revenue in the periods 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 to be collected.

(g) Cash and cash equivalents:

Cash and cash equivalents includes short-term investments with maturity dates within 90 days of acquisition.

(h) Term debt:

Term debt is recorded net of accumulated principal repayments and actuarial adjustments to debt. Debt interest charges are charged against current revenue in the fiscal year in which they are accrued.

(i) Pension plan and deferred payroll liabilities:

(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 Village and its employees participate in the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Payments in the year are expensed.

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the 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	15-50
Buildings and building improvements	15-75
Vehicles, machinery and equipment	3-50
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) 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.

### (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 December 31, 2021

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## 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.

### (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.

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:

- i) An environmental standard exists
- ii) Contamination exceeds the environmental standard
- iii) The organization is directly responsible or accepts responsibility for liability
- iv) Future economic benefits will be given up, and
- v) A reasonable estimate of the liability can be made

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Cash and cash equivalents:

Cash and cash equivalents reported on the statement of financial position have a cost that approximates market value. Short-term investments are held in Municipal Finance Authority ("MFA") pooled money market funds with an annual rate of return of approximately 0.15% (2020 .85%) and term deposits with a rate of return of approximately 0.15% and 1.92%.

	2021	2020
Cash	\$ 4,845,264	\$ 4,723,932
Short-term investments	1,286,955	340,131
Term deposits	-	710,385
	\$ 6,132,219	\$ 5,774,448

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

	2021	2020
Restricted:		
Reserves	\$ 2,469,255	\$ 2,487,396
Development cost charges	274,783	258,641
MFA debt reserve fund	32,220	31,681
	2,776,258	2,777,718
Unrestricted	3,355,961	2,996,730
	\$ 6,132,219	\$ 5,774,448

## 3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are refundable deposits of \$7,946 (2020 - \$198,638).



# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 4. Deferred revenue:

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

	2021	2020
DCC's	\$ 274,783	\$ 258,641
Cash in lieu of parkland	20,300	20,300
Other	170,292	157,187
<b>Total deferred revenue</b>	<b>\$ 465,375</b>	<b>\$ 436,128</b>

Continuity of deferred revenue is as follows:

	2021	2020
Balance, beginning of year:		
DCC's	\$ 258,641	\$ 204,927
Cash in lieu of parkland	20,300	15,421
Other	157,187	62,593
	<b>436,128</b>	<b>282,941</b>
Contributions:		
DCC's	16,142	53,714
Gas tax funding	309,884	107,723
Other	170,293	106,495
	<b>932,447</b>	<b>550,873</b>
Revenues recognized	(467,072)	(114,745)
<b>Balance, end of year</b>	<b>\$ 465,375</b>	<b>\$ 436,128</b>

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.

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 5. 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:

	2021	2020
MFA debt instrument with a maturity date of April, 2038, bearing interest at a rate of 3.15% per annum	\$ 772,275	\$ 804,797
MFA debt instrument with a maturity date of October 2036, bearing interest at a rate of 3.25% per annum	709,498	743,658
MFA debt instrument with a maturity date of April 2035, bearing interest at a rate of 1.81% per annum	319,920	338,078
Term debt, end of year	\$ 1,801,693	\$ 1,886,533

Total interest on term debt reported in the statement of operations amounted to \$70,144 (2020 - \$77,872).

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:

2022	\$ 86,730
2023	90,107
2024	93,617
2025	97,263
2026	101,052
Thereafter	1,332,923

Scheduled debt repayments may be suspended by the MFA if the MFA anticipates that it has sufficient investment assets to cover the remaining principal and interest repayments of the MFA funding debentures.

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 6. Credit facility:

The Village has a line of credit with the Royal Bank of Canada ("RBC") which bears interest at the bank's prime commercial lending rate (December 31, 2021 - 2.45%). The line of credit is available to a maximum of \$2,000,000. As at December 31, 2021, the line of credit balance totaled \$nil (December 31, 2020 - \$nil).

## 7. MFA 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 instalment 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:

	2021	2020
Cash deposits	\$ 32,220	\$ 31,681
Demand notes	47,775	47,775
Debt reserve fund balance	\$ 79,995	\$ 79,456

## THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 8. Tangible capital assets:

2021	Land	Land improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads, bridges and drainage	Water infrastructure	Waste water infrastructure	Assets under construction	Total
<b>Cost:</b>									
Balance, beginning of year	\$ 7,012,701	\$ 1,951,893	\$ 15,634,031	\$ 6,040,879	\$ 8,211,089	\$ 4,573,365	\$ 3,974,705	\$ -	\$ 47,398,663
Additions	-	-	84,231	335,813	359,924	-	-	-	779,968
Disposals	(6,595)	-	-	-	-	-	-	-	(6,595)
Balance, end of year	7,006,106	1,951,893	15,718,262	6,376,692	8,571,013	4,573,365	3,974,705	-	48,172,036
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	949,374	3,999,512	3,123,920	4,173,631	1,585,631	2,418,710	-	16,250,778
Amortization expense	-	83,451	468,859	314,345	157,365	62,997	57,060	-	1,144,077
Balance, end of year	-	1,032,825	4,468,371	3,438,265	4,330,996	1,648,628	2,475,770	-	17,394,855
Net book value, end of year	\$ 7,006,106	\$ 919,068	\$ 11,249,891	\$ 2,938,427	\$ 4,240,017	\$ 2,924,737	\$ 1,498,935	\$ -	\$ 30,777,181

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 8. Tangible capital assets (continued):

2020	Land	Land improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads, bridges and drainage	Water infrastructure	Waste water infrastructure	Assets under construction	Total
<b>Cost:</b>									
Balance, beginning of year	\$ 7,012,701	\$ 1,951,893	\$ 15,634,031	\$ 5,986,746	\$ 8,189,163	\$ 4,573,365	\$ 3,949,135	\$ -	\$ 47,297,034
Additions	-	-	-	54,133	21,926	-	25,570	-	101,629
Balance, end of year	7,012,701	1,951,893	15,634,031	6,040,879	8,211,089	4,573,365	3,974,705	-	47,398,663
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	865,923	3,532,760	2,811,015	4,025,645	1,522,220	2,343,227	-	15,100,790
Amortization expense	-	83,451	466,752	312,905	147,986	63,411	75,483	-	1,149,988
Balance, end of year	-	949,374	3,999,512	3,123,920	4,173,631	1,585,631	2,418,710	-	16,250,778
Net book value, end of year	\$ 7,012,701	\$ 1,002,519	\$ 11,634,519	\$ 2,916,959	\$ 4,037,458	\$ 2,987,734	\$ 1,555,995	\$ -	\$ 31,147,885

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 8. Tangible capital assets (continued):

Included in tangible capital assets are the following assets:

	Water Treatment	Waste Water
<b>Tangible capital assets:</b>		
<b>Cost:</b>		
Balance, beginning of year	\$ 8,644,507	\$ 8,401,627
Balance, end of year	8,644,507	8,401,627
<b>Accumulated amortization:</b>		
Balance, beginning of year	2,573,837	3,583,231
Amortization expense	321,464	190,935
Balance, end of year	2,895,301	3,774,166
Net book value, end of year	\$ 5,749,206	\$ 4,627,461

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. Assets under construction \$nil (2020 - \$nil).

b) Contributed tangible capital assets

The Village did not receive any contributed assets during the year (2020 - none).

c) Write-down of tangible capital assets

No write-down in value of tangible capital assets was considered necessary during the year (2020 - no write down).

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 9. Accumulated surplus:

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

	2021	2020
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 28,975,489	\$ 29,261,352
Unrestricted	3,527,626	2,775,698
Total surplus	32,503,115	32,037,050
<b>Reserves set aside by council for operating purposes:</b>		
Gas tax	1,022,028	710,385
Road and improvement	614,621	414,621
PW fleet and equipment	392,357	392,357
COVID Safe Restart Grant (schedule)	320,715	879,000
Parks and recreation	46,000	46,000
Land sales	28,501	-
Fire department	21,250	21,250
Planning and development	14,000	14,000
IT reserve	7,500	7,500
Youth action	2,209	2,209
Recreation	75	75
	2,469,256	2,487,397
Total accumulated surplus	\$ 34,972,371	\$ 34,524,447

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 10. Taxation:

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

	2021	2020
Municipal and school property taxes levied	\$ 3,790,100	\$ 3,620,045
Payments-in-lieu of property and business taxes	53,243	51,356
Parcel taxes levied	43,399	43,188
Penalties and interest on property taxes	36,195	25,872
	<u>3,922,937</u>	<u>3,740,461</u>
Less transfers to other governments:		
Thompson-Nicola Regional District ("TNRD")	423,190	436,238
Thompson Regional Hospital District	214,639	216,292
Province of B.C. - school taxes	870,871	764,742
Province of B.C. - police taxes	144,641	145,040
B.C. Assessment Authority	29,580	29,945
Other items	105	99
	<u>1,683,026</u>	<u>1,592,356</u>
Net taxation revenue available for municipal purposes	<u>\$ 2,239,911</u>	<u>\$ 2,148,105</u>



# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 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:

	2021	2020
Provincial grants:		
B.C. Small Communities Grant	\$ 432,000	\$ 427,065
Floodplain Mapping Project	125,402	-
Wilson Park Footbridge Project	109,995	-
Community Workforce Response Grant	38,906	86,010
Housing Needs Report Program	7,360	-
Climate Action Review Incentive Plan	6,861	4,990
BC Hydro Grant	4,800	-
COVID Safe Restart Grant	-	879,000
Emergency Operations Centres	-	24,200
Infrastructure and Planning - Active Transportation	-	7,500
B.C. Recreation and Parks	-	1,000
	725,324	1,429,765
Federal grants:		
Gas tax revenue recognized	309,884	151,393
Federal grant - other	-	3,650
	309,884	155,043
TNRD:		
Fire response area	15,000	15,000
Cemetery grant	4,000	4,000
	19,000	19,000
Total government transfer revenues	\$ 1,054,208	\$ 1,603,808

## 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 December 31, 2021, the Village held \$54,250 (2020 - \$52,885) in trust.

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 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 \$550,000 for the Chase golf course. As at December 31, 2021, the mortgage balance was \$375,057 (2020 - \$415,399). The Village provides a management fee for operations in the amount of \$150,000 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.
- (c) This Village and its employees contribute to the Municipal Pension Plan (the "plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering 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, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the 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 cost 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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as of December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$65,828 (2020 - \$78,819) for employer contributions, while employees contributed \$58,079 (2020 - \$70,193) to the Plan in fiscal 2021.

The next valuation will be at December 31, 2021, with results available in 2022.

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, resulting in no consistent and reliable basis for allocating the obligation, asset and cost to the individual employers participating in the plan.

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 13. Commitments and contingencies (continued):

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

The Village has not recorded a liability for this sick leave benefit entitlement as the current entitlement is unlikely to be utilized before retirement. However, at December 31, 2021 the sick leave benefits entitlement accumulated to date totals approximately 3,073 hours (2020 - 2,977) or approximately \$116,152 (2020 - 2,977 or approximately \$96,559).

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 \$40,830 (2020 - \$37,618) 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:

- (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.

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 14. Segmented information (continued):

### (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.

### (iii) Protective services

Protective services 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 services 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.

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 14. Segmented information (continued):

### (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) Waster water utility

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

### (x) Other services

The Village provides public services related to the 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.

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 14. Segmented Information (continued):

2021	Taxes and general revenues	General government	Planning and development services	Protective services	Transportation	Parks and recreation	Solid waste	Water utility	Sewer utility	Other services	Total
<b>Revenues:</b>											
Taxation	\$ 2,203,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,203,716
User fees	-	20,355	30,522	46,025	-	4,913	246,911	525,142	356,277	19,828	1,249,973
Government transfers	-	1,035,208	-	15,000	-	-	-	-	-	4,000	1,054,208
Investment income	-	34,737	-	-	-	-	-	18,659	5,297	-	58,693
Penalties and interest	36,195	-	-	-	-	-	-	-	-	-	36,195
Gain on sale of tangible capital assets	-	28,056	-	-	-	-	-	-	-	-	28,056
<b>Total revenues</b>	<b>2,239,911</b>	<b>1,118,356</b>	<b>30,522</b>	<b>61,025</b>	<b>-</b>	<b>4,913</b>	<b>246,911</b>	<b>543,801</b>	<b>361,574</b>	<b>23,828</b>	<b>4,630,841</b>
<b>Expenses:</b>											
Salaries, wages and employee benefits	-	551,031	-	98,060	293,553	112,756	65,755	84,610	31,286	9,291	1,246,342
Operating	-	303,403	26,960	256,867	282,512	261,917	141,413	221,465	115,764	13,532	1,623,833
Grants in aid	-	96,521	2,000	-	-	-	-	-	-	-	98,521
Debt interest charges	-	-	-	-	-	-	-	64,000	6,144	-	70,144
Amortization	-	15,617	44,784	43,476	179,636	250,290	43,185	357,012	190,935	19,142	1,144,077
<b>Total expenses</b>	<b>-</b>	<b>966,572</b>	<b>73,744</b>	<b>398,403</b>	<b>755,701</b>	<b>624,963</b>	<b>250,353</b>	<b>727,087</b>	<b>344,129</b>	<b>41,965</b>	<b>4,182,917</b>
<b>Annual surplus (deficit)</b>	<b>\$ 2,239,911</b>	<b>\$ 151,784</b>	<b>(43,222)</b>	<b>\$ (337,378)</b>	<b>\$ (755,701)</b>	<b>\$ (620,050)</b>	<b>\$ (3,442)</b>	<b>\$ (183,286)</b>	<b>\$ 17,445</b>	<b>\$ (18,137)</b>	<b>\$ 447,924</b>

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 14. Segmented information (continued):

2020	Taxes and general revenues	General government	Planning and development services	Protective services	Transportation	Parks and recreation	Solid waste	Water utility	Sewer utility	Other services	Total
<b>Revenues:</b>											
Taxation	\$ 2,122,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,122,233
User fees	-	22,350	33,852	21,852	-	18,057	241,242	386,303	356,523	17,731	1,097,910
Government transfers	-	1,581,158	-	15,000	-	3,650	-	-	-	4,000	1,603,808
Investment income	-	48,935	-	-	-	-	-	15,221	4,879	-	69,035
Penalties and interest	25,872	-	-	-	-	-	-	-	-	-	25,872
<b>Total revenues</b>	<b>2,148,105</b>	<b>1,652,443</b>	<b>33,852</b>	<b>36,852</b>	<b>-</b>	<b>21,707</b>	<b>241,242</b>	<b>401,524</b>	<b>361,402</b>	<b>21,731</b>	<b>4,918,858</b>
<b>Expenses:</b>											
Salaries, wages and employee benefits	-	607,751	-	105,751	266,204	89,134	66,128	73,913	36,980	6,954	1,252,815
Operating	-	405,038	43,620	150,810	297,019	237,702	144,061	186,704	135,329	2,582	1,602,865
Grants in aid	-	3,450	2,000	-	-	50,000	-	-	-	-	55,450
Debt interest charges	-	-	-	-	-	-	-	64,000	13,872	-	77,872
Amortization	-	14,589	44,784	39,185	174,865	240,204	51,411	357,425	209,359	18,166	1,149,988
<b>Total expenses</b>	<b>-</b>	<b>1,030,828</b>	<b>90,404</b>	<b>295,746</b>	<b>738,088</b>	<b>617,040</b>	<b>261,600</b>	<b>682,042</b>	<b>395,540</b>	<b>27,702</b>	<b>4,138,990</b>
<b>Annual surplus (deficit)</b>	<b>\$ 2,148,105</b>	<b>\$ 621,615</b>	<b>(56,552)</b>	<b>(258,894)</b>	<b>(738,088)</b>	<b>(595,333)</b>	<b>(20,358)</b>	<b>(280,518)</b>	<b>(34,138)</b>	<b>(5,971)</b>	<b>\$ 779,868</b>

# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 15. Budget data:

The budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved as the 2021 Financial Plan by Council on May 11, 2021. 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"). PSAB requires that budget figures be presented on the same basis of accounting as actual and comparative figures.

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

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	Budget amount
Surplus - Statement of Operations	\$ 2,031,566
Adjust for budgeted cash items not included in Statement of Operations:	
Offset for amortization budgeted	988,625
Transfers to and from reserves	(462,891)
Proceeds from borrowing	250,000
Acquisition of tangible capital assets	(2,861,250)
Principal payments on debt	(78,050)
Proceeds on disposal	132,000
Total Adjustments	(2,031,566)
Financial Plan Balance	\$ -

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## 16. Comparative figures:

Certain 2020 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. The changes do not affect prior year's surplus.



# THE VILLAGE OF CHASE

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 17. COVID-19 pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 ("COVID-19") outbreak a pandemic. This resulted in governments worldwide, including the Canadian and B.C. governments, enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in B.C. and globally, resulting in an economic slowdown.

The situation is dynamic, and the ultimate duration and magnitude of the impact is not known. The impact of the pandemic creates uncertainty over future cash flows, may cause changes to the assets or liabilities, and may have an impact on future operations. This uncertainty does not allow management to make a practical estimate of the impact of COVID-19 on the operations of the Village at this time due to external conditions beyond management control. Management will continue to monitor the on-going financial impact on its cash and budget forecasts and will be adjusting its operations as required to ensure it fulfills its obligations and continues its operations.

# THE VILLAGE OF CHASE

## Schedule of Reserve - COVID Safe Restart Grant (Unaudited)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Balance, beginning of year	\$ 879,000	\$ -
Transfer in from unrestricted - COVID Safe Restart Grant	-	879,000
Bylaw enforcement and protective services	(10,100)	-
Programs for vulnerable populations	(83,100)	-
Other related costs	(169,865)	-
Revenue loss	(224,088)	-
Facility reopening and operating costs	(71,132)	-
Eligible costs incurred	(558,285)	-
Balance, end of year	\$ 320,715	\$ 879,000