

THE CORPORATION OF THE VILLAGE OF ASHCROFT

FINANCIAL STATEMENTS

December 31, 2010

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.


The Village maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Village's assets are appropriately accounted for and adequately safeguarded.

The Village Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Audit Committee reviews the Village's financial statements and recommends their approval to Village Council. The Audit Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report. The Mayor and Council take this information into consideration when approving the financial statements for issuance to the ratepayers. The Mayor and Council also consider the engagement of the external auditors.

The financial statements have been audited by Daley & Company Chartered Accountants LLP in accordance with Canadian generally accepted auditing standard on behalf of the ratepayers. Daley & Company Chartered Accountants LLP has full access to the Council and management.

On behalf of The Corporation of the Village of Ashcroft



Natalie Aalderink, CFO

March 28, 2011

Date



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To the Mayor and Council,
THE CORPORATION OF THE VILLAGE OF ASHCROFT

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of THE CORPORATION OF THE VILLAGE OF ASHCROFT, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and 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 consolidated 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 consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of THE CORPORATION OF THE VILLAGE OF ASHCROFT as at December 31, 2010, and the results of its consolidated operations, consolidated changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Daley & Company LLP
Chartered Accountants

Kamloops, BC
March 28, 2011

Disclaimer of Liability

These consolidated financial statements were examined and this Audit Opinion issued solely for the use of THE CORPORATION OF THE VILLAGE OF ASHCROFT. Daley & Company Chartered Accountants LLP makes no representations of any kind to any other person in respect of these consolidated financial statements and accepts no responsibility for their use by any other person in the absence of the written consent of Daley & Company Chartered Accountants LLP.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2010**

FINANCIAL ASSETS	2010	2009
Cash (Note 4)	\$ 1,615,423	\$ 1,890,025
Restricted cash (Note 4)	1,410,018	1,315,502
Accounts receivable	186,471	18,335
Taxes and utilities receivable	<u>117,269</u>	<u>99,428</u>
	<u>3,329,181</u>	<u>3,323,290</u>
 LIABILITIES		
Accounts payable and accrued liabilities	282,930	227,960
Deferred revenue (Note 5)	<u>412,951</u>	<u>696,686</u>
	<u>695,881</u>	<u>924,646</u>
NET FINANCIAL ASSETS	<u>2,633,300</u>	<u>2,398,644</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	5,737,232	5,787,746
Prepaid expenses	<u>26,845</u>	<u>21,336</u>
	<u>5,764,077</u>	<u>5,809,082</u>
ACCUMULATED SURPLUS (Note 7)	<u>\$ 8,397,377</u>	<u>\$ 8,207,726</u>

COMMITMENTS AND CONTINGENCIES (Note 8)

APPROVED ON BEHALF OF MAYOR AND COUNCIL:



Natalie Aalderink, CFO

THE CORPORATION OF THE VILLAGE OF ASHCROFT
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
Year ended December 31, 2010

	2010	2009
ACCUMULATED SURPLUS, beginning of year	\$ 8,207,726	\$ 8,261,968
EXCESS (SHORTFALL) REVENUES OVER EXPENSES	<u>189,651</u>	<u>(54,242)</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 8,397,377</u>	<u>\$ 8,207,726</u>

THE CORPORATION OF THE VILLAGE OF ASHCROFT
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended December 31, 2010

	Budget	2010	2009
REVENUES:			
Municipal taxation (Note 10)	\$ 1,015,872	\$ 1,017,275	\$ 1,000,398
Sales of services	668,050	654,447	666,491
Government grants	1,063,277	829,738	591,197
Borrowings, licences, permits, penalties, interest and fines	<u>139,450</u>	<u>116,126</u>	<u>147,537</u>
	<u>2,886,649</u>	<u>2,617,586</u>	<u>2,405,623</u>
EXPENSES:			
General government services	1,083,435	909,045	885,258
Protective services	113,538	99,995	113,743
Transportation services	533,940	471,924	512,045
Environmental and public health services	221,361	196,430	169,527
Recreational and cultural services	692,820	657,298	637,565
Water and sewer services	<u>194,017</u>	<u>93,243</u>	<u>141,727</u>
	<u>2,839,111</u>	<u>2,427,935</u>	<u>2,459,865</u>
EXCESS (SHORTFALL) REVENUES OVER EXPENSES	\$ 47,538	\$ 189,651	\$ (54,242)

THE CORPORATION OF THE VILLAGE OF ASHCROFT
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended December 31, 2010

	Budget	2010	2009
EXCESS (SHORTFALL) REVENUES OVER EXPENSES	\$ 47,538	\$ 189,651	\$ (54,242)
Acquisition of tangible capital assets	(721,000)	(278,397)	(62,415)
Amortization of tangible capital assets	373,500	328,911	342,371
Change in prepaid expenses	<u>-</u>	<u>(5,509)</u>	<u>(21,336)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(299,962)	234,656	204,378
NET FINANCIAL ASSETS, beginning of year	<u>2,398,644</u>	<u>2,398,644</u>	<u>2,194,266</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 2,098,682</u>	<u>\$ 2,633,300</u>	<u>\$ 2,398,644</u>

See accompanying notes to financial statements.

THE CORPORATION OF THE VILLAGE OF ASHCROFT
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2010

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) revenues over expenses	\$ 189,651	\$ (54,242)
Non-cash charges to operations:		
Amortization	328,911	342,371
(Increase) decrease in:		
Accounts receivable	(168,136)	100,064
Taxes and utilities receivable	(17,841)	(11,842)
Increase (decrease) in:		
Accounts payable	54,970	(18,417)
Deferred revenue	(283,735)	421,718
Prepaid expenses	(5,509)	(21,336)
Cash flows from operations	<u>98,311</u>	<u>758,316</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	<u>(278,397)</u>	<u>(62,415)</u>
Cash flows used in capital	<u>(278,397)</u>	<u>(62,415)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Statutory reserve fund	(61,848)	(38,904)
Reserve for future expenditures	<u>(32,668)</u>	<u>(54,513)</u>
Cash flows used in investing	<u>(94,516)</u>	<u>(93,417)</u>
INCREASE (DECREASE) IN CASH RESOURCES	(274,602)	602,484
CASH RESOURCES, beginning of year	<u>1,890,025</u>	<u>1,287,541</u>
CASH RESOURCES, end of year	<u>\$ 1,615,423</u>	<u>\$ 1,890,025</u>

THE CORPORATION OF THE VILLAGE OF ASHCROFT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010

NOTE 1. ENTITY:

The Corporation of the Village of Ashcroft was incorporated in 1952 under the Municipal Act, a statute of the Province of British Columbia. Its principal activities include the provision of local government services to the residents of the incorporated area. These services include administrative, protective, transportation, environmental, recreational, water, sewer and fiscal services.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These consolidated financial statements include the operations of the General, Water, Sewer, and Reserve Funds.

Basis of Accounting:

The resources and operations of the Village have been separated for accounting and financial reporting purposes into four funds. Each fund is treated as a separate entity which is identified in its statements of financial position and where applicable, its statements of operations and accumulated surplus. Fund statements are presented as supplementary information to the consolidated financial statements.

a) **General Revenue Fund:**

The purpose of the General Revenue Fund is to reflect the operating activities, administration, and debt servicing functions of the Village.

b) **Water Revenue Fund:**

The purpose of the Water Revenue Fund is to reflect the operating activities related to the treatment and distribution of water throughout the Village.

c) **Sewer Revenue Fund:**

The purpose of the Sewer Revenue Fund is to reflect the operating activities related to the network of sewer mains and pump stations.

d) **Reserve Funds:**

Under the Community Charter of British Columbia, the Council may, by bylaw, establish reserve funds for specified purposes. Money in a reserve fund, and interest earned thereon, must be expended by bylaw only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, the Council may, by bylaw, transfer all or part of the amount to another reserve fund.

The reserve for future expenditures resulted from the Municipal Finance Authority returning the cash portion for the debt reserve fund and canceling demand notes as the debenture issue had matured. These refunds have been returned to the appropriate fund for which the original deposit was provided from and can be used by Council for repayment of debt or capital expenditures, as authorized in the Annual Budget.

Principles of Consolidation:

The consolidated financial statements include the accounts of all funds of the Village. Interfund balances and transactions have been eliminated.

THE CORPORATION OF THE VILLAGE OF ASHCROFT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued):

Cash and Short-term Investments:

The Village's cash equivalents and pooled bond funds are recorded at cost, which approximates net realizable value. Short-term investments are held with the Municipal Finance Authority and are held in short term bonds and a money market fund.

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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

a) **Tangible Capital Assets:**

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

Major Asset Category

Buildings	20 to 70 years
Machinery and equipment	5 to 15 years
Pool and arena	50 to 70 years
Roads	25 to 75 years
Storm sewer	100 years
Plants and facilities	20 to 70 years
Underground networks	100 years

The Village reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Village's ability to provide services. When assets no longer have any long-term service potential to the Village, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

b) **Contributions of Tangible Capital Assets:**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

c) **Leases:**

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

Revenue Recognition:

Property taxes and interest are recorded on the accrual basis and are recognized when they are earned. Government grants are recorded when they are receivable and amounts can be reasonably determined. All other sources of revenue are recorded as services are provided.

THE CORPORATION OF THE VILLAGE OF ASHCROFT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued):

Expense Recognition:

Expenses are recorded on the accrual basis and are recognized as they are incurred as a result of the receipt of goods and services or the creation of a legal obligation to pay.

Deferred Revenue:

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

Use of Estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

NOTE 3. FINANCIAL INSTRUMENTS:

Fair Values of Financial Assets and Financial Liabilities:

The carrying values of cash and restricted cash, accounts receivable and accounts payable and accruals approximate their fair value due to the relatively short periods to maturity of these items. Unless otherwise noted, it is management's opinion that the Village is not exposed to significant interest, currency, or credit risks arising from its financial instruments.

NOTE 4. CASH AND RESTRICTED CASH:

	2010	2009
Statutory Reserve Fund	\$ 408,487	\$ 346,639
Reserve for future expenditures	<u>1,001,531</u>	<u>968,863</u>
Restricted cash	1,410,018	1,315,502
Unrestricted cash	<u>1,615,423</u>	<u>1,890,025</u>
	<u>\$ 3,025,441</u>	<u>\$ 3,205,527</u>
Consists of:		
Cash	\$ 1,784,423	\$ 2,002,573
Investments in pooled bond funds	<u>1,241,018</u>	<u>1,202,954</u>
	<u>\$ 3,025,441</u>	<u>\$ 3,205,527</u>

THE CORPORATION OF THE VILLAGE OF ASHCROFT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010

NOTE 5. DEFERRED REVENUE:	2010	2009
Federal Gas Tax Agreement Funds:		
Opening balance of unspent funds	\$ 352,621	\$ 233,463
Add: Amount received during the year	117,086	118,131
Interest earned	2,069	1,027
Less: Amount spent during the year	<u>(63,825)</u>	<u>-</u>
Closing balance of unspent funds	407,951	352,621
Other Funding:		
Strategic Community Investment Fund	-	331,065
Olympic Torch Relay Community Grant	-	8,000
Northern Development Initiative Trust	<u>5,000</u>	<u>5,000</u>
Total	<u>\$ 412,951</u>	<u>\$ 696,686</u>

Federal Gas Tax Agreement Funds:

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the local government and the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

Other Funding:

Northern Development Initiative Trust (NDIT):

\$5,000 was received from NDIT in 2008 for the Economic Development Funding Program. Approval has been obtained to use the funds toward a collaborative Economic Development Program.

NOTE 6. TANGIBLE CAPITAL ASSETS:	2010	2009
Tangible capital assets consist of the following:		
Land	\$ 545,562	\$ 545,562
Pool and arena	775,239	601,646
Buildings	361,347	359,834
Machinery and equipment	327,405	310,108
Roads	1,570,733	1,768,214
Storm sewer	418,495	423,732
Plants and facilities	602,933	628,274
Underground networks	<u>1,135,518</u>	<u>1,150,376</u>
	<u>\$ 5,737,232</u>	<u>\$ 5,787,746</u>

For additional information, see the Consolidated Schedule of Tangible Capital assets (Appendix 1).

THE CORPORATION OF THE VILLAGE OF ASHCROFT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010

NOTE 7. ACCUMULATED SURPLUS:	2010	2009
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	<u>\$ 1,250,127</u>	<u>\$ 1,104,478</u>
Invested in tangible capital assets	<u>5,737,232</u>	<u>5,787,746</u>
Statutory reserve funds:		
Capital works reserve	356,587	323,662
Machinery and equipment replacement reserve	<u>51,900</u>	<u>22,977</u>
	<u>408,487</u>	<u>346,639</u>
Reserves for future expenditure:		
General	203,000	172,000
Fire department	146,403	155,394
Curling club	28,905	18,246
Water	600,428	600,428
Sewer	<u>22,795</u>	<u>22,795</u>
	<u>1,001,531</u>	<u>968,863</u>
	<u>\$ 8,397,377</u>	<u>\$ 8,207,726</u>

NOTE 8. COMMITMENTS AND CONTINGENCIES:

a) Lease Commitment:

The Village has operating lease agreements for the rental of equipment.

Future minimum lease payments as at December 31, 2010, are as follows:

2011	\$ 10,595
2012	<u>2,304</u>
	<u>\$ 12,899</u>

b) 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 other participants, would be required to contribute towards the deficit.

c) The Village, as a member of the Thompson Nicola Regional District, is liable for its proportion of any operating deficits or long-term debt related to functions in which it participates.

d) The municipality and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 contributors from local government.

Every 3 years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012, with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Village paid \$47,052 (2009 \$47,725) for employer contributions to the Plan in fiscal 2010.

THE CORPORATION OF THE VILLAGE OF ASHCROFT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010

NOTE 9. PERPETUAL CARE TRUST FUND:

The Village operates a cemetery in accordance with the Cemetery and Funeral Services Act. The Village is required to maintain a trust fund which is not included in these financial statements in accordance with Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Details of the trust funds are as follows:

	2010	2009
BALANCE, beginning of year	\$ 36,843	\$ 35,591
Add:		
Proceeds from sale of plots and monuments	1,170	1,075
Interest earned	<u>213</u>	<u>177</u>
BALANCE, end of year	<u>\$ 38,226</u>	<u>\$ 36,843</u>
The perpetual care trust fund is represented by:		
Cash and short-term investments	\$ 37,056	\$ 34,768
Due from General Revenue Fund	<u>1,170</u>	<u>2,075</u>
	<u>\$ 38,226</u>	<u>\$ 36,843</u>

NOTE 10. TAXATION REVENUE:

2010 2009

The Village is required to collect taxes on behalf of and transfer these amounts to the government agencies noted below:

Tax collected:		
General purposes	\$ 1,017,275	\$ 1,000,398
Collections for other governments	<u>967,225</u>	<u>922,915</u>
	<u>1,984,500</u>	<u>1,923,313</u>
Less transfers to other governments:		
Province of BC - school taxes	620,529	598,764
Thompson Nicola Regional District	237,186	227,929
Thompson Nicola Regional Hospitals	37,683	34,360
Municipal Finance Authority	35	32
BC Assessment Authority	13,383	11,862
Policing	<u>58,409</u>	<u>49,968</u>
	<u>967,225</u>	<u>922,915</u>
	<u>\$ 1,017,275</u>	<u>\$ 1,000,398</u>

THE CORPORATION OF THE VILLAGE OF ASHCROFT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010

NOTE 11. EXPENDITURE BY OBJECT:	2010	2009
Amortization	\$ 328,911	\$ 342,371
Insurance	67,098	58,913
Office and administration	201,812	152,146
Other	80,292	70,255
Repairs and maintenance	395,157	419,902
Salaries and benefits	1,077,986	1,088,257
Supplies and materials	115,655	163,639
Utilities and telephone	<u>161,024</u>	<u>164,382</u>
	<u>\$ 2,427,935</u>	<u>\$ 2,459,865</u>

NOTE 12. SEGMENTED INFORMATION:

The Village of Ashcroft is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed. The nature of the segments and the activities they encompass are as follows:

Government Services – Mayor & Council, Finance, and Human Resources:

The Departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing Village assets; ensuring effective financial management; monitoring performance and ensuring that high quality service standards are met.

Protective Services – Fire Protection:

Fire Protection includes all of the operating activities for fire prevention and suppression.

Transportation Services - Public Transit and Street Maintenance:

Public Transit and Street Maintenance involve the repair and maintenance of the road network and traffic services.

Environmental and Public Health Services - Waste Management:

Waste Management includes all of the revenue and expenses related to the collection and disposal of solid waste and community development, tourism and promotional activities.

Recreational and Cultural Services - Parks, Recreation and Culture:

The Parks, Recreation and Culture Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreation facilities, and cultural services.

Water Services - Water Department:

The Water Department includes all the operating activities related to the treatment and distribution of water throughout the Village.

Sewer Services - Sewer Department:

The Sewer Department operates network sewer mains and pump stations.

Reserve Funds - Statutory Reserve Funds:

The Statutory Reserve Fund is comprised of the machinery and equipment replacement reserve and capital works reserve.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

THE CORPORATION OF THE VILLAGE OF ASHCROFT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010

NOTE 13. CASH FLOW INFORMATION:

During the year, the Village received \$48,995 (2009 - \$83,177) in interest income.

NOTE 14. COMPARATIVE FIGURES:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

THE CORPORATION OF THE VILLAGE OF ASHCROFT
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended December 31, 2010

	General						Water		Sewer		Totals	
	Land	Pool & Arena	Buildings	Machinery & Equipment	Roads	Storm Sewer	Plants & Facilities	Underground Networks	Plants & Facilities	Underground Networks	2010	2009
Cost												
Balance, beginning of year	\$ 545,562	\$ 1,576,698	\$ 1,560,735	\$ 1,384,475	\$ 7,268,341	\$ 530,323	\$ 1,689,805	\$ 1,305,053	\$ 816,135	\$ 771,997	\$ 17,449,124	\$ 17,386,709
Add: Additions during the year	-	-	18,015	63,256	-	-	-	-	-	-	81,271	62,415
Work in progress	-	191,477	-	-	-	-	-	5,649	-	-	197,126	-
Less: Disposals during the year	-	-	(10,851)	-	-	-	-	-	-	-	(10,851)	-
Balance, end of year	<u>545,562</u>	<u>1,768,175</u>	<u>1,567,899</u>	<u>1,447,731</u>	<u>7,268,341</u>	<u>530,323</u>	<u>1,689,805</u>	<u>1,310,702</u>	<u>816,135</u>	<u>771,997</u>	<u>17,716,670</u>	<u>17,449,124</u>
Accumulated amortization												
Balance, beginning of year	-	975,052	1,200,901	1,074,367	5,500,127	106,591	1,238,315	574,360	639,351	352,314	11,661,378	11,319,007
Add: Amortization	-	17,884	16,502	45,959	197,481	5,237	20,430	12,803	4,911	7,704	328,911	342,371
Less: Disposals during the year	-	-	(10,851)	-	-	-	-	-	-	-	(10,851)	-
Balance, end of year	<u>-</u>	<u>992,936</u>	<u>1,206,552</u>	<u>1,120,326</u>	<u>5,697,608</u>	<u>111,828</u>	<u>1,258,745</u>	<u>587,163</u>	<u>644,262</u>	<u>360,018</u>	<u>11,979,438</u>	<u>11,661,378</u>
Net Book Value of Tangible Capital Assets	<u>\$ 545,562</u>	<u>\$ 775,239</u>	<u>\$ 361,347</u>	<u>\$ 327,405</u>	<u>\$ 1,570,733</u>	<u>\$ 418,495</u>	<u>\$ 431,060</u>	<u>\$ 723,539</u>	<u>\$ 171,873</u>	<u>\$ 411,979</u>	<u>\$ 5,737,232</u>	<u>\$ 5,787,746</u>

Included in Pool & Arena is \$191,477 (2009 \$Nil) and Underground Networks is \$5,649 (2009 \$Nil) of tangible capital assets under construction. These assets have not been amortized.

THE CORPORATION OF THE VILLAGE OF ASHCROFT
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended December 31, 2010

	Government Services	Protective Services	Transportation Services	Environmental & Public Health Services	Recreational & Cultural Services	Water Services	Sewer Services	Reserve Funds	Total 2010	Total 2009
REVENUES:										
Municipal taxation	\$ 848,794	\$ -	\$ -	\$ -	\$ -	\$ 84,930	\$ 83,551	\$ -	\$ 1,017,275	\$ 1,000,398
Sales of services	3,735	10,355	1,059	69,982	59,038	245,542	264,736	-	654,447	666,491
Government grants	611,883	9,420	1,419	139,641	63,825	3,550	-	-	829,738	591,197
Borrowings, licences, permits, penalties and fines	13,004	-	-	-	-	206	-	-	13,210	12,510
Interest income	18,939	-	-	-	-	15,543	1,071	13,443	48,996	83,177
Donations and miscellaneous	39,072	1,035	-	-	12,375	1,188	250	-	53,920	51,850
	<u>1,535,427</u>	<u>20,810</u>	<u>2,478</u>	<u>209,623</u>	<u>135,238</u>	<u>350,959</u>	<u>349,608</u>	<u>13,443</u>	<u>2,617,586</u>	<u>2,405,623</u>
EXPENSES:										
Consulting and professional	26,717	12,394	-	-	-	-	15,881	-	54,992	44,057
Grants	13,657	-	-	-	-	-	-	-	13,657	12,858
Insurance	21,272	2,080	9,592	-	16,138	9,845	8,171	-	67,098	58,913
Office and administration	153,470	812	(162)	47,472	41	179	-	-	201,812	152,146
Amortization and other	283,062	-	7,394	-	-	35,455	14,643	-	340,554	355,711
Repairs and maintenance	21,321	-	52,794	23,905	139,334	123,896	33,907	-	395,157	419,902
Salaries and benefits	334,022	1,507	271,673	77,626	276,846	46,098	70,214	-	1,077,986	1,088,257
Supplies and materials	-	50,948	59,328	2,269	1,814	1,296	-	-	115,655	163,639
Utilities and telephone	9,676	7,940	41,612	-	77,227	-	24,569	-	161,024	164,382
Overhead allocations	(496,257)	24,314	29,693	45,158	145,898	115,364	135,830	-	-	-
	<u>366,940</u>	<u>99,995</u>	<u>471,924</u>	<u>196,430</u>	<u>657,298</u>	<u>332,133</u>	<u>303,215</u>	<u>-</u>	<u>2,427,935</u>	<u>2,459,865</u>
EXCESS (SHORTFALL)										
REVENUES OVER EXPENSES	1,168,487	(79,185)	(469,446)	13,193	(522,060)	18,826	46,393	13,443	189,651	(54,242)
INTERFUND TRANSFERS										
	<u>(1,184,998)</u>	<u>79,185</u>	<u>469,446</u>	<u>(13,193)</u>	<u>522,060</u>	<u>40,000</u>	<u>40,000</u>	<u>47,500</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (16,511)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,826</u>	<u>\$ 86,393</u>	<u>\$ 60,943</u>	<u>\$ 189,651</u>	<u>\$ (54,242)</u>

See accompanying notes to financial statements.

THE CORPORATION OF THE VILLAGE OF ASHCROFT
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended December 31, 2009

	Government Services	Protective Services	Transportation Services	Environmental & Public Health Services	Recreational & Cultural Services	Water Services	Sewer Services	Reserve Funds	Total 2009
REVENUES:									
Municipal taxation	\$ 831,917	\$ -	\$ -	\$ -	\$ -	\$ 84,930	\$ 83,551	\$ -	\$ 1,000,398
Sales of services	3,458	20,033	100	70,707	62,589	245,122	264,482	-	666,491
Government grants	454,407	9,420	839	126,531	-	-	-	-	591,197
Borrowings, licences, permits, penalties and fines	10,574	-	-	-	-	1,936	-	-	12,510
Interest income	28,155	-	-	-	-	29,276	2,017	23,729	83,177
Donations and miscellaneous	32,901	931	-	-	16,247	915	856	-	51,850
	<u>1,361,412</u>	<u>30,384</u>	<u>939</u>	<u>197,238</u>	<u>78,836</u>	<u>362,179</u>	<u>350,906</u>	<u>23,729</u>	<u>2,405,623</u>
EXPENSES:									
Consulting and professional	21,176	12,054	-	-	-	-	10,827	-	44,057
Grants	12,858	-	-	-	-	-	-	-	12,858
Insurance	21,354	1,960	3,424	-	14,755	9,497	7,923	-	58,913
Amortization and other	296,270	-	9,135	-	-	35,663	14,643	-	355,711
Office and administration	116,680	3,901	115	31,176	41	233	-	-	152,146
Repairs and maintenance	18,227	-	53,628	16,548	152,100	138,916	40,483	-	419,902
Salaries and benefits	342,180	4,716	292,827	71,549	255,085	56,851	65,049	-	1,088,257
Supplies and materials	-	60,570	85,844	9,442	3,453	1,160	3,170	-	163,639
Utilities and telephone	10,412	8,567	42,262	-	80,286	-	22,855	-	164,382
Overhead allocations	(448,452)	21,974	24,811	40,811	131,846	105,057	123,953	-	-
	<u>390,705</u>	<u>113,742</u>	<u>512,046</u>	<u>169,526</u>	<u>637,566</u>	<u>347,377</u>	<u>288,903</u>	<u>-</u>	<u>2,459,865</u>
EXCESS (SHORTFALL)									
REVENUES OVER EXPENSES	970,707	(83,358)	(511,107)	27,712	(558,730)	14,802	62,003	23,729	(54,242)
INTERFUND TRANSFERS	<u>(1,221,733)</u>	<u>83,358</u>	<u>511,107</u>	<u>(27,712)</u>	<u>558,730</u>	<u>40,000</u>	<u>40,000</u>	<u>16,250</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (251,026)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,802</u>	<u>\$ 102,003</u>	<u>\$ 39,979</u>	<u>\$ (54,242)</u>

See accompanying notes to financial statements.



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council,
THE CORPORATION OF THE VILLAGE OF ASHCROFT

We have audited and reported separately herein on the consolidated financial statements of THE CORPORATION OF THE VILLAGE OF ASHCROFT as at and for the year ended December 31, 2010.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in Schedules 1 through 8 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Daley & Company LLP
Chartered Accountants

Kamloops, BC
March 28, 2011

Disclaimer of Liability

The financial information was examined and this Audit Opinion issued solely for the use of THE CORPORATION OF THE VILLAGE OF ASHCROFT. Daley & Company Chartered Accountants LLP makes no representations of any kind to any other person in respect of the financial information and accepts no responsibility for their use by any other person in the absence of the written consent of Daley & Company Chartered Accountants LLP.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT
GENERAL REVENUE FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2010**

FINANCIAL ASSETS	2010	2009
Cash	\$ <u>1,784,422</u>	\$ <u>2,002,575</u>
Investments in pooled bond funds	<u>359,541</u>	<u>399,939</u>
Receivables:		
Property taxes	117,269	99,428
Provincial Government	113,234	1,875
General	<u>73,237</u>	<u>16,460</u>
	<u>303,740</u>	<u>117,763</u>
	<u>2,447,703</u>	<u>2,520,277</u>
 LIABILITIES		
Trade accounts and accrued liabilities	172,868	122,681
Accrued wages and employee benefits	110,063	105,281
Deferred revenue	412,951	696,686
Due to Own Funds:		
Water Revenue Fund	1,083,180	1,012,312
Sewer Revenue Fund	107,393	9,457
Perpetual Care Trust Fund	<u>1,170</u>	<u>2,075</u>
	<u>1,887,625</u>	<u>1,948,492</u>
 NET FINANCIAL ASSETS	<u>560,078</u>	<u>571,785</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets	3,998,782	4,009,095
Prepaid expenses	<u>26,845</u>	<u>21,336</u>
	<u>4,025,627</u>	<u>4,030,431</u>
 ACCUMULATED SURPLUS	<u>\$ 4,585,705</u>	<u>\$ 4,602,216</u>

**THE CORPORATION OF THE VILLAGE OF ASHCROFT
GENERAL REVENUE FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year ended December 31, 2010**

	Budget	2010	2009
REVENUES:			
Municipal taxation	\$ 847,372	\$ 848,794	\$ 831,917
Sales of services	158,050	144,169	156,887
Government Grants:			
Unconditional transfers from Provincial Government	449,257	449,257	414,736
Unconditional transfers from Local Government	128,500	139,641	126,531
Conditional transfers from regional and other governments	475,520	237,290	49,930
Borrowings, licences, permits, penalties, interest and fines:			
Professional and business licences	11,000	10,635	10,615
Other	1,000	935	911
Animal violation	150	100	20
Municipal auto plates	-	861	450
Interest received	50,000	18,938	28,157
Penalties and interest on taxes	15,000	13,004	10,572
Rentals	10,500	9,114	12,558
Donations and other	23,800	30,838	25,525
	<u>2,170,149</u>	<u>1,903,576</u>	<u>1,668,809</u>
EXPENSES (Schedule 3)	<u>2,100,339</u>	<u>1,792,587</u>	<u>1,823,585</u>
EXCESS (SHORTFALL) REVENUES OVER EXPENSES	69,810	110,989	(154,776)
TRANSFER OF UNCONDITIONAL GRANT	(80,000)	(80,000)	(80,000)
TRANSFER TO MACHINERY AND EQUIPMENT REPLACEMENT RESERVE	<u>(53,500)</u>	<u>(47,500)</u>	<u>(16,250)</u>
ANNUAL DEFICIT	<u>\$ (63,690)</u>	(16,511)	(251,026)
ACCUMULATED SURPLUS, beginning of year		<u>4,602,216</u>	<u>4,853,242</u>
ACCUMULATED SURPLUS, end of year		\$ 4,585,705	\$ 4,602,216

**THE CORPORATION OF THE VILLAGE OF ASHCROFT
GENERAL REVENUE FUND
STATEMENT OF EXPENSES
Year ended December 31, 2010**

SCHEDULE 3

	Budget	2010	2009
General Government Services:			
Legislative Expense:			
Council indemnities and expenses	\$ 35,000	\$ 34,560	\$ 34,560
General Administration Expenses:			
Office	70,800	67,440	40,767
Building operation and maintenance	97,500	30,997	28,640
Legal and professional	40,235	26,717	21,176
Salaries and employee benefits	366,500	334,022	342,179
Other General Government Expenses:			
Amortization	325,000	283,062	296,270
Travel	8,000	6,971	3,127
Insurance	21,500	21,272	21,354
Grants to organizations	16,000	13,657	12,858
Sundry	54,400	44,499	38,226
Less amounts transferred to other services	<u>(496,255)</u>	<u>(496,257)</u>	<u>(448,452)</u>
	<u>538,680</u>	<u>366,940</u>	<u>390,705</u>
Protective Services:			
Administration	23,850	23,732	24,696
Volunteer stipends and benefits	26,500	15,897	25,041
Building operation and maintenance	9,000	8,097	8,567
Equipment	25,100	26,168	29,774
Emergency measures	2,000	1,213	1,017
Building inspection	4,414	4,485	4,414
Animal pest control	8,000	7,909	7,640
Sundry	14,674	12,494	12,594
	<u>113,538</u>	<u>99,995</u>	<u>113,743</u>
Transportation Services:			
Administration	277,790	267,884	296,390
Equipment operation and maintenance	79,750	72,387	75,545
Building operation and maintenance	49,700	32,185	37,935
Road and street maintenance	79,500	55,298	58,142
Street lighting	30,000	30,882	28,297
Traffic services	15,200	13,288	15,736
Sundry	2,000	-	-
	<u>533,940</u>	<u>471,924</u>	<u>512,045</u>
Environmental and Public Health Services:			
Garbage and waste collection	94,016	95,268	81,308
Cemetery	21,450	18,864	25,812
Planning and zoning	5,000	1,548	35
Community development	35,500	11,939	11,446
Natural resource development	5,000	8,995	7,228
Tourism and promotion	30,000	30,669	18,293
Sundry	30,395	29,147	25,405
	<u>221,361</u>	<u>196,430</u>	<u>169,527</u>
Recreational and Cultural Services:			
Administration	208,050	207,975	175,986
Community hall	27,000	28,646	17,007
Lady Minto building	22,710	34,096	19,460
Swimming pool	137,900	118,876	133,567
Arena	149,300	135,778	158,033
Parks and playgrounds	87,700	83,091	85,105
Historic sites	8,500	3,922	2,847
Museum	47,660	41,520	42,181
Curling club	4,000	3,394	3,379
	<u>692,820</u>	<u>657,298</u>	<u>637,565</u>
TOTAL EXPENSES	\$ 2,100,339	\$ 1,792,587	\$ 1,823,585

See accompanying notes to financial statements.

THE CORPORATION OF THE VILLAGE OF ASHCROFT
WATER REVENUE FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2010

FINANCIAL ASSETS	2010	2009
Investments in pooled bond funds	\$ 442,510	\$ 426,968
Due from Own Funds:		
General Revenue Fund	<u>1,083,180</u>	<u>1,012,312</u>
NET FINANCIAL ASSETS	1,525,690	1,439,280
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>1,154,599</u>	<u>1,182,183</u>
ACCUMULATED SURPLUS	\$ 2,680,289	\$ 2,621,463

THE CORPORATION OF THE VILLAGE OF ASHCROFT
WATER REVENUE FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year ended December 31, 2010

	Budget	2010	2009
REVENUES:			
Municipal taxation - water levy	\$ 85,000	\$ 84,930	\$ 84,930
Sale of services	245,000	245,542	245,122
Government grants	-	3,550	-
Borrowings, licences, permits, penalties, interest and fines	<u>24,300</u>	<u>16,937</u>	<u>32,127</u>
	<u>354,300</u>	<u>350,959</u>	<u>362,179</u>
EXPENSES:			
Maintenance and administration	349,975	298,900	313,891
Amortization	<u>35,500</u>	<u>33,233</u>	<u>33,486</u>
	<u>385,475</u>	<u>332,133</u>	<u>347,377</u>
EXCESS (SHORTFALL) REVENUES OVER EXPENSES	(31,175)	18,826	14,802
TRANSFER OF UNCONDITIONAL GRANT	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
ANNUAL SURPLUS	<u>\$ 8,825</u>	58,826	54,802
ACCUMULATED SURPLUS, beginning of year		<u>2,621,463</u>	<u>2,566,661</u>
ACCUMULATED SURPLUS, end of year		\$ 2,680,289	\$ 2,621,463

**THE CORPORATION OF THE VILLAGE OF ASHCROFT
SEWER REVENUE FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2010**

FINANCIAL ASSETS	2010	2009
Investments in pooled bond funds	\$ 30,481	\$ 29,409
Due from Own Funds:		
General Revenue Fund	<u>107,393</u>	<u>9,457</u>
NET FINANCIAL ASSETS	137,874	38,866
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>583,852</u>	<u>596,467</u>
ACCUMULATED SURPLUS	\$ 721,726	\$ 635,333

THE CORPORATION OF THE VILLAGE OF ASHCROFT
SEWER REVENUE FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year ended December 31, 2010

	Budget	2010	2009
REVENUES:			
Municipal taxation - sewer levy	\$ 83,500	\$ 83,551	\$ 83,551
Sale of services	265,000	264,736	264,482
Government grants	10,000	-	-
Borrowings, licences, permits, penalties, interest and fines	<u>3,700</u>	<u>1,321</u>	<u>2,873</u>
	<u>362,200</u>	<u>349,608</u>	<u>350,906</u>
EXPENSES:			
Maintenance and administration	340,297	290,600	276,288
Amortization	<u>13,000</u>	<u>12,615</u>	<u>12,615</u>
	<u>353,297</u>	<u>303,215</u>	<u>288,903</u>
EXCESS REVENUES OVER EXPENSES	8,903	46,393	62,003
TRANSFER OF UNCONDITIONAL GRANT	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
ANNUAL SURPLUS	<u>\$ 48,903</u>	86,393	102,003
ACCUMULATED SURPLUS, beginning of year		<u>635,333</u>	<u>533,330</u>
ACCUMULATED SURPLUS, end of year		\$ 721,726	\$ 635,333

THE CORPORATION OF THE VILLAGE OF ASHCROFT
STATUTORY RESERVE FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2010

FINANCIAL ASSETS

	Machinery and Equipment Replacement Reserve	Capital Works Reserve	Total 2010	Total 2009
Investments in pooled bond funds	\$ 51,900	\$ 356,587	\$ 408,487	\$ 346,639

RESERVES

BALANCE, beginning of year	\$ <u>22,977</u>	\$ <u>323,662</u>	\$ <u>346,639</u>	\$ <u>307,735</u>
REVENUE: Interest earned	<u>1,823</u>	<u>12,525</u>	<u>14,348</u>	<u>22,654</u>
TRANSFERS: (To) General Revenue	-	-	-	(25,000)
From General Revenue	<u>27,100</u>	<u>20,400</u>	<u>47,500</u>	<u>41,250</u>
	<u>27,100</u>	<u>20,400</u>	<u>47,500</u>	<u>16,250</u>
BALANCE, end of year	\$ 51,900	\$ 356,587	\$ 408,487	\$ 346,639