

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**

**FINANCIAL STATEMENTS**

**December 31, 2012**

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## MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. 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.

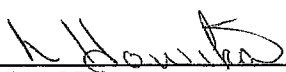
The Village maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Village's assets are appropriately accounted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

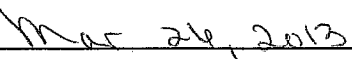
The Village Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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 standards 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

  
\_\_\_\_\_  
Linda Howika, CFO

  
\_\_\_\_\_  
Date



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Incorporated Professionals

## INDEPENDENT AUDITORS' REPORT

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, 2012, 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, 2012, 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 26, 2013

### **Disclaimer of Liability**

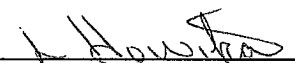
These consolidated financial statements were examined and this Audit Opinion issued solely for the use of THE CORPORATION OF THE VILLAGE OF ASHCROFT. Daley & Company Chartered Accountants LLP makes no representations of any kind to any other person in respect of these consolidated financial statements 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, 2012

<b>FINANCIAL ASSETS</b>	<b>2012</b>	<b>2011</b>
Cash (Note 4)	\$ 2,360,574	\$ 2,096,350
Restricted cash (Note 4)	1,807,573	1,519,056
Accounts receivable	127,065	90,971
Taxes and utilities receivable	<u>111,133</u>	<u>176,040</u>
	<u>4,406,345</u>	<u>3,882,417</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	228,265	402,569
Deferred revenue (Note 5)	673,418	325,745
Long-term debt (Note 6)	<u>54,551</u>	<u>72,551</u>
	<u>956,234</u>	<u>800,865</u>
<b>NET FINANCIAL ASSETS</b>	<u>3,450,111</u>	<u>3,081,552</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	5,696,012	5,915,111
Prepaid expenses	<u>37,359</u>	<u>28,909</u>
	<u>5,733,371</u>	<u>5,944,020</u>
<b>ACCUMULATED SURPLUS (Note 8)</b>	<u>\$ 9,183,482</u>	<u>\$ 9,025,572</u>

COMMITMENTS AND CONTINGENCIES (Note 9)

APPROVED ON BEHALF OF MAYOR AND COUNCIL:

  
\_\_\_\_\_  
Linda Howika, CFO

See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
Year ended December 31, 2012

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	2012	2011
ACCUMULATED SURPLUS, beginning of year	\$ 9,025,572	\$ 8,397,377
EXCESS REVENUES OVER EXPENSES	<u>157,910</u>	<u>628,195</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 9,183,482</u>	<u>\$ 9,025,572</u>

See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
Year ended December 31, 2012

	Budget	2012	2011
<b>REVENUES:</b>			
Municipal taxation (Note 11)	\$ 1,191,891	<b>\$ 1,199,703</b>	\$ 1,184,025
Sales of services	677,125	<b>679,932</b>	675,659
Government grants	850,551	<b>596,764</b>	1,018,214
Borrowings, licences, permits, penalties, interest and fines	134,300	<b>124,088</b>	133,938
	<u>2,853,867</u>	<u><b>2,600,487</b></u>	<u>3,011,836</u>
<b>EXPENSES:</b>			
General government services	459,026	<b>395,107</b>	328,824
Protective services	115,026	<b>90,648</b>	93,665
Transportation services	529,652	<b>483,709</b>	474,010
Environmental and public health services	218,573	<b>153,393</b>	203,798
Recreational and cultural services	741,838	<b>624,245</b>	657,448
Water and sewer services	669,251	<b>695,475</b>	625,896
	<u>2,733,366</u>	<u><b>2,442,577</b></u>	<u>2,383,641</u>
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>\$ 120,501</b>	<b>\$ 157,910</b>	<b>\$ 628,195</b>

See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year ended December 31, 2012**

	Budget	2012	2011
EXCESS REVENUES OVER EXPENSES	\$ 120,501	\$ 157,910	\$ 628,195
Acquisition of tangible capital assets	-	(113,074)	(502,179)
Amortization of tangible capital assets	324,284	332,173	324,300
Change in prepaid expenses	-	(8,450)	(2,064)
INCREASE IN NET FINANCIAL ASSETS	444,785	368,559	448,252
NET FINANCIAL ASSETS, beginning of year	3,081,552	3,081,552	2,633,300
NET FINANCIAL ASSETS, end of year	\$ 3,526,337	\$ 3,450,111	\$ 3,081,552

See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year ended December 31, 2012

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess revenues over expenses	\$ 157,910	\$ 628,195
Non-cash changes to operations:		
Amortization	332,173	324,300
(Increase) decrease in:		
Accounts receivable	(36,094)	95,500
Taxes and utilities receivable	64,907	(58,771)
Increase (decrease) in:		
Accounts payable	(174,304)	119,639
Deferred revenue	347,673	(87,206)
Prepaid expenses	(8,450)	(2,064)
Cash flows from operations	<u>683,815</u>	<u>1,019,593</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Acquisition of tangible capital assets	<u>(113,074)</u>	<u>(502,179)</u>
Cash flows used in capital	<u>(113,074)</u>	<u>(502,179)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of long-term debt	-	72,551
Repayment of long-term debt	<u>(18,000)</u>	-
Cash flows from (used in) financing	<u>(18,000)</u>	<u>72,551</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Statutory reserve fund	<u>(239,715)</u>	<u>(56,725)</u>
Reserve for future expenditures	<u>(48,802)</u>	<u>(52,313)</u>
Cash flows used in investing	<u>(288,517)</u>	<u>(109,038)</u>
<b>INCREASE IN CASH RESOURCES</b>	<b>264,224</b>	480,927
<b>CASH RESOURCES, beginning of year</b>	<u><b>2,096,350</b></u>	<u>1,615,423</u>
<b>CASH RESOURCES, end of year</b>	<u><b>\$ 2,360,574</b></u>	<u>\$ 2,096,350</u>

See accompanying notes to financial statements.



**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

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**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.

Reserves for future expenditures represent amounts set aside for future operating and capital expenditures. The reserve for future expenditures originally 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.

**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.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued):**

**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, arena and other	50 to 100 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.

**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.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued):**

**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 currency or credit risks arising from its financial instruments.

It is management's opinion that the Village is not exposed to significant interest rate risk by its long-term debt, due to it being interest free. The carrying value of the long-term debt would approximate its fair value due to the terms and conditions.

**NOTE 4. CASH AND RESTRICTED CASH:**

	<b>2012</b>	<b>2011</b>
Statutory Reserve Fund	\$ 704,927	\$ 465,212
Reserve for future expenditures	<u>1,102,646</u>	<u>1,053,844</u>
Restricted cash	<b>1,807,573</b>	1,519,056
Unrestricted cash	<u>2,360,574</u>	<u>2,096,350</u>
	<u><b>\$ 4,168,147</b></u>	<u>\$ 3,615,406</u>
Consists of:		
Cash	\$ 2,857,546	\$ 2,333,125
Investments in pooled bond funds	<u>1,310,601</u>	<u>1,282,281</u>
	<u><b>\$ 4,168,147</b></u>	<u>\$ 3,615,406</u>

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

<b>NOTE 5. DEFERRED REVENUE:</b>	<b>2012</b>	<b>2011</b>
<b>Federal Gas Tax Agreement Funds:</b>		
Opening balance of unspent funds	\$ 320,745	\$ 407,951
Add: Amount received during the year	117,079	117,079
Interest earned	4,532	4,338
Less: Amount spent during the year	<u>(21,890)</u>	<u>(208,623)</u>
Closing balance of unspent funds	<u>420,466</u>	<u>320,745</u>
<b>Other Funding:</b>		
Strategic Community Investment Fund	227,952	-
Highland Valley Copper	20,000	-
Northern Development Initiative Trust	<u>5,000</u>	<u>5,000</u>
	<u>252,952</u>	<u>5,000</u>
<b>Total</b>	<b><u>\$ 673,418</u></b>	<b><u>\$ 325,745</u></b>

**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:**

**Strategic Community Investment Fund:**

The Strategic Community Investment Fund is a three-year funding commitment from the Government of British Columbia to support local efforts to stimulate the economy and provide local governments with increased financial certainty. The Village must develop a plan that sets out the intended uses and performance targets for these funds. In June 2013, 2014 and 2015 the Village will report publicly on the plan and progress made toward achieving targets for the funds.

**Highland Valley Copper:**

\$20,000 was received from Highland Valley Copper in 2012 for landscaping improvements to the Community Hall. As work did not occur in 2012, the funds have been deferred till 2013.

**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.

<b>NOTE 6. LONG-TERM DEBT:</b>	<b>2012</b>	<b>2011</b>
Northern Development Initiative Trust, loan, repayable in annual installments of \$18,000 starting November 30, 2012, non-interest bearing, due November 30, 2016	<u>\$ 54,551</u>	<u>\$ 72,551</u>

Principal repayments due in the ensuing 4 years are approximately as follows:

2013	\$	18,000
2014		18,000
2015		18,000
2016		551

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

<b>NOTE 7. TANGIBLE CAPITAL ASSETS:</b>	<b>2012</b>	<b>2011</b>
Tangible capital assets consist of the following:		
Land	\$ 545,562	\$ 545,562
Pool, arena and other	859,701	883,900
Buildings	343,575	346,089
Machinery and equipment	558,893	603,489
Roads	1,179,553	1,373,252
Storm sewer	408,021	413,258
Plants and facilities	711,884	640,215
Underground networks	1,088,823	1,109,346
	<b>\$ 5,696,012</b>	<b>\$ 5,915,111</b>

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

<b>NOTE 8. ACCUMULATED SURPLUS:</b>	<b>2012</b>	<b>2011</b>
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	\$ 1,734,448	\$ 1,663,956
Invested in tangible capital assets	5,641,461	5,842,560
Statutory reserve funds:		
Capital works reserve	594,935	384,271
Machinery and equipment replacement reserve	109,992	80,941
	704,927	465,212
Reserves for future expenditure:		
General	267,500	234,000
Fire department	174,831	160,368
Curling club	37,092	36,253
Water	600,428	600,428
Sewer	22,795	22,795
	1,102,646	1,053,844
	<b>\$ 9,183,482</b>	<b>\$ 9,025,572</b>

**NOTE 9. 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, 2012, are as follows:

2013	\$	4,435
2014		4,435
2015		4,435
2016		4,435
2017		1,109
		18,849
	<b>\$</b>	<b>18,849</b>

**THE CORPORATION OF THE VILLAGE OF ASHCROFT  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2012**

**NOTE 9. COMMITMENTS AND CONTINGENCIES (continued):**

- 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 (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local government.

The latest 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. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan. The Village paid \$59,981 (2011 \$58,370) for employer contributions to the Plan in fiscal 2012.

**NOTE 10. 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:

	<b>2012</b>	<b>2011</b>
BALANCE, beginning of year	\$ 41,898	\$ 38,226
Add:		
Proceeds from sale of plots and monuments	2,175	3,300
Interest earned	377	372
	<b>\$ 44,450</b>	<b>\$ 41,898</b>
The perpetual care trust fund is represented by:		
Cash and short-term investments	\$ 37,805	\$ 37,428
Due from General Revenue Fund	6,645	4,470
	<b>\$ 44,450</b>	<b>\$ 41,898</b>

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE 11. TAXATION REVENUE:**

**2012**                      **2011**

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

Tax collected:

General purposes	\$ 1,199,703	\$ 1,184,025
Collections for other governments	1,004,869	983,119
	<b>2,204,572</b>	<b>2,167,144</b>

Less transfers to other governments:

Province of BC - school taxes	630,540	623,098
Thompson Nicola Regional District	244,389	243,240
Thompson Nicola Regional Hospitals	55,674	41,341
Municipal Finance Authority	36	36
BC Assessment Authority	12,542	12,952
Policing	61,688	62,452
	<b>1,004,869</b>	<b>983,119</b>
	<b>\$ 1,199,703</b>	<b>\$ 1,184,025</b>

**NOTE 12. EXPENDITURE BY OBJECT:**

**2012**                      **2011**

Amortization	\$ 332,173	\$ 324,300
Insurance	64,986	65,613
Office and administration	146,618	173,256
Other	58,985	67,787
Repairs and maintenance	412,475	367,853
Salaries and benefits	1,124,672	1,088,530
Supplies and materials	125,966	131,789
Utilities and telephone	176,702	164,513
	<b>\$ 2,442,577</b>	<b>\$ 2,383,641</b>

**NOTE 13. 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.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

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**NOTE 13. SEGMENTED INFORMATION (continued):**

**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).

**NOTE 14. CASH FLOW INFORMATION:**

During the year, the Village received \$57,731 (2011 - \$65,404) in interest income.

**NOTE 15. 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, 2012**

	General							Water			Sewer			Totals	
	Land	Pool, Arena and Other	Buildings	Machinery & Equipment	Roads	Storm Sewer	Plants & Facilities	Underground Networks	Plants & Facilities	Underground Networks	Plants & Facilities	Underground Networks	2012	2011	
<b>Cost</b>															
Balance, beginning of year	\$ 545,562	\$ 1,901,035	\$ 1,567,899	\$ 1,788,374	\$ 7,268,341	\$ 530,323	\$ 1,723,394	\$ 1,305,053	\$ 836,871	\$ 771,997	\$ 18,218,849	\$ 24,362	\$ 17,716,670		
Add: Additions during the year	-	-	11,040	13,322	-	-	-	-	-	-	-	-	481,443		
Work in progress	-	-	-	-	-	-	-	-	88,712	-	-	88,712	20,736		
Balance, end of year	545,562	1,901,035	1,578,939	1,781,696	7,268,341	530,323	1,723,394	1,305,053	925,583	771,997	18,331,923	24,362	18,218,849		
<b>Accumulated amortization</b>															
Balance, beginning of year	-	1,017,135	1,221,810	1,164,885	5,895,089	117,065	1,270,877	599,966	649,173	367,738	12,303,738	332,173	11,979,438		
Add: Amortization	-	24,199	13,554	57,918	193,699	5,237	12,132	12,803	4,911	7,720	7,720	332,173	324,300		
Balance, end of year	-	1,041,334	1,235,364	1,222,803	6,088,788	122,302	1,283,009	612,769	654,084	375,458	12,635,911	332,173	12,303,738		
<b>Net Book Value of Tangible Capital Assets</b>	\$ 545,562	\$ 859,701	\$ 343,575	\$ 558,893	\$ 1,179,553	\$ 408,021	\$ 440,385	\$ 692,284	\$ 271,499	\$ 396,539	\$ 5,696,012	\$ 5,996,012	\$ 5,915,111		

Included in Plants & Facilities is \$109,448 (2011 \$20,736) of tangible capital assets under construction. Included in Machinery & Equipment is \$Nil (2011 \$320,643) of tangible capital assets not in use. These assets have not been amortized.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT  
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED  
Year ended December 31, 2012**

	Government Services	Protective Services	Transportation Services	Environmental & Public Health Services	Recreational & Cultural Services	Water Services	Sewer Services	Reserve Funds	Total 2012	Total 2011
<b>REVENUES:</b>										
Municipal taxation	\$ 1,031,222	\$ -	\$ -	\$ -	\$ -	\$ 84,930	\$ 83,551	\$ -	\$ 1,199,703	\$ 1,184,025
Sales of services	6,838	10,306	-	73,062	70,349	251,834	267,543	-	679,932	675,659
Government grants	372,590	9,420	1,197	141,791	-	-	71,766	-	596,764	1,018,214
Borrowings, licences, permits, penalties and fines	17,831	-	-	-	-	80	-	-	17,911	21,123
Interest income	32,367	-	-	-	-	11,066	762	13,536	57,731	65,404
Donations and miscellaneous	33,564	1,001	-	-	13,106	400	375	-	48,446	47,411
	<u>1,494,412</u>	<u>20,727</u>	<u>1,197</u>	<u>214,853</u>	<u>83,455</u>	<u>348,310</u>	<u>423,997</u>	<u>13,536</u>	<u>2,600,487</u>	<u>3,011,836</u>
<b>EXPENSES:</b>										
Consulting and professional	18,912	12,055	-	-	-	-	9,091	-	40,058	39,757
Grants	14,135	-	-	-	-	-	-	-	14,135	16,585
Insurance	18,140	2,080	11,932	-	14,618	9,992	8,224	-	64,986	65,613
Office and administration	124,405	1,046	142	20,658	367	-	-	-	146,618	173,256
Amortization and other	294,608	-	793	-	-	-	-	-	336,965	335,745
Repairs and maintenance	10,335	-	57,411	19,303	105,182	26,906	14,658	-	412,475	367,853
Salaries and benefits	350,431	1,484	271,968	71,971	289,305	66,783	72,730	-	1,124,672	1,088,530
Supplies and materials	-	43,977	74,759	889	2,604	2,749	988	-	125,966	131,789
Utilities and telephone	9,985	8,159	49,497	-	81,091	-	27,970	-	176,702	164,513
Overhead allocations	(445,845)	21,846	17,209	40,572	131,078	107,436	127,704	-	-	-
	<u>395,106</u>	<u>90,647</u>	<u>483,711</u>	<u>153,393</u>	<u>624,245</u>	<u>379,921</u>	<u>315,554</u>	<u>-</u>	<u>2,442,577</u>	<u>2,383,641</u>
<b>EXCESS (SHORTFALL)</b>										
REVENUES OVER EXPENSES	1,099,306	(69,920)	(482,514)	61,460	(540,790)	(31,611)	108,443	13,536	157,910	628,195
<b>INTERFUND TRANSFERS</b>										
	(1,340,118)	69,920	482,514	(61,460)	540,790	40,000	40,000	228,354	-	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (240,812)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,389</u>	<u>\$ 148,443</u>	<u>\$ 241,890</u>	<u>\$ 157,910</u>	<u>\$ 628,195</u>

See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT  
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED  
Year ended December 31, 2011**

	Government Services	Protective Services	Transportation Services	Environmental & Public Health Services	Recreational & Cultural Services	Water Services	Sewer Services	Reserve Funds	Total 2011
<b>REVENUES:</b>									
Municipal taxation	\$ 1,015,544	\$ -	\$ -	\$ -	\$ -	\$ 84,930	\$ 83,551	\$ -	\$ 1,184,025
Sales of services	6,318	8,090	3,878	80,071	63,235	248,708	265,359	-	675,659
Government grants	636,788	9,420	1,188	302,882	48,301	3,845	15,790	-	1,018,214
Borrowings, licences, permits, penalties and fines	20,723	-	-	-	-	400	-	-	21,123
Interest income	29,146	-	-	-	-	16,545	1,140	18,573	65,404
Donations and miscellaneous	34,008	815	-	-	12,118	470	-	-	47,411
	<u>1,742,527</u>	<u>18,325</u>	<u>5,066</u>	<u>382,953</u>	<u>123,654</u>	<u>354,898</u>	<u>365,840</u>	<u>18,573</u>	<u>3,011,836</u>
<b>EXPENSES:</b>									
Consulting and professional	16,612	12,828	5	-	-	-	10,312	-	39,757
Grants	16,585	-	-	-	-	-	-	-	16,585
Insurance	20,363	2,080	9,011	-	16,080	9,883	8,196	-	65,613
Office and administration	134,218	1,015	106	37,161	666	90	-	-	173,256
Amortization and other	286,735	-	7,394	-	-	26,957	14,659	-	335,745
Repairs and maintenance	13,706	-	55,701	15,572	129,261	121,297	32,316	-	367,853
Salaries and benefits	297,212	2,540	279,135	87,709	294,488	56,360	71,086	-	1,088,530
Supplies and materials	-	44,159	60,116	20,982	1,678	3,169	1,685	-	131,789
Utilities and telephone	9,034	8,229	43,356	-	78,377	-	25,517	-	164,513
Overhead allocations	(465,641)	22,814	19,186	42,374	136,898	111,716	132,653	-	-
	<u>328,824</u>	<u>93,665</u>	<u>474,010</u>	<u>203,798</u>	<u>657,448</u>	<u>329,472</u>	<u>296,424</u>	<u>-</u>	<u>2,383,641</u>
<b>EXCESS (SHORTFALL)</b>	1,413,703	(75,340)	(468,944)	179,155	(533,794)	25,426	69,416	18,573	628,195
<b>REVENUES OVER EXPENSES</b>									
<b>INTERFUND TRANSFERS</b>	(1,020,375)	75,340	468,944	(179,155)	533,794	40,000	40,000	41,452	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 393,328	\$ -	\$ -	\$ -	\$ -	\$ 65,426	\$ 109,416	\$ 60,025	\$ 628,195

See accompanying notes to financial statements.



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## INDEPENDENT AUDITORS' COMMENTS ON SUPPLEMENTARY INFORMATION

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, 2012.

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 26, 2013

### 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 its 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, 2012**

<b>FINANCIAL ASSETS</b>	<b>2012</b>	<b>2011</b>
Cash	<u>\$ 2,857,546</u>	<u>\$ 2,333,124</u>
Investments in pooled bond funds	<u>250,226</u>	<u>320,346</u>
Receivables:		
Property taxes	111,133	176,040
Provincial Government	69,270	33,463
General	<u>57,795</u>	<u>57,508</u>
	<u>238,198</u>	<u>267,011</u>
	<u>3,345,970</u>	<u>2,920,481</u>
 <b>LIABILITIES</b>		
Trade accounts and accrued liabilities	124,549	279,483
Accrued wages and employee benefits	103,716	123,086
Deferred revenue	673,418	325,745
Long-term debt	54,551	72,551
Due to (from) Own Funds:		
Water Revenue Fund	1,151,315	1,129,056
Sewer Revenue Fund	279,164	207,565
Perpetual Care Trust Fund	6,645	4,470
Capital Works Reserve Fund	<u>147,056</u>	<u>(6,048)</u>
	<u>2,540,414</u>	<u>2,135,908</u>
 <b>NET FINANCIAL ASSETS</b>	<u>805,556</u>	<u>784,573</u>
 <b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	3,895,306	4,165,551
Prepaid expenses	<u>37,359</u>	<u>28,909</u>
	<u>3,932,665</u>	<u>4,194,460</u>
 <b>ACCUMULATED SURPLUS</b>	<u>\$ 4,738,221</u>	<u>\$ 4,979,033</u>

See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**GENERAL REVENUE FUND**  
**STATEMENT OF EXPENSES**  
Year ended December 31, 2012

	Budget	2012	2011
<b>General Government Services:</b>			
Legislative Expense:			
Council indemnities and expenses	\$ 34,560	\$ 34,560	\$ 34,560
General Administration Expenses:			
Office	60,800	36,635	37,131
Building operation and maintenance	52,500	20,319	22,742
Legal and professional	40,000	18,912	16,612
Salaries and employee benefits	340,422	350,638	297,412
Other General Government Expenses:			
Amortization	286,734	294,607	286,734
Travel	8,000	9,265	5,404
Insurance	18,140	18,140	20,363
Election and referendum	-	(298)	5,997
Grants to organizations	18,000	14,135	16,585
Sundry	65,500	44,039	50,925
Less amounts transferred to other services	(465,630)	(445,845)	(465,641)
	<u>459,026</u>	<u>395,107</u>	<u>328,824</u>
<b>Protective Services:</b>			
Administration	22,636	21,851	22,649
Volunteer stipends and benefits	25,900	17,116	16,951
Building operation and maintenance	9,000	8,159	8,229
Equipment	18,100	22,227	22,121
Emergency measures	2,200	944	1,114
Building inspection	4,414	4,414	4,414
Animal pest control	8,000	7,641	8,414
Sundry	24,776	8,296	9,773
	<u>115,026</u>	<u>90,648</u>	<u>93,665</u>
<b>Transportation Services:</b>			
Administration	289,299	254,986	253,612
Equipment operation and maintenance	76,353	66,327	70,382
Building operation and maintenance	42,500	38,844	40,229
Road and street maintenance	72,300	76,637	66,816
Street lighting	32,000	34,492	31,515
Traffic services	15,200	12,423	11,456
Sundry	2,000	-	-
	<u>529,652</u>	<u>483,709</u>	<u>474,010</u>
<b>Environmental and Public Health Services:</b>			
Garbage and waste collection	94,016	79,385	114,466
Cemetery	45,519	22,745	25,734
Planning and zoning	5,000	-	-
Community development	32,500	9,217	4,416
Natural resource development	10,000	8,903	8,982
Tourism and promotion	3,000	4,378	19,798
Sundry	28,538	28,765	30,402
	<u>218,573</u>	<u>153,393</u>	<u>203,798</u>
<b>Recreational and Cultural Services:</b>			
Administration	214,445	208,734	211,929
Community hall	39,800	15,433	34,938
Lady Minto building	44,745	17,280	20,250
Swimming pool	153,171	144,319	129,561
Arena	142,625	123,859	123,184
Parks and playgrounds	81,700	66,066	75,051
Historic sites	8,500	7,644	4,983
Museum	53,452	37,391	52,524
Curling club	3,400	3,519	5,028
	<u>741,838</u>	<u>624,245</u>	<u>657,448</u>
<b>TOTAL EXPENSES</b>	<b>\$ 2,064,115</b>	<b>\$ 1,747,102</b>	<b>\$ 1,757,745</b>

See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT  
WATER REVENUE FUND  
STATEMENT OF FINANCIAL POSITION  
December 31, 2012**

<b>FINANCIAL ASSETS</b>	<b>2012</b>	<b>2011</b>
Investments in pooled bond funds	\$ 470,120	\$ 459,055
Due from Own Funds: General Revenue Fund	<u>1,151,315</u>	<u>1,129,056</u>
<b>NET FINANCIAL ASSETS</b>	<b>1,621,435</b>	<b>1,588,111</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>1,132,669</u>	<u>1,157,604</u>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,754,104</b>	<b>\$ 2,745,715</b>

See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**WATER REVENUE FUND**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**Year ended December 31, 2012**

	Budget	2012	2011
<b>REVENUES:</b>			
Municipal taxation - water levy	\$ 85,000	<b>\$ 84,930</b>	\$ 84,930
Sale of services	245,000	<b>251,834</b>	248,708
Government grants	-	-	3,845
Borrowings, licences, permits, penalties, interest and fines	24,300	<b>11,546</b>	17,415
	<u>354,300</u>	<u><b>348,310</b></u>	<u>354,898</u>
<b>EXPENSES:</b>			
Maintenance and administration	324,959	<b>354,986</b>	304,537
Amortization	24,935	<b>24,935</b>	24,935
	<u>349,894</u>	<u><b>379,921</b></u>	<u>329,472</u>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENSES</b>	4,406	<b>(31,611)</b>	25,426
<b>TRANSFER OF UNCONDITIONAL GRANT</b>	<u>40,000</u>	<u><b>40,000</b></u>	<u>40,000</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 44,406</u>	<b>8,389</b>	65,426
<b>ACCUMULATED SURPLUS, beginning of year</b>		<u><b>2,745,715</b></u>	<u>2,680,289</u>
<b>ACCUMULATED SURPLUS, end of year</b>		<u><b>\$ 2,754,104</b></u>	<u>\$ 2,745,715</u>

See accompanying notes to financial statements.



**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**SEWER REVENUE FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2012**

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<b>FINANCIAL ASSETS</b>	<b>2012</b>	<b>2011</b>
Investments in pooled bond funds	\$ 32,384	\$ 31,620
Due from Own Funds: General Revenue Fund	<u>279,164</u>	<u>207,565</u>
<b>NET FINANCIAL ASSETS</b>	<b>311,548</b>	<b>239,185</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>668,037</u>	<u>591,957</u>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 979,585</b>	<b>\$ 831,142</b>

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See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**SEWER REVENUE FUND**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
Year ended December 31, 2012

	Budget	2012	2011
<b>REVENUES:</b>			
Municipal taxation - sewer levy	\$ 83,500	\$ 83,551	\$ 83,551
Sale of services	265,000	267,543	265,359
Government grants	-	71,766	15,790
Borrowings, licences, permits, penalties, interest and fines	1,700	1,137	1,140
	<u>350,200</u>	<u>423,997</u>	<u>365,840</u>
<b>EXPENSES:</b>			
Maintenance and administration	306,742	302,923	283,793
Amortization	12,615	12,631	12,631
	<u>319,357</u>	<u>315,554</u>	<u>296,424</u>
<b>EXCESS REVENUES OVER EXPENSES</b>	30,843	<b>108,443</b>	69,416
<b>TRANSFER OF UNCONDITIONAL GRANT</b>	<u>40,000</u>	<b>40,000</b>	<u>40,000</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 70,843</u>	<b>148,443</b>	109,416
<b>ACCUMULATED SURPLUS, beginning of year</b>		<u>831,142</u>	<u>721,726</u>
<b>ACCUMULATED SURPLUS, end of year</b>		<b>\$ 979,585</b>	<b>\$ 831,142</b>

See accompanying notes to financial statements.

**THE CORPORATION OF THE VILLAGE OF ASHCROFT**  
**STATUTORY RESERVE FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2012**

**FINANCIAL ASSETS**

	Machinery and Equipment Replacement Reserve	Capital Works Reserve	<b>Total 2012</b>	Total 2011
Investments in pooled bond funds	\$ 109,992	\$ 447,879	<b>\$ 557,871</b>	\$ 471,260
Due (to) from General Revenue Fund	-	147,056	<b>147,056</b>	(6,048)
	<u>\$ 109,992</u>	<u>\$ 594,935</u>	<u><b>\$ 704,927</b></u>	<u>\$ 465,212</u>

**RESERVES**

BALANCE, beginning of year	<u>\$ 80,941</u>	<u>\$ 384,271</u>	<u><b>\$ 465,212</b></u>	<u>\$ 408,487</u>
REVENUE: Interest earned	<u>1,951</u>	<u>9,410</u>	<u><b>11,361</b></u>	<u>15,273</u>
TRANSFERS: (To) General Revenue	-	-	-	(160,322)
From General Revenue	<u>27,100</u>	<u>201,254</u>	<u><b>228,354</b></u>	<u>201,774</u>
	<u>27,100</u>	<u>201,254</u>	<u><b>228,354</b></u>	<u>41,452</u>
BALANCE, end of year	<u>\$ 109,992</u>	<u>\$ 594,935</u>	<u><b>\$ 704,927</b></u>	<u>\$ 465,212</u>

See accompanying notes to financial statements.