

Consolidated Financial Statements of

**THE CITY OF ANYWHERE**

Year ended December 31, 2010

*The City of Anywhere*

**MANAGEMENT REPORT**

The financial statements have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Council. The Council reviews internal financial statements on a monthly basis and external Audited Financial Statements yearly.

The external auditors, Richardson & Company, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the City's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to financial management of the City of Anywhere and meet when required.

On behalf of the City of Anywhere

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John Doe  
Chief Financial Officer  
April 15<sup>th</sup>, 2011

## **Independent Auditors' Report**

### **To the Mayor and Council Members of the City of Anywhere**

We have audited the consolidated financial statements of the City of Anywhere, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, changes in net financial assets and 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 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the 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 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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 presentation of the consolidated financial statements.

**Richardson & Company  
Chartered Accountants**

Suite 506 - 5986 Anywhere Place  
Anywhere, BC V8T 2Z6

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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 of the City of Anywhere for the year ended December 31, 2010 are prepared, in all material respects, in accordance with Canadian public sector accounting standards.

*Richardson & Company*

Chartered Accountants

Victoria, British Columbia  
May 11, 2011

**City of Anywhere**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2010**

	2010	2009
<b>Financial Assets</b>		
Cash and investments (Note 2)	\$ 7,369,624	\$ 6,658,836
Accounts receivable (Note 3)	4,473,644	1,943,094
MFA deposits (Note 4)	823,875	692,178
Business enterprise equity (Note 1)	3,200,000	3,000,000
Other financial assets	887,513	1,029,443
	<b>16,754,656</b>	<b>13,323,551</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	1,542,473	1,433,667
Deferred revenue (Notes 6 & 7)	733,174	312,761
Development cost charges (Note 8)	1,776,478	68,380
Other restricted revenue	380,694	397,761
Capital leases (Note 9)	229,234	296,125
Long-term debt (Note 10)	13,488,377	11,868,790
Future Obligations (Note 11)	3,923,651	3,608,123
Other liabilities	159,628	125,195
	<b>22,233,709</b>	<b>18,110,802</b>
<b>Net debt</b>	<b>(5,479,053)</b>	<b>(4,787,251)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Notes 1 & 12, Schedule 1)	50,770,697	48,818,283
Supply Inventory	112	222
Prepaid expenses	30	20
	<b>50,770,839</b>	<b>48,818,525</b>
<b>Accumulated surplus (Note 13)</b>	<b>\$ 45,291,786</b>	<b>\$ 44,031,274</b>

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

**City of Anywhere**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**for the year ended December 31, 2010**

	2010 Budget	2010	2009
<b>Revenue (Schedule 3)</b>			
Property Taxes and grants in lieu (Note 15)	\$ 6,342,798	\$ 6,634,941	\$ 5,856,999
Sale of services (Note 16)	3,105,762	3,317,470	2,928,500
Government transfers (Note 17)	695,254	860,089	650,567
Investment income	385,645	447,996	424,596
Income from enterprises	190,000	200,000	(62,000)
Development cost charges (Note 8)	140,965	201,759	208,347
Other	23,129	255,373	261,954
	10,883,553	11,917,628	10,268,963
<b>Expenses (Note 18, Schedule 3)</b>			
General government	1,016,834	985,323	951,140
Protective services	4,282,329	4,157,664	3,868,638
Solid waste management and recycling	146,937	117,946	110,539
Public health	113,948	102,757	94,164
Planning and development	245,862	213,167	186,594
Transportation	738,742	656,869	619,351
Parks, recreation and culture	1,309,008	1,176,668	1,052,264
Water services	1,143,849	1,154,221	1,133,244
Sewer services	1,128,194	1,105,305	1,102,553
Interest on debt	491,223	353,617	327,252
Loss from sale/write down of tangible capital assets (Schedule 1)	-	103,249	115,269
Other	266,627	530,330	233,919
	10,883,553	10,657,116	9,794,927
<b>Annual surplus</b>	-	1,260,512	474,036
<b>Accumulated surplus at beginning of year</b>	44,031,274	44,031,274	43,557,238
<b>Accumulated surplus at end of year</b>	\$ 44,031,274	\$ 45,291,786	\$ 44,031,274

*Commitments and Contingencies are specified in Note 19*

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

**City of Anywhere**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**  
**for the year ended December 31, 2010**

	2010 Budget	2010	2009
<b>Annual surplus</b>	\$ -	\$ 1,260,512	\$ 474,036
Acquisition of tangible capital assets	(1,946,587)	(3,684,640)	(2,359,621)
Amortization of tangible capital assets	1,452,961	1,618,977	1,582,273
(Gain) / loss on sale of tangible capital assets	-	102,549	115,269
Proceeds on sale of tangible capital assets	-	10,000	35,000
Write downs of tangible capital assets	-	700	-
	(493,626)	(691,902)	(153,043)
Acquisition of supply inventory	(200)	-	(329)
Acquisition of prepaid expense	(50)	(30)	(100)
Consumption of supply inventory	100	110	107
Use of prepaid expense	20	20	20
	(130)	100	(302)
<b>(Increase)/decrease in net financial assets/net debt</b>	(493,756)	(691,802)	(153,345)
<b>Net financial assets/(net debt) at beginning of year</b>	(4,787,251)	(4,787,251)	(4,633,906)
<b>Net financial assets/(net debt) at end of year</b>	\$ (5,281,007)	\$ (5,479,053)	\$ (4,787,251)

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

**City of Anywhere**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended December 31, 2010**

<b>(Indirect method)</b>	<b>2010</b>	<b>2009</b>
<b>Operating transactions:</b>		
Annual surplus/(deficit)	\$ 1,260,512	\$ 474,036
Non-cash items:		
Amortization	1,618,977	1,582,273
(Gain)/Loss on the sale of tangible capital assets	102,549	115,269
Write down of tangible capital assets	700	-
Recognition of development cost charge revenue	(201,759)	(200,000)
Actuarial Adjustments	(80,414)	(68,596)
Increase in government business enterprises	(200,000)	(100,000)
Increase in employee future benefits and landfill closure and post closure costs	315,528	329,654
Increase in pre-paid expenses	(10)	(80)
Decrease in supply inventory	110	(222)
	<u>2,816,193</u>	<u>2,132,334</u>
Changes to financial assets/liabilities:		
Increase in accounts receivable	(2,530,550)	(1,596,324)
Increase in MFA cash deposits	(131,697)	356,025
Decrease in other financial assets	141,930	(255,568)
Increase in accounts payable	108,806	156,965
Increase in deferred revenue	420,413	126,953
Decrease in other restricted revenue	(17,067)	147,635
Increase in other liabilities	34,433	25,914
Cash provided by operating transactions	<u>842,461</u>	<u>1,093,934</u>
<b>Capital transactions:</b>		
Acquisition of tangible capital assets	(3,684,640)	(2,359,621)
Proceeds from the sale of tangible capital assets	10,000	35,000
Cash applied to capital transactions	<u>(3,674,640)</u>	<u>(2,324,621)</u>
<b>Investing transactions:</b>		
Proceeds from sale of portfolio investments	-	-
Portfolio investments purchases	-	-
Other	-	-
Cash provided by (applied to) investing transactions	<u>-</u>	<u>-</u>
<b>Financing transactions:</b>		
Proceeds from debt issues	2,000,000	3,000,000
Debt repayment	(366,890)	(269,000)
Development cost charge receipts and interest	1,909,857	229,563
Cash applied to financing transactions	<u>3,542,967</u>	<u>2,960,563</u>
<b>Increase in cash and cash equivalents</b>	<b>710,788</b>	<b>1,729,876</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6,658,836</b>	<b>4,928,960</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 7,369,624</b>	<b>\$ 6,658,836</b>

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



**1. Significant Accounting Policies**

**a. Basis of Presentation**

The Consolidated Financial Statements of the City of Anywhere (the City), which are the representation of management, are prepared in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The Consolidated Financial Statements reflect the combined results and activities of the reporting entity which is comprised of the Operating, Capital and Reserve funds and all organizations that are accountable for the administration of their financial affairs and resources to the Council and are controlled or owned by the City. Inter-fund transactions have been eliminated on consolidation.

The consolidated financial statements of the City include the operations of two wholly owned subsidiaries of the City. The Anywhere Economic Development Corporation and the Anywhere Community Forest Corporation both of which are government business enterprises and included in the financial statements on the modified equity basis. Under this method, the business enterprises' accounting principles are not adjusted to conform to those of the City.

i. Operating Funds: These funds include the General, Water and Sewer operations of the City. They are used to record the operating costs of the services provided by the City.

ii. Capital Funds: These funds include the General, Water and Sewer Capital Funds. They are used to record the acquisition and disposal of property and equipment and their related financing.

iii. Reserve Funds: Under the *Community Charter*, City 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, City Council may, by bylaw, transfer all or part of the balance to another reserve fund.

**b. Revenue Recognition**

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues, and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the City.

Grant revenues are recognized when the funding becomes receivable. Revenue unearned in the current period is recorded as deferred revenue.

**c. Investments**

Investments are recorded at cost, except for investments in the Municipal Finance Authority of British Columbia pooled investments, which are carried at market value. When, in the opinion of management, there is a permanent decline in value, investments are written down to their net realizable value.

**d. Tangible Capital Assets**

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives as follows:

Land Improvements	15 to 20 years
Buildings	20 to 50 years
Fixtures, Furniture, Equipment & Vehicles	5 to 25 years
Technology	5 years
Roads	10 to 75 years
Bridges and other Transportation Structures	10 to 50 years
Water Infrastructure	10 to 100 years
Sewer Infrastructure	10 to 100 years
Drainage Infrastructure	25 to 40 years

**e. Use of Estimates**

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Significant areas requiring estimates include the determination of accrued payroll liabilities and provisions for contingencies. As such, actual amounts could differ from the estimates.

**City of Anywhere**  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2010

**2. Cash and Investments**

	<b>2010</b>	<b>2009</b>
Restricted cash and investments		
Statutory Reserves	\$1,215,037	\$1,179,294
Restricted Revenues	<u>2,157,172</u>	<u>466,141</u>
	3,372,209	1,645,435
Unrestricted cash and investments	<u>3,997,415</u>	<u>5,013,401</u>
<b>Total cash and investments</b>	<b><u>\$7,369,624</u></b>	<b><u>\$6,658,836</u></b>

**3. Accounts Receivable**

	<b>2010</b>	<b>2009</b>
Property Taxes	\$1,426,472	\$915,234
Other Governments	1,187,750	575,025
Trade and other	<u>1,872,356</u>	<u>465,021</u>
	4,486,578	1,955,280
Less allowance for doubtful accounts	<u>(12,934)</u>	<u>(12,186)</u>
	<b><u>\$4,473,644</u></b>	<b><u>\$1,943,094</u></b>

**4. Deposit and Reserve – Municipal Finance Authority**

The Municipal Finance Authority of British Columbia (the Authority) provides capital financing for regional districts and their member municipalities. The Authority is required to establish a Debt Reserve Fund. The Authority must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenses, becomes an obligation of the Authority to the regional districts.

Upon the maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, the total of the Debt reserve fund was comprised of:

	<b>2010</b>	<b>2009</b>
Cash deposits*	\$823,875	\$692,178
Demand notes	<u>488,743</u>	<u>599,755</u>
	<b><u>\$1,312,618</u></b>	<b><u>\$1,291,933</u></b>

\* Only the cash portion of MFA deposits is included as a financial asset.

**City of Anywhere**  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2010

**5. Accounts payable and accrued liabilities**

	<b>2010</b>	<b>2009</b>
Other governments	\$457,548	\$365,987
Accrued wages and benefits	210,350	175,423
Trade and other	<u>874,575</u>	<u>892,257</u>
	<b><u>\$1,542,473</u></b>	<b><u>\$1,433,667</u></b>

**6. Deferred Revenue**

	<b>2010</b>	<b>2009</b>
Prepaid taxes	\$345,245	\$195,435
Deposits	124,575	63,598
Federal gas tax and other	<u>263,354</u>	<u>53,728</u>
	<b><u>\$733,174</u></b>	<b><u>\$312,761</u></b>

**7. Federal Gas Tax and Public Transit Agreements**

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

<b>Federal Gas Tax Agreement Funds</b>	<b>2010</b>	<b>2009</b>
Opening balance of unspent funds	\$37,275	\$0
Add: Amount received during the year	139,625	127,272
Interest earned	<u>3</u>	<u>3</u>
Less: Amount spent on eligible project costs	(120,000)	(90,000)
Amount spent on administration	<u>0</u>	<u>0</u>
Closing balance of unspent funds	<b><u>\$56,903</u></b>	<b><u>\$37,275</u></b>

<b>Public Transit Agreement Funds</b>	<b>2010</b>	<b>2009</b>
Opening balance of unspent funds	\$16,453	\$5,242
Add: Amount received during the year	12,693	11,210
Interest earned	<u>1</u>	<u>1</u>
Less: Amount spent on eligible project costs	(21,000)	0
Amount spent on administration	<u>0</u>	<u>0</u>
Closing balance of unspent funds	<b><u>\$8,147</u></b>	<b><u>\$16,453</u></b>

**City of Anywhere**

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

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**8. Development Cost Charges**

Development Cost Charges are restricted revenue liabilities representing funds received from developers and deposited into a separate reserve fund for capital expenses. In accordance with generally accepted accounting principles, the City records these funds as restricted revenue which is then recognized as revenue when the related costs are incurred.

	<b>Opening Balance</b>	<b>Receipts</b>	<b>Interest</b>	<b>Transfers Out</b>	<b>Closing Balance</b>
Sewer	\$23,548	477,483	13,652	75,359	\$439,324
Water	12,568	496,785	7,895	50,748	466,500
Drainage	25,146	458,796	14,659	68,652	429,949
Roads	7,118	312,245	4,794	7,000	317,157
Parks	<u>0</u>	<u>123,548</u>	<u>0</u>	<u>0</u>	<u>123,548</u>
	<b><u>\$68,380</u></b>	<b><u>1,868,857</u></b>	<b><u>41,000</u></b>	<b><u>201,759</u></b>	<b><u>\$1,776,478</u></b>

**9. Capital Leases**

The City has entered into certain capital lease agreements with the Municipal Finance Authority to finance the acquisition of certain capital assets. The required minimum lease payments over the next five years are as follows:

2011	\$66,701
2012	63,239
2013	44,380
2014	43,914
2015	<u>35,659</u>
Total minimum lease payments	253,893
Less amount representing interest	<u>24,659</u>
	<b><u>\$229,234</u></b>

Total interest expense during the year was \$6,987 (\$7,415 in 2009) and interest rates ranged from 3.50% to 6.50% (3.40% to 6.50% in 2009)

**City of Anywhere**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2010**

**10. Long-Term Debt**

	<b>Balance, Beginning of year</b>	<b>Additions</b>	<b>Principal Payment</b>	<b>Actuarial Adjustment*</b>	<b>Balance, end of year</b>
<b>General Fund</b>					
MFA issue 68	\$4,578,965	0	103,695	27,896	\$4,447,375
MFA issue 96	<u>0</u>	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>1,500,000</u>
	<u>4,578,965</u>	<u>1,500,000</u>	<u>103,695</u>	<u>27,896</u>	<u>5,947,375</u>
<b>Water Fund</b>					
MFA issue 59	75,895	0	5,228	1,245	69,422
MFA issue 66	2,345,789	0	47,895	12,458	2,285,436
MFA issue 95	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>500,000</u>
	<u>2,421,684</u>	<u>500,000</u>	<u>53,123</u>	<u>12,703</u>	<u>2,854,858</u>
<b>Sewer Fund</b>					
MFA issue 68	445,788	0	36,458	12,567	396,763
MFA issue 68	45,568	0	2,156	1,125	42,287
MFA issue 94	<u>4,376,785</u>	<u>0</u>	<u>104,568</u>	<u>25,123</u>	<u>4,247,094</u>
	<u>4,868,141</u>	<u>0</u>	<u>143,182</u>	<u>38,815</u>	<u>4,686,144</u>
<b>Total</b>	<b><u>\$11,868,790</u></b>	<b><u>2,000,000</u></b>	<b><u>300,000</u></b>	<b><u>80,414</u></b>	<b><u>\$13,488,377</u></b>

The following principle amounts are payable over the next five years:

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General	\$195,765	\$195,765	\$183,650	\$183,650	\$183,650
Water funds	125,789	97,658	97,658	97,658	97,658
Sewer Fund	<u>265,713</u>	<u>215,350</u>	<u>215,350</u>	<u>197,568</u>	<u>178,689</u>
	<b><u>\$587,267</u></b>	<b><u>\$508,773</u></b>	<b><u>\$496,658</u></b>	<b><u>\$478,876</u></b>	<b><u>\$459,397</u></b>

\* Actuarial Adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt.

## 11. Future Obligations

### Employee Benefit Obligations

The City provides sick leave and certain other benefits to its employees. The liabilities and expenses for these post-employment benefits and compensated absences are recognized in the financial statements in the period in which employees render services, rather than in the period in which employees are no longer providing service and the benefits actually paid.

The accrued benefit obligations and the net periodic benefit cost are estimated using an actuarial cost method.

Information about obligations for employee sick leave and retirement benefits is as follows:

	<b>2010</b>	<b>2009</b>
Balance, Beginning of Year	\$2,358,123	\$1,653,826
Current Service Cost	701,458	736,725
Interest cost	415,723	418,562
Benefits paid	<u>(951,653)</u>	<u>(450,990)</u>
Balance, End of Year	<u><b>\$2,523,651</b></u>	<u><b>\$2,358,123</b></u>

### Landfill Closure/Post Closure Liability

The City has a responsibility for closure and post closure care of the landfill site. The City's estimated liability for these expenses is recognized as the landfill site's capacity is used and the reported liability of \$1.4 million (2009 - \$1.25 million) represents the portion of the estimated total expenditure recognized as at December 31, 2010. The liability and annual expenditure is calculated based on the ratio of current usage to the total capacity of the site and the discounted estimated future cash flows associated with closure and post closure activities.

The reported liability is based on estimations and assumptions with respect to events extending over the remaining life of the landfill. The remaining capacity of the landfill site is estimated at 5.2 million tonnes, which is 94% of the site's total capacity. The discounted future cash flows for closure and post closure costs are estimated at \$24 million as at December 31, 2010. The landfill site is expected to reach capacity in 2052.

**City of Anywhere**  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2010

**12. Tangible Capital Assets**

	<b>2010</b>	<b>2009</b>
Land	\$3,409,267	\$2,418,089
Buildings	3,869,125	3,740,488
Equipment, Furniture & Vehicles	6,456,306	5,948,173
Engineering structures:		
Water	16,715,510	16,880,590
Sewer	11,962,947	11,961,677
Drainage	1,796,135	1,673,958
Roads	3,747,595	3,492,675
Other	1,479,080	1,240,249
Other tangible capital assets	<u>1,334,732</u>	<u>1,462,384</u>
<b>Total</b>	<b><u>\$50,770,697</u></b>	<b><u>\$48,818,283</u></b>

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1)

The City has \$1,584,965 of tangible capital assets under construction in 2010 (2009 - \$987,754). During the year there was \$700 in write downs (2009 - \$nil). Interest capitalized during 2010 was \$25,479 (2009 - \$12,569). In addition, roads and underground water and sewer infrastructure contributed to the City total \$12,579 in 2010 (2009 - \$10,462) and were capitalized at their fair value at the time of receipt.

**13. Accumulated Surplus**

	<b>2010</b>	<b>2009</b>
Operating Fund	\$6,067,560	\$5,182,535
Capital Fund	956,103	616,077
Statutory Reserve Fund (Schedule 2)	1,215,037	1,179,368
Equity in Tangible Capital Assets (Note 14)	<u>37,053,086</u>	<u>36,653,368</u>
<b>Total</b>	<b><u>\$45,291,786</u></b>	<b><u>\$44,031,368</u></b>



**14. Equity in Tangible Capital Assets**

Equity in tangible capital assets (TCA) represents the net book value (NBV) of total capital assets less long term obligations assumed to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	<b>2010</b>	<b>2009</b>
Equity in TCA, beginning of year	\$36,653,368	\$38,688,693
Add: Capital Acquisitions	3,684,640	2,359,621
Debt principal repayment	366,890	269,000
Actuarial Adjustment	80,414	68,596
Less: Proceeds from the issue of debt	(2,000,000)	(3,000,000)
Dispositions at NBV	(113,249)	(150,269)
Amortization	<u>(1,618,977)</u>	<u>(1,582,273)</u>
Equity in TCA, end of year	<b><u>\$37,053,086</u></b>	<b><u>\$36,653,368</u></b>

**15. Net Taxation and Grants in Lieu**

<b>Taxes collected</b>	<b>2010</b>	<b>2009</b>
Property Taxes	\$10,121,747	\$9,202,505
Special Assessments	358,659	348,689
1% utility tax	145,535	120,514
Grants In Lieu of taxes	199,048	179,045
Penalties and Interest on taxes	<u>653,245</u>	<u>554,723</u>
	<b><u>11,478,234</u></b>	<b><u>10,405,476</u></b>
<b>Less transfers to other governments</b>		
School District	3,456,785	3,265,785
Regional District	856,789	816,598
Regional Hospital District	469,852	407,859
Other	<u>59,867</u>	<u>58,235</u>
	<u>4,843,293</u>	<u>4,548,477</u>
<b>Net Taxes available for municipal purposes</b>	<b><u>\$6,634,941</u></b>	<b><u>\$5,856,999</u></b>

**16. Sale of Services, User Rates, Rentals**

	<b>2010</b>	<b>2009</b>
Water user rates	\$1,325,478	\$1,124,547
Sewer user rates	1,154,875	1,024,578
Garbage Fees	585,652	568,952
Rentals, licenses and permits	125,652	114,754
Transportation	58,668	45,782
Recreation and culture	45,689	35,687
Other	<u>21,456</u>	<u>14,200</u>
<b>Total</b>	<b><u>\$3,317,470</u></b>	<b><u>\$2,928,500</u></b>

**City of Anywhere**  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2010

**17. Government Transfers**

		<b>2010</b>	<b>2009</b>
Federal:	Conditional transfers	\$169,576	\$154,247
	Unconditional transfers	53,481	46,733
Provincial:	Conditional transfers	465,183	364,118
	Unconditional transfers	87,492	23,495
Regional/Other:	Conditional transfers	58,668	45,782
	Unconditional transfers	<u>25,689</u>	<u>16,192</u>
<b>Total</b>		<b><u>\$860,089</u></b>	<b><u>\$650,567</u></b>

**18. Expenses by Object**

	<b>2010</b>	<b>2009</b>
Goods and services	\$9,026,422	\$8,203,718
Salary, wages and benefits	1,277,077	1,263,957
Interest and finance charges	<u>353,617</u>	<u>327,252</u>
	<b><u>\$10,657,116</u></b>	<b><u>\$9,794,927</u></b>

**19. Commitments and Contingencies**

- a. The City is currently involved in certain legal actions. Financial implications of potential claims against the City, resulting from such litigation and not covered by insurance, are accrued to the extent that amounts can be reasonably estimated. Otherwise, such claims are recognized in the year in which a definitive obligation is determined.
- b. The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 contributors from local governments.

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. 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

**City of Anywhere****Notes to the Consolidated Financial Statements****For the year ended December 31, 2010**

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cost to individual entities participating in the Plan. In 2009, the City paid \$2,987,236 for employer contributions to the plan.

- c. The City is responsible, as a member of the Mid-Province Regional District, for its portion of any operating deficits or long-term debt related to functions in which it participates.
- d. In 2010, the City entered into an agreement with XYZ Company to provide recreation services. The City will guarantee an annual revenue stream of \$750,655. Contingent payments included in recreation and cultural services are \$217,542 (2009 - 265,357).
- e. The City is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the City is assessed a premium and specific deductible for its claims based on population. The obligation of the City with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, not joint and several. The City irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscriber may suffer.

**20. Trust Funds**

The City operates the cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act. The trust fund assets and liabilities are not included in the consolidated financial statements. At December 31, 2010, the balance of funds held in trust was \$178,985 (2009 - \$156,474).

**21. Segmented Reporting (Schedule 3)**

The City provides a wide variety of services to its residents. For segment disclosure, these services are grouped and reported under service areas/departments that are responsible for providing such services. They are as follows:

## **City of Anywhere**

### **Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2010**

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**General Government** comprises of Mayor and Council, Corporate Administration, Corporate Services and Business and Financial Services. It is responsible for adopting bylaws, effectively administering city operations, levying taxes, providing sound management of human resources, information technology and City finance and ensuring high quality services to City residents.

**Protective Services** is law enforcement and protection to persons and property by the police department, fire and rescue services.

**Solid Waste and Recycling** covers the administration of the collection and disposal of household garbage, yard trimmings and recyclables.

**Public Health** encompasses social expenses such as counselling, child development, victim services, day care and public and social housing.

**Planning and Development** consists of community and land use planning; development issues generally, including the process of rezoning applications, development permits and development variances; building permit review and inspections; bylaw services.

**Transportation** comprises of maintenance of streets, roads and sidewalks; street and traffic signs, signals and lighting; snow removal, road drainage and sanding.

**Parks, Recreation and Culture** is responsible for development and maintenance of the City's open space, parks and other landscaped areas; nursery operation; maintenance and operating of recreational facilities; development and provision of recreational programs; library, museum and archive.

**Water Services** consists of the development of water sources, and the supply, storage, treatment and transportation of potable and irrigation water.

**Sewer Services** comprises of the gathering, treatment, storage, utilization and discharge of municipal sewage and reclaimed water.

**Schedule 1**

**City of Anywhere  
Consolidated Schedule of Tangible Capital Assets  
Year Ended December 31, 2010**

	Land	Buildings	Equipment/ Furniture/ Vehicles	Engineering Structures				Other Tangible Capital Assets	2010 Total	2009 Total
				Water	Sewer	Drainage	Roads			
<b>Historical Cost:</b>										
Opening Balance	\$ 2,418,089	\$ 5,327,442	\$ 8,704,387	\$ 21,040,154	\$ 15,087,522	\$ 2,217,577	\$ 5,176,820	\$ 1,672,944	\$ 2,087,203	\$ 63,732,138
Additions	991,178	278,257	961,014	314,806	341,320	169,765	354,211	274,089	-	3,684,640
Disposals	-	-	(222,816)	-	-	-	-	-	-	(647,233)
Write Downs	-	-	-	-	-	-	-	(2,000)	(2,000)	-
Closing Balance, Dec. 31	3,409,267	5,605,699	9,442,585	21,354,960	15,428,842	2,387,342	5,531,031	1,947,033	2,085,203	67,191,962
<b>Accumulated Amortization:</b>										
Opening Balance	-	1,586,954	2,756,214	4,159,564	3,125,845	543,619	1,684,145	432,695	624,819	14,913,855
Amortization Expense	-	149,620	340,332	479,886	340,050	47,588	99,291	35,258	126,952	1,618,977
Effects of Disposals and write down adjustments	-	-	(110,267)	-	-	-	-	-	(1,300)	(111,567)
Closing Balance, Dec. 31	-	1,736,574	2,986,279	4,639,450	3,465,895	591,207	1,783,436	467,953	750,471	16,421,265
<b>Net book value for year ended December 31, 2010</b>	<b>3,409,267</b>	<b>3,869,125</b>	<b>6,456,306</b>	<b>16,715,510</b>	<b>11,962,947</b>	<b>1,796,135</b>	<b>3,747,595</b>	<b>1,479,080</b>	<b>1,334,732</b>	<b>\$ 50,770,697</b>
										<b>\$ 48,818,283</b>

Schedule 2

City of Anywhere  
Consolidated Statement of Statutory Reserve Fund Activities  
Year Ended December 31, 2010

	Equipment Replacement	Capital Works	Land Sales	Other	2010 Total	2009 Total
Opening Balance	\$ 714,852	\$ 334,790	\$ 83,495	\$ 46,157	\$ 1,179,294	\$ 1,201,141
Transfers In	432,607	23,435	-	760	456,802	404,539
Interest Earned	28,594	13,392	3,340	1,846	47,172	60,060
Contributions	6,000	-	-	-	6,000	15,500
Transfers Out	(452,369)	(19,432)	-	(2,430)	(474,231)	(501,946)
Closing Balance, Dec. 31	\$ 729,684	\$ 352,185	\$ 86,835	\$ 46,333	\$ 1,215,037	\$ 1,179,294

# Schedule 3

## City of Anywhere Segmented Information Year Ended December 31, 2010

Revenues:	General Government	Protective Services	Solid Waste Management	Public Health	Planning and Development	Transportation	Parks, Recreation and Culture	Water	Sewer	Unallocated	2010 Total	2009 Total
Property Taxes and GIL	6,634,941	-	-	-	-	-	-	-	-	-	6,634,941	5,856,999
Sale of Services	125,652	-	585,652	21,456	-	58,668	45,689	1,325,478	1,154,875	-	3,317,470	2,928,500
Government Transfers	120,412	68,807	77,408	25,803	-	154,816	-	180,619	197,820	34,403	860,089	650,567
Investment Income	62,719	35,840	40,320	13,440	-	80,639	-	94,079	103,039	17,920	447,996	424,596
Income from Enterprises	200,000	-	-	-	-	-	-	-	-	-	200,000	(62,000)
Development Cost Charges	-	-	-	-	-	75,652	-	50,748	75,359	-	201,759	208,347
Other	35,752	20,430	22,984	7,661	10,215	45,967	-	2,001	58,736	51,628	255,373	261,954
	7,179,477	125,077	726,363	68,360	10,215	415,742	45,689	1,632,925	1,589,829	103,951	11,917,628	10,268,963
Expenses:												
Goods and services	754,218	3,276,945	80,251	66,941	98,230	369,512	1,009,315	584,940	688,630	375,214	7,304,196	6,506,176
Salary, wages and benefits	154,526	535,095	25,542	26,819	114,937	140,478	111,106	89,395	76,625	2,554	1,277,077	1,263,957
Interest and finance charges	148,519	-	-	-	-	-	-	63,651	141,447	-	353,617	327,252
Amortization (Schedule 1)	76,579	345,624	12,153	8,997	-	146,879	56,247	479,886	340,050	152,562	1,618,977	1,582,273
Loss on disposal of TCA	26,745	12,348	1,456	-	-	4,526	-	-	-	58,174	103,249	115,269
	1,160,587	4,170,012	119,402	102,757	213,167	661,395	1,176,668	1,217,872	1,246,752	588,504	10,657,116	9,794,927
Net Surplus (Deficit)	6,018,890	(4,044,935)	606,961	(34,397)	(202,952)	(245,653)	(1,130,979)	435,053	343,078	(484,553)	1,260,512	474,036

# Schedule 3

## City of Anywhere Segmented Information Year Ended December 31, 2009

Revenues:	General Government	Protective Services	Solid Waste Management	Public Health	Planning and Development	Transportation	Parks, Recreation and Culture	Water	Sewer	Unallocated	2009 Total	2008 Total
Property Taxes and GIL	5,856,999	0	0	0	0	0	0	0	0	0	5,856,999	5,650,487
Sale of Services	126,789	0	570,222	22,435	0	69,558	46,878	1,046,585	1,046,033	0	2,928,500	2,789,084
Government Transfers	112,578	59,872	69,873	18,324	0	118,786	0	132,145	138,989	0	650,567	601,533
Investment Income	65,769	34,899	39,870	12,999	0	79,333	0	94,878	96,848	0	424,596	403,566
Income from Enterprises	0	0	0	0	0	0	0	0	0	(62,000)	(62,000)	(73,988)
Development Cost Charges	0	0	0	0	0	76,554	0	51,768	80,025	0	208,347	215,337
Other	35,989	20,555	23,441	7,552	10,222	45,996	0	2,015	59,767	56,417	261,954	290,633
	6,198,124	115,326	703,406	61,310	10,222	390,227	46,878	1,327,391	1,421,662	(5,583)	10,268,963	9,876,652
Expenses:												
Goods and services	740,353	2,768,463	81,356	67,990	99,233	370,568	1,106,890	590,835	621,387	59,101	6,506,176	6,543,800
Salary, wages and benefits	160,879	519,830	24,983	24,890	115,776	142,086	112,350	86,789	72,088	4,286	1,263,957	1,359,873
Interest and finance charges	146,890	0	0	0	0	0	0	64,893	115,469	0	327,252	338,990
Amortization (Schedule 1)	75,986	355,677	12,355	8,706	0	168,666	57,999	498,660	355,600	48,624	1,582,273	1,687,602
Loss on disposal of TCA	29,866	18,750	1,567	0	0	4,688	0	0	0	60,398	115,249	113,570
	1,153,974	3,662,720	120,261	101,586	215,009	686,008	1,277,239	1,241,177	1,164,544	172,409	9,794,927	10,043,835
Net Surplus (Deficit)	5,044,150	(3,547,394)	583,145	(40,276)	(204,787)	(295,781)	(1,230,361)	86,214	257,118	(177,992)	474,036	(167,183)