

Financial Statements of

**THE CORPORATION OF THE  
CITY OF WHITE ROCK**

Year ended December 31, 2012

## MAYOR AND COUNCIL

It is my pleasure to present The Corporation of the City of White Rock's Financial Statements for the fiscal year ended December 31, 2012 pursuant to Section 167 of the *Community Charter*. The statements have been prepared in accordance with the Public Sector Accounting Board principles established by the Canadian Institute of Chartered Accountants.

The preparation and presentation of the Financial Statements and related information are the responsibility of management of The Corporation of the City of White Rock. This involves the use of management's best estimates and careful judgement. The City maintains a system of internal accounting controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial records.

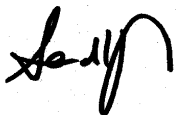
KPMG LLP, the City's independent auditor, has audited the financial statements contained herein and their report accompanies the statements.

Operating activities during the year contributed a surplus of \$3,333,393. The total accumulated surplus was \$113,871,400 as of December 31, 2012. This figure is comprised of reserves, the City's investment in tangible capital assets and other surplus funds.

Net financial assets increased by \$4,348,011 to \$34,189,840 as of December 31, 2012. This is a positive indicator of the City's financial position compared to December 31, 2011.

Debt, net of sinking funds, outstanding as of December 31, 2012 was \$257,289, compared to \$159,724 on December 31, 2011. It is comprised of \$149,689 in long-term debenture debt and \$107,600 in short-term financing. The long-term debt is attributed to a local area improvement, of which all annual payments are being recovered from the residents of the local area served by a new sanitary sewer service. The short-term financing relates to the purchase of a solid waste services haul all truck and will be fully repaid in 2013.

In summary, the City ended the year 2012 in a sound financial position.



Sandra Kurylo, B. Comm., C.M.A.  
**Director of Financial Services**



**KPMG LLP**  
**Chartered Accountants**  
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## **INDEPENDENT AUDITORS' REPORT**

To the Mayor and Council

We have audited the accompanying financial statements of The Corporation of the City of White Rock, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform 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 financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal 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 financial statements.


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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the City of White Rock as at December 31, 2012 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Accountants

May 13, 2013

Burnaby, Canada

# THE CORPORATION OF THE CITY OF WHITE ROCK

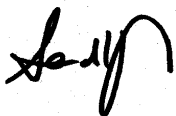
## Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial Assets</b>		
Cash and cash equivalents (note 2)	\$ 46,826,985	\$ 45,542,002
Temporary investments (note 2)	3,984,564	-
Accounts receivable (note 3)	1,941,476	2,915,531
Loans receivable (note 4)	71,000	46,000
	<u>52,824,025</u>	<u>48,503,533</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 5)	4,596,122	5,396,307
Refundable performance deposits (note 2)	4,519,414	4,462,953
Capital lease obligation (note 7)	120,118	80,476
Debt (note 8)	257,289	159,724
Deferred revenue (note 9)	9,141,242	8,562,244
	<u>18,634,185</u>	<u>18,661,704</u>
Net Financial Assets	34,189,840	29,841,829
<b>Non-Financial Assets</b>		
Tangible capital assets (note 10)	79,175,420	80,183,828
Prepaid expenses	433,031	431,695
Inventories of supplies	73,109	80,655
	<u>79,681,560</u>	<u>80,696,178</u>
Accumulated surplus (note 11)	<u>\$ 113,871,400</u>	<u>\$ 110,538,007</u>

Commitments and contingencies (note 14)

See accompanying notes to financial statements.



**SANDRA KURYLO**  
Director of Financial Services

# THE CORPORATION OF THE CITY OF WHITE ROCK

## Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	2012 Budget (unaudited - note 1(g))	2012	2011
<b>Revenue:</b>			
Property taxes:			
General purposes	\$ 18,166,569	\$ 18,162,710	\$ 17,606,824
Regional library and fire protection levies	1,155,536	1,155,293	1,138,330
Business improvement levy	300,000	299,347	299,999
	19,622,105	19,617,350	19,045,153
Receipts in lieu of taxes	18,700	18,711	16,881
Development cost charges (note 9(a))	1,361,700	23,847	-
Sanitary sewer fees and parcel tax	3,158,706	3,200,195	3,124,944
Drainage user fees	1,708,300	1,709,991	1,676,445
Sales of services and other revenue (note 17)	7,217,482	7,633,663	7,684,084
Government grants	641,232	625,968	3,018,614
Developers' contributions of tangible capital assets (note 10(b))	-	207,016	202,215
	33,728,225	33,036,741	34,768,336
<b>Expenses:</b>			
General government	5,219,691	4,585,189	4,872,125
Protection services	9,352,445	9,569,183	8,725,558
Transportation, engineering and operations	4,806,356	4,721,935	4,886,445
Parks, leisure and cultural services	6,639,124	6,383,455	5,999,725
Solid waste services	1,617,070	1,640,984	1,673,398
Sanitary sewer system	2,391,007	2,089,912	1,721,913
Drainage system	845,570	712,690	932,781
	30,871,263	29,703,348	28,811,945
Annual surplus	2,856,962	3,333,393	5,956,391
Accumulated surplus, beginning of year	110,538,007	110,538,007	104,581,616
Accumulated surplus, end of year	\$ 113,394,969	\$ 113,871,400	\$ 110,538,007

See accompanying notes to financial statements.

# THE CORPORATION OF THE CITY OF WHITE ROCK

## Statement of Changes in net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012 Budget (unaudited - note 1(g))	2012	2011
Annual surplus	\$ 2,856,962	\$ 3,333,393	\$ 5,956,391
Acquisition of tangible capital assets	(13,380,800)	(2,749,417)	(8,337,210)
Amortization of tangible capital assets	3,738,600	3,543,566	3,292,269
Loss on disposal of tangible capital assets	-	196,921	49,793
Proceeds on disposal of tangible capital assets	-	17,338	11,916
	(6,785,238)	4,341,801	973,159
Acquisition of prepaid expenses	-	(433,031)	(431,695)
Acquisition of inventories of supplies	-	(73,109)	(80,655)
Use of prepaid expenses	-	431,695	495,024
Consumption of inventories of supplies	-	80,655	81,056
Change in net financial assets	(6,785,238)	4,348,011	1,036,889
Net financial assets, beginning of year	29,841,829	29,841,829	28,804,940
Net financial assets, end of year	\$ 23,056,591	\$ 34,189,840	\$ 29,841,829

See accompanying notes to financial statements.

# THE CORPORATION OF THE CITY OF WHITE ROCK

## Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 3,333,393	\$ 5,956,391
Items not involving cash:		
Amortization	3,543,566	3,292,269
Loss on disposal of tangible capital assets	196,921	49,793
Developers' contributions of tangible capital assets	(207,016)	(202,215)
Change in non-cash operating working capital:		
Decrease in accounts receivable	974,055	4,546,316
Decrease (increase) in prepaid expenses	(1,336)	63,329
Decrease in inventories of supplies	7,546	401
Decrease (increase) in loans receivable	(25,000)	10,623
Decrease in accounts payable and accrued liabilities	(800,185)	(444,391)
Increase in refundable performance deposits	56,461	1,527,735
Increase in deferred revenue	578,998	710,091
Net change in cash from operating activities	7,657,403	15,510,342
Capital activities:		
Cash used to acquire tangible capital assets	(2,485,016)	(8,044,595)
Proceeds on disposal of tangible capital assets	17,338	11,916
Net change in cash from capital activities	(2,467,678)	(8,032,679)
Financing activities:		
New debt issued	107,600	-
Principal payments on debt	(10,035)	(9,556)
Principal payments on capital leases	(17,743)	(11,833)
Net change in cash from financing activities	79,822	(21,389)
Investing activities:		
Change in temporary investments	(3,984,564)	-
Net change in cash and cash equivalents	1,284,983	7,456,274
Cash and cash equivalents, beginning of year	45,542,002	38,085,728
Cash and cash equivalents, end of year	\$ 46,826,985	\$ 45,542,002
Non-cash transactions:		
Acquisition of assets under capital lease	\$ 57,385	\$ 90,400

See accompanying notes to financial statements.



# THE CORPORATION OF THE CITY OF WHITE ROCK

## Notes to Financial Statements

Year ended December 31, 2012

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The Corporation of the City of White Rock (the "City") is incorporated under the Local Government Act of British Columbia. The City's principal activities include the provision of local government services to residents, businesses and visitors of the incorporated area.

### 1. Significant accounting policies:

The City follows Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants, including the following significant policies:

(a) Basis of presentation:

The financial statements present the resources and operations including all accounts and funds of the City. All inter-fund transactions, assets and liabilities have been eliminated.

(b) Cash and cash equivalents:

Cash and cash equivalents include short-term highly liquid investments with maturity dates within three months of acquisition that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(c) Temporary investments:

Temporary investments are recorded at cost which approximates market value and are comprised of term deposits.

(d) Revenue:

Revenue is recorded on the accrual basis and is recognized when it is earned and measurable. Revenue relating to future periods, including prepaid property taxes, government grants and certain facility upgrade contributions, are reported as deferred revenue and recognized as revenue when earned.

(e) Development cost charges ("DCCs"):

DCCs collected under the City's Development Cost Charge Bylaw, plus interest earned thereon, are recorded as deferred revenue. DCCs are recognized as revenue when related tangible capital assets are acquired.

(f) Expenses:

Expenses are recorded on the accrual basis and are recognized as they are incurred. This is upon the receipt of goods or services and/or the creation of a legal obligation. Interest expense on debt and capital lease obligations is accrued to December 31, 2012.

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 1. Significant accounting policies (continued):

### (g) Budget reporting:

The unaudited budget figures reported in the statement of operations represent the 2012 component of the Financial Plan Bylaw # 1967 adopted by the City Council on April 23, 2012.

### (h) Employee future benefits:

(i) The City and its employees make contributions to the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. The City's contributions are expensed as incurred.

(ii) Sick leave and post-employment benefits also accrue to the City's employees. The liability relating to these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefit plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

### (i) Use of accounting estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the value of developer contributed assets, useful lives for amortization, valuation of receivables, accrued sick and other post-employment benefits and provision for contingencies. Adjustments, if any, will be reflected in the financial statements in the period of settlement or change in the amount of the estimate.

### (j) Debt:

Debt is recorded net of repayments and actuarial adjustments.

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 1. Significant accounting policies (continued):

### (k) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

### (i) Tangible capital assets:

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

Asset	Useful life - Years
Land improvements	10 to 50
Buildings and facilities	5 to 50
Machinery and equipment	2 to 25
Roads and sidewalks	10 to 50
Sanitary sewers	30 to 80
Storm sewers	30 to 80

Leasehold improvements are amortized using the lesser of the remaining term of the lease, including all renewal terms, or the life of the asset.

Annual amortization is charged commencing when the asset is available for use. Assets under construction are not amortized until the asset is put into productive use.

### (ii) Contributions of tangible capital assets:

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

### (iii) Arts and heritage assets:

Arts and heritage assets are not recorded as assets in these financial statements as stipulated by PSAB standards.

### (iv) Interest capitalization:

The City capitalizes the directly attributable interest costs whenever external debt is issued to finance the construction of tangible capital assets.

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 1. Significant accounting policies (continued):

(k) Non-financial assets (continued):

(v) Leased tangible capital assets

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

(vi) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

## 2. Cash and cash equivalents, and temporary investments:

	2012	2011
Cash balances	\$ 20,495,140	\$ 13,775,474
Cash equivalents:		
Money market securities and term deposits maturing within 90 days of inception	22,456,983	27,932,305
MFA Money Market Fund	3,874,862	3,834,223
	46,826,985	45,542,002
Temporary investments consist of term deposits maturing within 101 days of inception	3,984,564	-
	\$ 50,811,549	\$ 45,542,002

Cash equivalents and temporary investments, including the MFA Money Market Fund, have annual yields that range from 1.0% to 1.8% (2011 - .93% to 1.60%).

(a) Included in financial assets are cash and cash equivalents of \$2,772,736 (2011 - \$2,453,676) that can only be used for the acquisition of tangible capital assets as provided for by the DCC Bylaw (note 9(a)).

(b) Included in cash and cash equivalents is an amount of \$4,519,414 (2011 - \$4,462,953) which consists of refundable performance deposits.

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 3. Accounts receivable:

	2012	2011
Property taxes	\$ 922,921	\$ 784,151
Government grants	26,570	851,591
Amount secured by letters of credit	200,000	200,000
Other contributions toward tangible capital asset improvements	444,893	643,984
Other	347,092	435,805
	<u>\$ 1,941,476</u>	<u>\$ 2,915,531</u>

### 4. Loans receivable:

The City has a loan receivable in the amount of \$36,000 (2011 - \$46,000) from The White Rock Lawn Bowling Club (the "Club") to assist in financing the purchase and installation of the Club's artificial green. The loan receivable bears a variable per annum interest rate which is the average annual rate of return the City has achieved on its investments in the 12 months preceding the anniversary date of the loan agreement. The remaining principal will be paid in 4 annual instalments. The interest is paid semi-annually.

The City has a loan receivable in the amount of \$35,000 (2011 - nil) from The Peace Arch Curling Club to assist in financing the purchase and installation of kitchen equipment. The loan receivable bears a variable per annum interest rate which is the average annual rate of return the City has achieved on its investments in the 12 months preceding the anniversary date of the loan agreement. The principal will be paid in 10 equal annual instalments with the first payment due May 1, 2013. The interest is to be paid semi-annually.

### 5. Accounts payable and accrued liabilities:

	2012	2011
Trade accounts payable and other	\$ 2,737,187	\$ 3,398,279
Due to governments and agencies	221,419	374,041
Post employment benefits (note 6)	1,211,300	914,244
Other payroll liabilities	426,216	709,743
	<u>\$ 4,596,122</u>	<u>\$ 5,396,307</u>

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 6. Post-employment benefits:

The City provides certain post-employment and sick leave benefits to its employees. These benefits include accumulated non-vested sick leave, post employment gratuity benefits and certain vacation benefits.

	2012	2011
Accrued benefit liability:		
Balance, beginning of year	\$ 914,244	\$ 942,320
Immediate recognition of Workers' Compensation benefits liability	215,300	(111,400)
Current service cost	91,500	79,400
Interest cost	37,000	39,700
Benefits paid	(59,344)	(41,476)
Amortization of actuarial loss	12,600	5,700
Balance, end of year	\$ 1,211,300	\$ 914,244

	2012	2011
Accrued benefit liability, end of year	\$ 1,211,300	\$ 914,244
Unamortized net actuarial loss	120,920	126,656
Accrued benefit obligation, end of year	\$ 1,332,220	\$ 1,040,900

This actuarial loss for accumulating benefits will be amortized over a period of 14 years (2011 - 14 years) which is equal to the employees' average remaining service lifetime.

The significant actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2012	2011
Discount rates	3.50%	3.50%
Expected future inflation rates	2.00%	2.00%
Expected wage and salary increases	2.50%	2.50%

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 7. Capital lease obligation:

The City has financed certain equipment by entering into capital leasing arrangements. There are three capital leases repayable in monthly blended installments of \$1,948 including principal and interest. Minimum lease payments due under the capital lease are:

Year ending December 31:		
2013		\$ 23,378
2014		23,378
2015		23,378
2016		23,378
2017		23,378
Thereafter		20,765
Minimum capital lease payments		137,655
Less amounts representing interest		17,537
		\$ 120,118

## 8. Debt:

The following debt is outstanding as of December 31, 2012:

	2012	2011
Debentures, net of repayments and actuarial adjustments	\$ 149,689	\$ 159,724
Short-term financing	107,600	-
	\$ 257,289	\$ 159,724

### (a) Debentures

The City issues debt instruments through the Municipal Finance Authority ("MFA") to finance certain capital acquisitions. Repayments and actuarial adjustments are netted against related long-term debts. Details are as follows:

Bylaw number	Purpose	Maturity date	Interest rate	Authorized amount	Repayments and actuarial adjustments		
					2012	2011	
1667	Sanitary Sewers	2023	5.95%	\$ 224,580	\$ 74,891	\$ 149,689	\$ 159,724

Total interest on the debenture debt for the year was \$13,363 (2011 - \$13,363).

The above sanitary sewer fund debt was borrowed under a Local Improvement Construction Bylaw to finance an expansion of sanitary sewer services. Annual principal and interest payments on this debt are being fully recovered from the local area residents.

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 8. Debt (continued):

### (a) Debentures (continued):

Repayments on the outstanding debenture debt over the next five years and thereafter are as follows:

2013	\$	10,536
2014		11,063
2015		11,616
2016		12,197
2017		12,807
Thereafter		91,470
	\$	149,689

### (b) Short-term financing:

In 2012 the City borrowed \$107,600 pursuant to section 178 of the community charter to assist in financing the purchase of a solid waste services haul all truck. This debt is issued through the MFA and is expected to be repaid in April 2013.

## 9. Deferred revenue:

	2012	2011
Property taxes	\$ 3,772,839	\$ 3,699,536
Contributions for future capital works	770,121	706,007
Development cost charges	2,772,736	2,453,676
Deferred revenue - facility upgrades	762,752	805,520
Other	1,062,794	897,505
	\$ 9,141,242	\$ 8,562,244

### (a) Development cost charges:

	Highways	Drainage	Parkland	Total
Balance, beginning of year	\$ 374,390	\$ 510,666	\$ 1,568,620	\$ 2,453,676
Add:				
Amounts received	47,211	54,420	208,322	309,953
Investment income	5,027	6,752	21,175	32,954
Deduct:				
Acquisition of tangible capital assets	713	23,134	-	23,847
Balance, end of year	\$ 425,915	\$ 548,704	\$ 1,798,117	\$ 2,772,736



# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 10. Tangible capital assets:

	2012													
	Land	Land Improvements	Buildings & Facilities	Machinery & Equipment	Roads & Sidewalks	Assets Under Construction General	Total General	Sanitary Sewers	Assets Under Construction Sanitary	Total Sanitary	Storm Sewers	Assets Under Construction Storm	Total Storm	Grand Total
<b>Cost</b>														
Balance, beginning of year	\$ 9,594,825	\$ 6,173,257	\$ 28,609,896	\$ 9,182,465	\$ 36,026,154	\$ 173,933	\$ 89,760,530	\$ 16,555,871	\$ 472,103	\$ 17,027,974	\$ 16,976,916	\$ 505,344	\$ 17,482,260	\$ 124,270,764
Additions	-	116,480	48,378	555,480	470,984	307,880	1,499,202	239,841	167,585	407,426	414,116	428,673	842,789	2,749,417
Transfers	-	-	-	925	36,707	(37,632)	-	408,471	(408,471)	-	403,790	(403,790)	-	-
Disposals	-	-	-	(366,902)	(143,769)	-	(510,671)	(143,800)	-	(143,800)	(48,132)	-	(48,132)	(702,603)
<b>Balance, end of year</b>	<b>9,594,825</b>	<b>6,289,737</b>	<b>28,658,274</b>	<b>9,371,968</b>	<b>36,390,076</b>	<b>444,181</b>	<b>90,749,061</b>	<b>17,060,383</b>	<b>231,217</b>	<b>17,291,600</b>	<b>17,746,690</b>	<b>530,227</b>	<b>18,276,917</b>	<b>126,317,578</b>
<b>Accumulated Amortization</b>														
Balance, beginning of year	-	3,668,224	7,449,786	5,423,710	14,956,975	-	31,498,695	5,167,798	-	5,167,798	7,420,443	-	7,420,443	44,086,936
Disposals	-	-	-	(354,403)	(86,136)	-	(440,539)	(22,731)	-	(22,731)	(25,074)	-	(25,074)	(488,344)
Amortization expense	-	310,439	1,090,761	688,077	898,655	-	2,987,932	274,874	-	274,874	280,760	-	280,760	3,543,566
<b>Balance, end of year</b>	<b>-</b>	<b>3,978,663</b>	<b>8,540,547</b>	<b>5,757,384</b>	<b>15,769,494</b>	<b>-</b>	<b>34,046,088</b>	<b>5,419,941</b>	<b>-</b>	<b>5,419,941</b>	<b>7,676,129</b>	<b>-</b>	<b>7,676,129</b>	<b>47,142,158</b>
<b>Net Book Value, end of year</b>	<b>\$ 9,594,825</b>	<b>\$ 2,311,074</b>	<b>\$ 20,117,727</b>	<b>\$ 3,614,584</b>	<b>\$ 20,620,582</b>	<b>\$ 444,181</b>	<b>\$ 56,702,973</b>	<b>\$ 11,640,442</b>	<b>\$ 231,217</b>	<b>\$ 11,871,659</b>	<b>\$ 10,070,561</b>	<b>\$ 530,227</b>	<b>\$ 10,600,788</b>	<b>\$ 79,175,420</b>
<b>Net Book Value, beginning of year</b>	<b>\$ 9,594,825</b>	<b>\$ 2,505,033</b>	<b>\$ 21,160,110</b>	<b>\$ 3,758,755</b>	<b>\$ 21,069,179</b>	<b>\$ 173,933</b>	<b>\$ 58,261,835</b>	<b>\$ 11,388,073</b>	<b>\$ 472,103</b>	<b>\$ 11,860,176</b>	<b>\$ 9,556,473</b>	<b>\$ 505,344</b>	<b>\$ 10,061,817</b>	<b>\$ 80,183,828</b>

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 10. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year was comprised of:

	2012	2011
Roads and sidewalks	\$ 41,000	\$ 87,188
Sanitary sewers	46,500	26,850
Storm sewers	119,516	88,177
Developers' contributions of tangible capital assets	\$ 207,016	\$ 202,215

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Works of art and historical treasures:

The City manages and controls various works of art and non-operational historical cultural assets including totem poles, sculptures and paintings located at City sites and public display areas. These assets are not recorded as tangible capital assets.

(e) Write-down of tangible capital assets:

There were no write-downs of tangible capital assets during the year.

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 11. Accumulated surplus:

	Statutory Reserves	Non-Statutory Reserves	Other Surplus Funds	Investment in Tangible Capital Assets	Total
General Fund	\$ 9,641,456	\$ 10,433,197	\$ 3,384,710	\$ 55,712,503	\$ 79,171,866
Sanitary Sewer Fund	134,901	6,903,820	1,107,116	11,721,970	19,867,807
Drainage Fund	-	4,224,921	6,018	10,600,788	14,831,727
<b>Total for 2012</b>	<b>\$ 9,776,357</b>	<b>\$ 21,561,938</b>	<b>\$ 4,497,844</b>	<b>\$ 78,035,261</b>	<b>\$ 113,871,400</b>
<b>Total for 2011</b>	<b>\$ 8,846,162</b>	<b>\$ 18,277,194</b>	<b>\$ 4,276,543</b>	<b>\$ 79,138,108</b>	<b>\$ 110,538,007</b>

## 12. Investment in tangible capital assets:

	2012	2011
Tangible capital assets	\$ 79,175,420	\$ 80,183,828
Less:		
Capital lease obligation	(120,118)	(80,476)
Debt	(257,289)	(159,724)
Deferred revenue - facility upgrades	(762,752)	(805,520)
<b>Investment in tangible capital assets</b>	<b>\$ 78,035,261</b>	<b>\$ 79,138,108</b>

## 13. Reserves:

### (a) Statutory Reserves:

	2012	2011
General fund:		
Land sale reserve	\$ 3,138,161	\$ 3,118,233
Equipment replacement reserve	3,706,690	3,388,594
Capital works machinery & equipment reserve	2,756,968	2,154,146
Off-street parking facilities reserve	7,284	7,194
Local improvement reserve	32,353	32,353
Sanitary Sewer Fund:		
Terry Road local improvement reserve	134,901	145,642
	<b>\$ 9,776,357</b>	<b>\$ 8,846,162</b>

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 13. Reserves (continued):

### (b) Non-Statutory Reserves:

	2012	2011
General fund:		
Capital project reserve	\$ 3,916,296	\$ 1,831,784
Computer replacement reserve	142,392	164,360
Debt retirement reserve	107,600	-
Economic development reserve	102,990	67,490
Pier preservation reserve	177,811	175,626
Police equipment reserve	208,452	208,452
Roadworks reserve	2,095,663	1,920,970
Density bonus policy reserve	297,430	297,430
Public art contribution reserve	410,000	410,000
Budget stabilization reserve	-	1,155,008
Buena Vista rental house reserve	44,300	34,100
Grant reserve	76,788	155,268
Other operating reserve	1,553,375	1,163,599
Incomplete capital projects	1,300,100	966,000
Sanitary Sewer Fund:		
Capital project reserve	4,731,727	4,052,407
Pump station reserve	1,248,993	1,248,960
Incomplete capital projects	923,100	672,800
Drainage Fund		
Capital project reserve	3,437,021	3,125,940
Operating reserve	25,000	25,000
Incomplete capital projects	762,900	602,000
	\$ 21,561,938	\$ 18,277,194

## 14. Commitments and contingencies:

### (a) Borrowing liability:

The City has a contingent liability with respect to debentures of the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Regional District, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 14. Commitments and contingencies (continued):

### (b) Third party claims:

A claim in the amount of \$500,000 was issued against the City and other parties relating to water ingress into a single family dwelling. The outcome of this claim is undeterminable and no accrual for potential liability has been recorded.

There are various other lawsuits and claims pending by and against the City. The outcome of these claims is undeterminable and it is the opinion of management that final determination of these claims will not materially affect the financial statements of the City.

### (c) Contracts:

The City has a contract with the federal government whereby the federal government provides Royal Canadian Mounted Police (RCMP) policing services. RCMP members and the federal government are currently in legal proceedings regarding pay raises for 2009 and 2010 that were retracted for RCMP members. As the final outcome of the legal action and the potential financial impact to the City is not determinable, the City has not recorded a provision for this matter in the financial statements as at December 31, 2012. The City has allocated \$150,000 in the current year (2011 - \$143,000) to a reserve for this matter.

### (d) Lease commitments:

The City entered into a five-year agreement, initially ending July 31, 2008, to lease certain parcels of real property from The Burlington Northern and Santa Fe Railway Company. Under the terms of this agreement, the City is committed to annual rent payments as well as the costs of all taxes, utilities, insurance, repairs and maintenance of the leased premises. This is accounted for as an operating lease. This agreement provides for renewal options consisting of three additional five-year terms.

In January 2008, the City exercised its option to renew this lease for the five-year term ending July 31, 2013. During this period, the City is committed to annual base rent payments of \$350,000 with the exception of the period August 1, 2008 to July 31, 2009 which was negotiated at \$300,000.

The City has entered into various leases for office and other operating equipment. Total annual commitments for the next five years, net of applicable taxes are approximately as follows:

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Year ending December 31:	
2013	\$ 39,349
2014	27,378
2015	15,239
2016	11,336
2017	1,068
	<hr/>
	\$ 94,370

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# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 14. Commitments and contingencies (continued):

(e) Agreements and contractual obligations:

In addition to the leases described above, the City has entered into various agreements and contracts for services and construction with periods ranging from one to five years. These commitments are in the normal course of operations.

(f) Debt agreement with the MFA:

The City issues debt instruments through the MFA. As a condition of these borrowings, the City is required to execute demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. The debt agreement with the MFA provides that if at anytime the scheduled payments provided for in the agreement are not sufficient to meet the MFA's obligations in respect to such borrowing, the resulting deficiency becomes the joint and several liability of the City and all other participants to the agreement through the MFA. The City is similarly liable on a contingent basis for the debt of other municipalities secured through the MFA. Details of the contingent demand notes at December 31, 2012 are as follows:

	2012	2011
Sanitary sewer	\$ 7,364	\$ 7,364

These contingent demand loans are not recorded in the City's financial statements as they are not likely to be paid.

(g) E-Comm Emergency Communications for Southwest British Columbia Incorporated ("E-Comm"):

The City is a shareholder of the Emergency Communications for Southwest British Columbia Incorporated ("E-Comm"). The City receives services for the regional 9-1-1 call centre for Greater Vancouver Regional District and the Wide Area Radio network from E-Comm. The City has two Class A shares (of a total 27 Class A and 22 Class B shares issued and outstanding as at December 31, 2012). As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date. Class B shareholders are only obligated to share in funding of the ongoing operating costs. The City has recorded its proportionate obligations.

(h) Municipal Insurance Association of British Columbia (the "Association"):

The City is a participant in the Association. Should the Association pay out claims in excess of premiums received, it is possible that the City, along with the other participants, would be required to contribute towards the deficit. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 15. Pension Plan:

The City 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 governments.

The most recent actuarial valuation as at December 31, 2009 indicated a \$1,024 million funding deficit 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 City paid \$766,200 (2011 - \$716,500) for employer contributions to the Plan in fiscal 2012.

## 16. Collections for other governments:

The City collects certain taxation revenue on behalf of other government bodies. These funds are excluded from the City's financial statements as they are not revenue of the City. Such taxes collected and remitted to other government bodies during the year are as follows:

	2012	2011
Province of British Columbia - school tax	\$ 10,281,211	\$ 9,835,694
South Coast BC Transportation Authority – TransLink tax	1,940,547	1,932,668
Other regional bodies	646,857	655,029
	<u>\$ 12,868,615</u>	<u>\$ 12,423,391</u>

## 17. Sales of services and other revenue:

	2012	2011
Parking	\$ 2,900,584	\$ 2,743,372
Parks, leisure and cultural services	1,225,831	1,227,178
Licences and permits	1,461,239	1,011,377
Interest and penalties	704,063	616,555
Contributions toward tangible capital asset improvements	200,162	970,445
Other	1,141,784	1,115,157
	<u>\$ 7,633,663</u>	<u>\$ 7,684,084</u>

# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 18. Comparative figures:

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

## 19. Segmented information:

The City is a diversified municipal government institution that provides a wide range of services to its citizens, visitors and many others. In compliance with PS2700, *Segment Disclosures*, certain financial information is required to be reported for major activities involving these services. Each of these major activities is comprised of various City departments and/or divisions as noted below.

**General Government – Mayor & Council, City Manager, City Clerk, Financial Services, Human Resources, Development Services and Information Services.** These departments are responsible for many legislative, operational and administrative support services including but not limited to City Council bylaw and procedural matters, levying and collecting property taxes, hiring City staff, supporting the City's information technology infrastructure, preparing land use plans and approving new development in the City.

**Protection Services – Police, Fire, Permits & Licenses and Bylaw Enforcement (non-parking related).** These departments are responsible for ensuring public safety and security, preventing crimes as well as enforcing various laws.

**Transportation, Engineering and Operations Services – Public Works, Engineering and Parking.** These areas are responsible for providing and maintaining the systems that enable the community to use transportation facilities such as roads, sidewalks and parking lots. This category also includes management and administrative services to the City's Operations Department.

**Parks, Leisure and Cultural Services – Leisure Services and Parks.** These areas are responsible for providing, facilitating the development of, and maintaining high quality parks, recreation facilities and cultural services.

**Solid Waste Services** – These services involve the City's garbage collection, green waste collection and recycling programs.

**Sanitary Sewer System** – These services involve the provision and maintenance of all systems related to the distribution and disposal of sanitary sewage.

**Drainage System** – These services include the provision and maintenance of all systems involving the distribution of stormwater run-off in the City.



# THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 19. Segmented information (continued):

	General Government	Protection Services	Transportation, Engineering and Operations	Parks, Leisure and Cultural Services	Solid Waste Services	Sanitary Sewer System	Drainage System	Consolidation Adjustments	2012	2011
Revenue:										
Property taxes:										
General purposes	\$ 18,162,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,162,710	\$ 17,606,824
Regional library and fire protection levies	-	344,596	-	810,697	-	-	-	-	1,155,293	1,138,330
Business improvement levy	299,347	-	-	-	-	-	-	-	299,347	299,999
	18,462,057	344,596	-	810,697	-	-	-	-	19,617,350	19,045,153
Receipts in lieu of taxes	18,711	-	-	-	-	-	-	-	18,711	16,881
Development cost charges	713	-	-	-	-	-	23,134	-	23,847	-
Sanitary sewer fees and parcel tax	-	-	-	-	-	3,200,195	-	-	3,200,195	3,124,944
Drainage user fees	-	-	-	-	-	-	1,709,991	-	1,709,991	1,676,445
Sales of services and other revenue:										
Parking	-	-	2,900,584	-	-	-	-	-	2,900,584	2,743,372
Parks, leisure and cultural services	-	-	-	1,225,831	-	-	-	-	1,225,831	1,227,178
Licences and permits	914,931	546,308	-	-	-	-	-	-	1,461,239	1,011,377
Interest and penalties	692,521	-	-	-	-	11,542	-	-	704,063	616,555
Contributions toward tangible capital asset improvements	-	-	28,055	172,107	-	-	-	-	200,162	970,445
Other	1,100,227	105,206	195,771	42,768	54,707	97,351	109,592	(563,838)	1,141,784	1,115,157
Government grants	555,206	38,642	547	31,573	-	-	-	-	625,968	3,018,614
Developers' contributions of tangible capital assets	-	-	41,000	-	-	46,500	119,516	-	207,016	202,215
	21,744,366	1,034,752	3,165,957	2,282,976	54,707	3,355,588	1,962,233	(563,838)	33,036,741	34,768,336
Expenses:										
Salaries, wages and benefits	2,766,163	4,504,985	1,971,891	1,882,757	520,263	273,477	241,116	(335,858)	11,824,794	11,150,114
Contracted services	827,298	4,625,657	1,113,072	2,555,056	898,744	1,649,744	326,140	(135,810)	11,859,901	12,126,176
Supplies and other	815,539	205,339	464,016	607,867	148,140	203,702	103,265	(92,170)	2,455,698	2,225,976
Amortization	170,163	233,202	1,172,956	1,337,775	73,837	274,873	280,760	-	3,543,566	3,292,269
Interest on debt	6,026	-	-	-	-	13,363	-	-	19,389	17,410
	4,585,189	9,569,183	4,721,935	6,383,455	1,640,984	2,415,159	951,281	(563,838)	29,703,348	28,811,945
Annual surplus (deficit)	\$ 17,159,177	\$ (8,534,431)	\$ (1,555,978)	\$ (4,100,479)	\$ (1,586,277)	\$ 940,429	\$ 1,010,952	\$ -	\$ 3,333,393	\$ 5,956,391