

**THE CORPORATION OF THE VILLAGE  
OF BURNS LAKE**

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**Financial Statements**

**December 31, 2016**

**THE CORPORATION OF THE VILLAGE  
OF BURNS LAKE**

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**Financial Statements**

**December 31, 2016**

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**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**


**Consolidated Statement of Financial Position**

**As at December 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents, note 2	\$ 300,099	314,171
Investments, note 3	4,111,659	4,011,016
Accounts receivable, note 4	797,004	576,410
Loans receivable, note 5	80,000	-
	<u>5,288,762</u>	<u>4,901,597</u>
<b>OTHER</b>		
Trust and debt reserve funds, note 6	20,051	19,854
Chinook Comfor Limited., note 7	60	-
Comfor Management Services Ltd., note 20	7,448,348	6,910,146
	<u>7,468,459</u>	<u>6,930,000</u>
<b>TOTAL FINANCIAL ASSETS</b>	<u>12,757,221</u>	<u>11,831,597</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities, note 8	419,745	349,592
Trust and deposit liabilities	20,051	19,854
Deferred revenue, note 9	23,650	-
MFA capital leases, note 10	288,771	436,412
MFA equipment financing, note 11	283,356	-
Long-term debentures, note 12	78,383	102,281
	<u>1,113,956</u>	<u>908,139</u>
<b>NET FINANCIAL ASSETS</b>	11,643,265	10,923,458
<b>NON FINANCIAL ASSETS</b>		
Prepaid expenses	2,319	3,543
Tangible Capital Assets (Notes 13,Schedule A)	<u>16,861,021</u>	<u>16,893,736</u>
<b>ACCUMULATED SURPLUS (Notes 14, Schedule C)</b>	<u>\$ 28,506,605</u>	<u>27,820,737</u>

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

  
\_\_\_\_\_  
Mayor Beach

  
\_\_\_\_\_  
Bernice Crossman, CPA, CGA  
Director of Finance

# EDMISON MEHR

## CHARTERED PROFESSIONAL ACCOUNTANTS

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MICHAEL B. MEHR, B.Comm, CPA, CA  
JEANNE M. MACNEIL, B.Comm, CPA, CA

### INDEPENDENT AUDITOR'S REPORT

To the Council of  
The Corporation of the Village of Burns Lake  
Burns Lake, BC

We have audited the accompanying financial statements of The Corporation of the Village of Burns Lake, which comprise the Consolidated Statement of Financial Position as at December 31, 2016, and the Consolidated Statements of Operations, Cash Flows and Net Financial Assets 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's 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 the auditor's 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, 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 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 Village of Burns Lake as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Smithers, BC  
April 19, 2017

Edmison Mehr

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2016**

<u>Budget</u>		<u>2016 Actual</u>	<u>2015 Actual</u>
<b>REVENUE (Schedule D)</b>			
\$ 1,470,799	Real property taxes	\$ 1,450,262	1,399,649
238,200	Frontage taxes	238,388	238,388
27,100	Grants-in-lieu of taxes	14,376	14,600
834,258	Sale of services	825,928	827,157
750,599	Other revenue from own services	249,312	243,605
478,000	Unconditional transfers - Province of BC	465,552	496,934
523,193	Conditional transfers and grants	746,442	427,576
259,941	Tom Forsythe Memorial Arena	245,369	265,091
207,493	Recreation and multi-use facility	220,122	197,610
-	Income earned on reserves	21,539	18,846
20,150	Return on investments	19,380	18,126
500	Donations - community members and groups	3,127	25,060
-	Donations - Burns Lake Community Forest	223,521	220,172
-	Comfor Management Services Ltd. income	612,667	516,358
<u>4,810,233</u>		<u>5,335,985</u>	<u>4,909,172</u>
<b>EXPENSES</b>			
721,457	General Government Services	569,680	596,227
374,798	Protective services	416,226	377,116
1,041,384	Transportation services	1,033,176	981,337
147,735	Environmental health	331,274	136,244
116,500	Development services	274,726	196,012
1,070,259	Recreation and cultural services	1,062,705	1,116,363
886,338	Utility Services (water/sewer)	880,027	829,250
11,461	Debt interest charges	7,838	7,817
-	Comfor Management Services Ltd. Change in other comprehensive income	74,465	-
<u>4,369,932</u>		<u>4,650,117</u>	<u>4,240,366</u>
440,301	<b>Annual Surplus</b>	<u>685,868</u>	<u>668,806</u>
<u>26,759,399</u>	<b>Accumulated Surplus, beginning of year</b>	<u>27,820,737</u>	<u>27,151,931</u>
<u>\$ 27,199,700</u>	<b>Accumulated Surplus, end of year</b>	<u>\$ 28,506,605</u>	<u>27,820,737</u>

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE****Consolidated Statement of Cash Flows****December 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>Cash provided by (used for):</b>		
<b>OPERATING</b>		
Annual Surplus	\$ 685,868	668,806
Non Cash Items included in Annual Surplus		
Amortization	840,601	772,265
Loss on disposal of tangible capital assets	166,226	-
Actuarial adjustment on long term debt	(11,837)	(10,803)
Changes in Non-Cash Operating Items		
(Increase) decrease in Accounts Receivable	(220,593)	90,791
(Increase) decrease in Loans receivable	(80,000)	7,414
Increase (decrease) in Accounts Payable	70,152	(8,243)
Increase (decrease) in Deferred Revenue	23,650	(44,400)
Decrease (increase) in Prepaid expenses	1,224	(3,543)
	<u>1,475,291</u>	<u>1,472,287</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,009,112)	(728,559)
Proceeds from disposal of tangible capital assets	35,000	-
	<u>(974,112)</u>	<u>(728,559)</u>
<b>INVESTING</b>		
Change in equity in Comfor Management Services Ltd.	(538,202)	(516,358)
Investment in Chinook Community Forest Limited.	(60)	-
(Purchase) disposition of investments	(100,643)	(631,252)
	<u>(638,905)</u>	<u>(1,147,610)</u>
<b>FINANCING</b>		
Annual debt payments	(12,061)	(12,061)
Lease proceeds	-	378,980
Lease repayments	(147,641)	(167,046)
Proceeds from MFA Financing	283,356	-
	<u>123,654</u>	<u>199,873</u>
Increase in Cash and Equivalents	(14,072)	(204,009)
Cash and Cash Equivalents, beginning of year	<u>314,171</u>	<u>518,180</u>
Cash and Cash Equivalents, end of year	<u>\$ 300,099</u>	<u>314,171</u>
<b>Additional Information</b>		
Debt Interest Payments	<u>\$ 7,838</u>	<u>7,817</u>

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE****Consolidated Statement of Net Financial Assets****For the Year Ended December 31, 2016**

	2016 <u>Actual</u>	2016 <u>Budget</u>	2015 <u>Actual</u>
<b>Annual Surplus</b>	\$ 685,868	440,301	668,806
Acquisition of Tangible Capital Assets	(1,009,112)	(1,225,000)	(728,559)
Amortization of Tangible Capital Assets	840,601	772,263	772,265
Loss on Disposal of Tangible Capital Assets	166,226	-	-
Proceeds from Disposal of Tangible Capital Assets	35,000	-	-
	<u>718,583</u>	<u>(12,436)</u>	<u>712,512</u>
 Net Change in Prepaid Expenses	 <u>1,224</u>	 <u>-</u>	 <u>(3,543)</u>
 <b>Change in Net Financial Assets (Net Debt)</b>	 <u>719,807</u>	 <u>(12,436)</u>	 <u>708,969</u>
 <b>Net Financial Assets, beginning of year,</b>	 <u>10,923,458</u>	 <u>10,108,481</u>	 <u>10,214,489</u>
 <b>Net Financial Assets, end of year</b>	 <u>\$ 11,643,265</u>	 <u>10,096,045</u>	 <u>10,923,458</u>

## **THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

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

#### **For the Year Ended December 31, 2016**

#### **GENERAL**

The Corporation of the Village of Burns Lake was incorporated on December 19, 1923 under statute of the Province of British Columbia. The principal activities of the Corporation include the provision of local government services to the residents of the incorporated area. These services include administration, protection, transportation, planning, economic development, recreation, water and sewer.

#### **PRESENTATION**

##### **1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Village of Burns Lake are prepared by management in accordance with Canadian public sector accounting standards (PSAS).

##### **a) Principles of Consolidation**

The consolidated financial statements reflect the combined results and activities of the Corporation of the Village of Burns Lake. The statements exclude trust assets that are administered by the Corporation for the benefit of external parties. Interfund transactions have been eliminated on consolidation. Comfor Management Services Ltd. has been accounted for on a modified equity basis as it is defined as a business enterprise of the Corporation of the Village of Burns Lake.

##### **b) Fund Accounting**

The resources and operations of the Village have been segregated for accounting and financial reporting purposes into the following funds.

Operating Funds: Operating funds report the General, Water, and Sewer operations.

Capital Funds: Capital funds report the acquisition and disposal of property and equipment and their related financing.

Reserve Funds: Under the Community Charter, Council may, by bylaw, establish reserve funds for particular purposes. Money in the reserve fund, and interest earned thereon, must be expended only for the purpose for which the fund was established.



## **THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

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

#### **For the Year Ended December 31, 2016**

#### **1. SIGNIFICANT ACCOUNTING POLICIES: ...(con't)**

##### **c) Cash and Cash Equivalents**

Cash consists of cash and cash equivalents that are defined as highly liquid investments of three months or less at the acquisition date.

##### **d) Investments**

Investments are held in Municipal Finance Authority of BC money market funds and in Bulkley Valley Credit Union and Department of Land term deposits. Cost approximates fair market value on these investments as interest has been accrued to December 31, 2016.

##### **e) Tangible Capital Assets**

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

<b>Major Asset Category</b>	<b>Useful Life Range</b>
Land	Unlimited
Buildings	15 to 50 years
Machinery & Equipment, Vehicles	5 to 20 years
Office Equipment and Computers	5 to 10 years
Other equipment	5 to 15 years
Engineering Structures (Roads, Streets, Parks)	10 to 75 years
Utility Systems (Water, Sewer, Storm)	20 to 100 years
Capital leases	15 to 20 years

## **THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

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

#### **For the Year Ended December 31, 2016**

##### **1. SIGNIFICANT ACCOUNTING POLICIES: ...(con't)**

###### **f) Revenue Recognition**

The Corporation of the Village of Burns Lake follows the restricted contribution method for recording revenues.

Restricted contributions related to general operations are recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Taxation revenue is 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 Village.

###### **g) Expenditure Recognition**

Operating and capital expenditures are recognized on the accrual basis in the period when goods or services have been received. Interest expense is accrued on long-term debt to year-end.

###### **h) Government Transfers**

Government transfers are recognized as revenues or expenditures in the period that the events giving rise to the transfer occur. Transfers to other agencies are granted only in return for services provided to the community.

Entitlement transfers are received from the provincial and federal governments according to prescribed legislation and/or regulations. These include the provincial equalization grant and provincial utility debt-sharing payments.

## **THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

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

#### **For the Year Ended December 31, 2016**

##### **1. SIGNIFICANT ACCOUNTING POLICIES: ...(con't)**

###### **i) Use of Estimates**

The preparation of financial statements 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 revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of employee benefit plans, allowance for doubtful accounts receivable, provision for contingencies and prior years tangible capital asset historical costs and related amortization. Actual results could differ from management's best estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

###### **j) Budget Presentation**

Budget amounts are from the Village's Five Year Financial Plan for the years 2016 - 2020, adopted by Council in May 2016 with minor subsequent reallocations and reclassifications to conform to financial statement presentation (see Note 16)

###### **k) Segmented Information**

The Corporation of the Village of Burns Lake 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, and quantitative data on these segments can be found in Schedule B.

*General Government:* This segment includes the revenue and expenses associated with Legislative (Council), Administration, Finance, Information Technology and the Municipal Building services. It also included the Election costs (in an election year).

*Protective Services:* This segment includes the revenue and expenses associated with the fire department, bylaw enforcement/animal control and building inspection services.

*Transportation:* This segment includes the revenue and expenses associated with Works Yard costs, vandalism, and all operating costs associated with all Roads and Streets (snow removal, sanding, street lighting, dust control, line marking, sidewalk maintenance, boulevard work, street sweeping and drainage ditches).

*Solid Waste Management/Recycling:* This segment includes the revenue and expenses associated with garbage (solid waste).

## **THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

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

#### **For the Year Ended December 31, 2016**

#### **1. SIGNIFICANT ACCOUNTING POLICIES: ...(con't)**

##### **k) Segmented Information continued**

*Economic Development:* This segment includes the revenue and expenses associated with Engineering, Planning, Economic Development and Tourism services.

*Recreation and Culture:* This segment includes the revenue and expenses associated with Arenas, Parks and Playgrounds, Recreation programs and cultural facilities services.

*Utilities:* This segment includes the revenue and expenses associated with providing water, sewer and storm sewer services.

##### **l) Comparative Figures**

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

##### **l) Financial Assets and Liabilities - Risk Management:**

The municipality is not subject to significant risk from market, foreign currency, or price risk. The significant financial risks to which the Municipality is exposed include the following:

###### **Credit Risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Municipality to a concentration of credit risk consist primarily of cash, investments and accounts receivable. The Municipality limits its exposure to credit loss by placing its cash with major Canadian financial institutions and the Municipal Finance Authority. The Municipality's maximum exposure to credit risk for cash, investments and accounts receivable are the amounts disclosed in the statement of financial position. Management believes that the credit risk concentration with respect to financial instruments included in cash, investments, and receivables is minimal.

###### **Fair value**

The Municipality estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES: ...(con't)**

**l) Financial Assets and Liabilities - Risk Management (continued):**

**Liquidity Risk**

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to evaluate current and expected liquidity requirements under both normal and stressed conditions to ensure that it maintains sufficient reserves of cash or have an available credit facility to meet its liquidity requirements in the short and long term.

As at December 31, 2016, the Municipality has unrestricted cash of \$220,621 (December 31, 2015 - \$235,248) to settle liabilities of \$1,113,956 (December 31, 2015 - \$908,139). Excluding debt and leases, the current liabilities are \$463,446 (December 31, 2015 - \$369,446) and the Municipality would cover any possible shortfall with receivables, investments, and future tax collection.

**Interest Rate Risk**

The Municipality is exposed to interest rate risk to the extent that the cash and term deposits maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash and term deposits is not considered significant. Fixed-interest instruments subject the municipality to a fair value risk while the floating rate instruments subject it to a cash flow risk.

**2. CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
Cash - unrestricted	\$ 220,621	235,248
Cash - restricted	<u>79,478</u>	<u>78,923</u>
Total	<u>\$ 300,099</u>	<u>314,171</u>

**3. INVESTMENTS**

	<u>2016</u>	<u>2015</u>
Municipal Finance Authority of BC Money Market Fund	\$ 3,095,040	3,007,180
Bulkley Valley Credit Union Term Deposit - matures November 24, 2017	1,014,119	1,001,336
Term Deposit - Department of Lands	<u>2,500</u>	<u>2,500</u>
Total	<u>\$ 4,111,659</u>	<u>4,011,016</u>

Cost approximates fair market value for these investments. The term deposit is held by the Department of Lands as security and interest is paid yearly (December 31, 2016 .5%). Interest and other income earned on the MFA investments amounted to .99% in 2016 (.96% - 2015). The BVCU term deposit pays interest at 1.2% (1.3% - 2015) and cost approximates fair market value as interest has been accrued to December 31, 2016.

## **THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

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

#### **For the Year Ended December 31, 2016**

<b>4. ACCOUNTS RECEIVABLE</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Due from federal governments - GST	\$ 37,854	21,481
Property taxes receivable	349,837	203,670
Trade accounts (net of allowance for doubtful accounts \$10,955, 2015-\$4,300)	389,028	324,076
Utilities Receivable - taxes	<u>20,285</u>	<u>27,183</u>
Total	<u>\$ 797,004</u>	<u>576,410</u>

<b>5. LOANS RECEIVABLE</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Due from Burns Lakes District Family Enhancement Society (LDFES)	\$ <u>80,000</u>	<u>-</u>
Interest is at zero percent. The loan will be repaid by grant claims in 2017. LDFES completed the project by March 31, 2017.		

<b>6. TRUST AND DEBT RESERVE FUNDS</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Trust and debt reserve funds	\$ <u>20,051</u>	<u>19,854</u>

The Corporation of the Village of Burns Lake issues its debt instruments through the Municipal Finance Authority of BC (MFA). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are held by the MFA to act as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the Corporation with interest and the demand notes are cancelled.

#### **7. INVESTMENT IN CHINOOK COMFOR LIMITED**

The Village of Burns Lake purchased 596 Class A voting Common shares of Chinook Comfor Limited for the price of \$.10 per share or \$59.60 cost. The company is a Limited Partnership with each partner holding equal shares: Village of Burns Lake, Burns Lake Band, Cheslatta Carrier Nation, Lake Babine Nation, Nee Tahi Buhn First Nation, Regional District of Bulkley-Nechako Regional District (Area B and E), Skin Tyee First Nation, and Wet'suwet'en First Nation. Each shareholder appoints a director. Consequently, the Village of Burns Lake does not have control of the partnership and reports their investment at cost.

Chinook's vision is sustainable forest management that fosters and supports a healthy and vibrant local community and economy for current and future generations. Chinook's mission is to effectively and efficiently manage a community forest to maximize the benefits to all residents in the Lakes District. The community forest has a long term community forest agreement with volume of 150,000 m3 and ~\$88,806 ha (gross area).

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE****Notes to Consolidated Financial Statements****For the Year Ended December 31, 2016**

<b>8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Trade accounts payable and accruals	\$ 273,637	147,124
Payroll payable and accrued benefits	100,865	195,834
Municipal Finance Authority - interest	628	628
Other deposits - funds held for community groups	<u>44,615</u>	<u>6,006</u>
Total	<u>\$ 419,745</u>	<u>349,592</u>

Accrued payroll benefits include an estimated value for accrued sick pay that could be paid out over the next few years to employees, in accordance with the provisions of the CUPE union agreement.

<b>9. DEFERRED REVENUE</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
UBCM OCP grant	\$ 1,800	-
Regional district economic development grant	6,000	-
Regional district economic development grant	8,000	-
Artisan centre January 2017 rent	500	-
UBCM 2017 age friendly grant	7,350	-
	<u>\$ 23,650</u>	<u>-</u>

# THE CORPORATION OF THE VILLAGE OF BURNS LAKE

## Notes to Consolidated Financial Statements

### For the Year Ended December 31, 2016

#### 10. MFA CAPITAL LEASES

	<u>2016</u>	<u>2015</u>
<b>General Capital Fund:</b>		
MFA Lease, bearing interest at 2%, monthly payments of \$ 1519.60 including interest, maturing January 2016, secured by a garbage truck	\$ -	1,545
MFA Lease, bearing interest at 2%, monthly payments of \$2810.58 including interest, maturing March 2017, secured by a fire truck (NBV \$370,884).	8,401	41,677
MFA Lease, bearing interest at 2%, monthly payments of \$2,226.43 including interest, maturing April 2018, secured by a backhoe (NBV \$93,150)	37,092	62,937
MFA Lease, bearing interest at 2%, monthly payments of \$578.47 including interest, maturing June 2019, secured by a truck (NBV \$10,742).	16,808	23,402
MFA Lease, bearing interest at 2%, monthly payments of \$439.53 including interest, maturing April 2017, secured by a photocopier (NBV \$10,742).	2,166	7,355
MFA Lease, bearing interest at 2%, monthly payments of \$3,321.34 including interest, maturing November 2019, secured by an International Workstar with plow (NBV \$170,541).	112,276	149,870
MFA Lease, bearing interest at 2%, monthly payments of \$3,321.34 including interest, maturing November 2019, secured by an International Workstar with plow (NBV \$151,592).	112,028	149,626
	<u>\$ 288,771</u>	<u>436,412</u>

#### Principal payments due within the next three years:

2016	\$	119,368
2017		95,130
2018		74,273
	\$	<u>288,771</u>



# THE CORPORATION OF THE VILLAGE OF BURNS LAKE

## Notes to Consolidated Financial Statements

### For the Year Ended December 31, 2016

#### 11. MFA Equipment Financing

2016

2015

##### **General Capital Fund**

MFA Promissory Note, bearing an interest rate of 1.36%, monthly payments of \$862.89, maturing in December 2021, secured by a freon plant (NBV \$419,377).

\$ 50,000 \$ -

MFA Equipment Loan, bearing interest at 2%, monthly payments of \$3,321.34 including interest, maturing November 2019, secured by an garbage truck with plow (NBV \$170,541).

233,356 -

\$ 283,356 \$ -

Principal repayments, due within each of the next five years and thereafter.

##### Total repayments

2017	\$ 55,120
2018	55,887
2019	56,662
2020	57,445
2021	58,242
	<u>\$ 283,356</u>

#### 12. LONG-TERM DEBENTURES

2016

2015

##### **Sewer Capital Fund**

#By law 761, bearing an interest rate of 5.25%, annual payments of \$12,061, maturing in December 2019

\$ 78,383 102,281

Principal repayments, due within each of the next three years.

		<u>Sewer</u>			
		Principal		Actuarial adj	Total repayments
2017	\$	12,061	\$	12,919	24,980
2018		12,061		14,049	26,110
2019		12,062		15,231	27,293
	\$	<u>36,184</u>	\$	<u>42,199</u>	<u>78,383</u>

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**13. TANGIBLE CAPITAL ASSETS (Schedule A)**

	<u>2016</u>	<u>2015</u>
Land	\$ 538,254	538,254
Buildings	4,767,704	4,565,462
Engineered structures	5,875,554	5,832,335
Machinery and equipment, vehicles	955,655	796,517
Office equipment and computers	6,815	15,253
Other equipment	212,544	237,637
Utilities	4,027,713	4,198,202
Leased tangible capital assets	469,470	710,076
Utilities, Work in Progress	7,312	-
	<u>\$ 16,861,021</u>	<u>16,893,736</u>

Tangible capital assets are recorded net of accumulated amortization at net book value.

**14. ACCUMULATED SURPLUS**

	<u>2016</u>	<u>2015</u>
General Operating Funds	\$ 1,008,820	1,402,493
Capital Funds		
Capital Reserves	1,126,492	1,208,762
Equity in tangible capital assets	18,922,945	18,299,336
Equity in Comfor Management Services Ltd.	7,448,348	6,910,146
	<u>\$ 28,506,605</u>	<u>27,820,737</u>

Equity in Tangible Capital Assets represents the net book value of total Tangible Capital Assets less any long-term debt obligations required to obtain those assets.

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE****Notes to Consolidated Financial Statements****For the Year Ended December 31, 2016****15. TAXATION**

	<u>2016</u>	<u>2015</u>
Municipal Taxes		
General tax levy	\$ 1,450,262	1,399,649
Frontage taxes	238,388	238,388
Grant-in-lieu of taxes	14,376	14,600
	<u>1,703,026</u>	<u>1,652,637</u>
Plus: Requisitions on behalf of other taxing authorities		
Province of B.C. - School taxes	512,015	527,876
Police	81,598	83,068
Regional Hospital District	307,969	310,325
Bulkley Nechako Regional District	144,672	135,866
British Columbia Assessment Authority	10,134	10,790
Municipal Finance Authority	32	32
	<u>1,056,420</u>	<u>1,067,957</u>
Total Taxes Collected	2,759,446	2,720,594
Add (less): Requisition paid out to other taxing authorities	<u>(1,056,420)</u>	<u>(1,067,957)</u>
Net Municipal Property Taxes	<u>\$ 1,703,026</u>	<u>1,652,637</u>

**16. CONSOLIDATED EXPENDITURES BY OBJECT**

	<u>2016</u>	<u>2015</u>
Advertising and promotion	\$ 25,622	26,684
Amortization	840,601	772,265
Bad debts	6,655	0
Contract services	320,780	299,460
Debt interest and charges	7,838	7,817
Election	10,976	-
Equipment charges	348,940	139,364
Grants and other	144,625	58,982
Insurance	78,888	67,118
Legal and audit	60,418	38,412
Loss on disposal of tangible capital assets	166,226	0
Materials and supplies	745,573	860,668
Salaries, wages and benefits	1,548,580	1,681,784
Travel	73,609	85,320
Utilities and general overhead	196,321	202,492
	<u>\$ 4,575,652</u>	<u>4,240,366</u>

## **THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

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

#### **For the Year Ended December 31, 2016**

#### **17. CONTINGENT LIABILITIES AND COMMITMENTS**

##### **a) Pension Liability**

The municipality and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as of December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The Village of Burns Lake paid \$93,150 (2015 - \$102,096) for employer contributions while employees contributed \$85,849 (2015 - \$93,307) to the plan in fiscal 2016.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

##### **b) Contingent Liabilities**

The municipality is responsible, as a member of the Regional District of Bulkley - Nechako for its portion of any operating deficits of capital debt related to functions in which it participates.

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**18. CONTINGENT LIABILITIES... (cont'd)**

**c) Reciprocal Insurance Exchange Agreement**

The Corporation 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 Agreements, the Corporation is assessed a premium and specific deductible for its claims based on population. The obligation of the Corporation 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, and not joint and several. The Corporation 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.

**d) Municipal Finance Authority**

The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet payments on its obligations, it shall make payments from the Debt Reserve Fund which is established by a similar Debt Reserve Fund in the Municipality and all other borrowing participants. If the Debt Reserve Fund is deficient, the Authority's obligations become a liability of the Regional District and may become a liability of the participating municipalities.

**e) Contaminated Sites Accounting**

Effective April 1, 2014, Canadian municipalities are required under PSAB 3260 to account for contaminated site liabilities that exist on municipal owned lands. The Corporation of the Village of Burns Lake has not identified any significant contaminated site liability on its lands.

## THE CORPORATION OF THE VILLAGE OF BURNS LAKE

### Notes to Consolidated Financial Statements

#### For the Year Ended December 31, 2016

#### 19. COMPLIANCE WITH LEGISLATIVE FINANCIAL PLAN REQUIREMENTS

The legislative requirements for the Financial Plan are that cash inflows for the period must equal cash outflows.

Cash inflows and outflows include such items as: debt proceeds, transfers to and from reserves and surplus, debt principal repayment and asset sale proceeds. These items are not recognized as revenues and expenses in the Consolidated Statement of Operations as they do not meet the public sector accounting standard requirements. The legislation does not require (but does not preclude) the funding of non-cash items such as amortization or liability accruals to provide for future cash requirements, thus, there is no legislative requirement to include these items in the Financial Plan. However, these items are recognized as expenses in the Statement of Operations.

Thus, the financial items included in the legislative Financial Plan and the Public Sector Accounting Statement of Operations are different. The purpose of this note is to explain the difference between these two requirements and demonstrate how the legislative requirement for a balanced budget, or Financial Plan net balance of "0", has been met.

	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
Accumulated Surplus - Statement of Operations	\$ 440,301	685,808	668,806
Adjustments to non-cash items:			
Amortization expense	772,263	840,601	772,265
Net change in equity Comfor Management Services Ltd.	-	(538,202)	(516,358)
Loss on disposal of tangible capital assets		166,226	
Adjustments for cash items, not recognized as revenues Or expenses in the Statement of Operations:			
Tangible Capital Assets	(1,225,000)	(1,009,112)	(728,559)
Capital lease proceeds	-	-	378,980
Capital lease repayments	-	(147,641)	(167,046)
Debt principle repayments	(12,061)	(12,061)	(12,061)
MFA loan financing proceeds		283,356	
Proceeds from disposal of tangible capital assets		35,000	
Net transfers from reserves	(379,503)	(239,743)	(302,598)
Net transfers (from) to operating surplus	404,000	(64,232)	(93,429)
Balanced Financial Plan/Operations	\$ -	-	-

## **THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

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

#### **For the Year Ended December 31, 2016**

#### **20. COMFOR MANAGEMENT SERVICES LTD., A GOVERNMENT ENTERPRISE.**

Burns Lake Community Forest Ltd. exists as an entity, the operating company holds the forest license, and undertakes the timber harvesting. The shares of this company are owned by Comfor Management Services Ltd. which serves as management in the conduct of both companies. The Village of Burns Lake is the sole shareholder of the management company.

The corporation was incorporated October 5, 2001 under the Business Corporations Act of British Columbia. The registered address for the corporation is 117 Highway 16, Burns Lake, BC.

The nature of the corporate group's operations is to operate Community Forest License K1A under a Community Forest Agreement with the Province of BC. The original Community Forest Agreement has been replaced with an agreement commencing April 12, 2015 for a period of 25 years. All operations of the corporate group are conducted in the Burns Lake, BC area.

This wholly owned company is a government business enterprise because of having all of the following characteristics:

- (i) Legal entity with the power to contract in its own name and can sue and be sued.
- (ii) Delegated the financial and operational authority to carry on a business.
- (iii) Sells goods and services to organizations outside of the government reporting entity.
- (iiii) Maintains a viable operation, meets its liabilities from revenues received from sources outside of the parents ownership.

The CPA Public Sector Accounting Handbook recommends that the method of accounting for the business enterprise be undertaken by the modified equity method. The municipality records the net assets by adjusting the investment it has made in the company. Comfor Management Services Ltd. (consolidated) audited financial statements for the years ended October 31, 2016 and the year ended October 31, 2015 are summarized hereunder and the appropriate recording of the investment increase in the government enterprise by the municipality has been reflected in the consolidated statement of financial position (page 1). These are the summarized consolidated statements of Comfor Management Services Ltd.

## **THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

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

#### **For the Year Ended December 31, 2016**

#### **20. COMFOR MANAGEMENT SERVICES LTD., A GOVERNMENT ENTERPRISE. CONTINUED...**

##### **Basis of presentation**

##### **a) Statement of compliance**

Comfor Management Services Ltd. prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB" and have been authorized for issue by the Board of Directors on January 26, 2017. The company has adopted all IFRS issued and in effect at October 31, 2016.

##### **b) Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis, except available-for-sale financial assets. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the reporting entity's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes in the full statements. These summarized statements include only note 1 nature of the entity and note 2 Basis of preparation. To view the full notes to the statements request to read an unsummarized financial statement.

##### **c) Basis of consolidation**

The consolidated financial statements as at and for the years ended October 31, 2016 and October 31, 2015 include the accounts of the company and its subsidiaries as stated below:

Comfor Management Services Ltd. (parent company)  
Burns Lake Community Forest Ltd. (100% owned subsidiary)

##### **d) Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars which is the reporting entity's functional currency.



**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**20. COMFOR MANAGEMENT SERVICES LTD. ... (con't)**

**Comfor Management Services Ltd. Consolidated Statement of Financial Position**

	<u>October 31, 2016</u>	<u>October 31, 2015</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash	\$ 2,390,036	2,525,131
Accounts receivable	281,572	2,831
GST receivable	4,999	25,118
Prepaid expenses and deposits	160,267	95,128
	<u>2,836,874</u>	<u>2,648,208</u>
Property, plant and equipment	493,420	521,848
Investments, long term	7,621,320	7,120,572
Province of BC silviculture deposit	500,000	500,000
Loan receivable - Community Futures of Nadina	-	17,500
	<u>-</u>	<u>-</u>
Totals	\$ <u>11,451,614</u>	<u>10,808,128</u>
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts payable and accrued expenses	\$ 275,012	226,141
Wages and benefits payable	13,471	13,265
Accrued stakeholder license agreement payable	505,150	385,185
Accrued reforestation costs	706,000	500,000
	<u>1,499,633</u>	<u>1,124,591</u>
Accrued reforestation costs	2,503,632	2,773,389
	<u>2,503,632</u>	<u>2,773,389</u>
Due to Shareholder	1	1
	<u>1</u>	<u>1</u>
Shareholders' Equity		
Share Capital	1	1
Accumulated Other comprehensive Income	549,312	623,777
Retained Earnings	6,899,035	6,286,368
	<u>7,448,348</u>	<u>6,910,147</u>
Totals	\$ <u>11,451,614</u>	<u>10,808,128</u>

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE****Notes to Consolidated Financial Statements****For the Year Ended December 31, 2016****20. COMFOR MANAGEMENT SERVICES LTD. CONSOLIDATED  
STATEMENT of COMPREHENSIVE INCOME**

	<u>October 31, 2016</u>	<u>October 31, 2015</u>
<b>Continuing Operations: Logging Volume</b>		
Sales	\$ 3,823,671	6,132,199
Cost of sales	<u>2,953,658</u>	<u>4,953,761</u>
<b>Gross profit on logging volume</b>	870,013	1,178,438
<b>Road Maintenance Contract</b>		
Sales	230,242	-
Cost of sales	<u>205,720</u>	<u>-</u>
<b>Gross profit on road maintenance contract</b>	24,522	-
<b>TOTAL GROSS PROFIT</b>	894,535	1,178,438
<b>Administration expenses</b>	<u>389,753</u>	<u>381,317</u>
<b>Profit from operations</b>	<u>504,782</u>	<u>797,121</u>
<b>Other Income (expenses)</b>		
Investment income (loss)	580,881	156,420
Gain on disposal of capital assets	-	13,800
Community donations and gifts	<u>(472,996)</u>	<u>(578,436)</u>
	<u>107,885</u>	<u>(408,216)</u>
<b>Profit for the year</b>	<u>612,667</u>	<u>388,905</u>
<b>Other Comprehensive Income for the year</b>	<u>(74,466)</u>	<u>127,453</u>
<b>Total Comprehensive Income for the year</b>	<u>\$ 538,201</u>	<u>516,358</u>

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**20. COMFOR MANAGEMENT SERVICES LTD. ... (con't)**

Comfor Management Services Ltd. Consolidated Statement of Changes in Equity

	Accumulated Other Comprehensive Income	Retained Earnings	Total
2016:			
Equity, at October 31, 2015	\$ 623,777	\$ 6,286,368	\$ 6,910,145
Profit	-	612,667	612,667
Unrealized gains (losses) on available for sale investments	289,494	-	289,494
Reclassification of realized gains (losses)	(363,959)	-	(363,959)
Net change in equity for the year	(74,465)	612,667	538,202
Equity, at October 31, 2016	\$ 549,312	\$ 6,899,035	\$ 7,448,347
2015:			
Equity, at October 31, 2014	\$ 496,324	\$ 5,897,463	\$ 6,393,787
Profit	-	388,905	388,905
Unrealized gains (losses) on available for sale investments	165,289	-	165,289
Reclassification of realized gains (losses)	(37,836)	-	(37,836)
Net change in equity for the year	127,453	388,905	516,358
Equity, at October 31, 2015	\$ -	\$ -	\$ -

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

**Schedule of Changes in Tangible Capital Assets and Accumulated Amortization**  
**For the year ended December 31, 2016**

**SCHEDULE A**

	Land	Buildings	Machinery & Equipment	Engineered Structures	Utilities	Office Equipment	Other Equipment	Capital leases	Work in process	2016 Total	2015 Total
<b>TANGIBLE CAPITAL ASSETS - COST</b>											
Opening Balance	\$ 538,254	5,230,948	2,098,105	11,392,003	8,206,984	109,816	321,249	862,836	-	28,760,195	28,195,629
Add: Additions	-	513,154	320,567	161,979	-	-	6,100	-	7,312	1,009,112	728,559
Add: Reallocation	-	67,578	-	(67,578)	-	-	-	-	-	-	-
Less: Disposals	-	-	-	(204,263)	-	-	-	(227,448)	-	(431,711)	(163,993)
Closing Balance	\$ 538,254	5,811,680	2,418,672	11,282,141	8,206,984	109,816	327,349	635,388	7,312	29,337,596	28,760,195
<b>ACCUMULATED AMORTIZATION</b>											
Opening Balance	\$ -	665,486	1,301,588	5,559,668	4,008,782	94,563	83,612	152,760	-	11,866,459	11,258,187
Add: Amortization	-	134,501	161,429	264,531	170,489	8,438	31,193	70,020	-	840,601	772,265
Add: Reallocation	-	243,989	-	(243,989)	-	-	-	-	-	-	-
Less: Accumulated on disposals	-	-	-	(173,623)	-	-	-	(56,862)	-	(230,485)	(163,993)
Closing Balance	\$ -	1,043,976	1,463,017	5,406,587	4,179,271	103,001	114,805	165,918	-	12,476,575	11,866,459
<b>Net Book Value for year ended</b>											
<b>December 31, 2016</b>	\$ 538,254	4,767,704	955,655	5,875,554	4,027,713	6,815	212,544	469,470	7,312	16,861,021	
<b>Net Book Value for year ended</b>											
<b>December 31, 2015</b>	\$ 538,254	4,565,462	796,517	5,832,335	4,198,202	15,253	237,637	710,076	-		16,893,736

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

**SCHEDULE B**

**Statement of Operations by Segment  
For the Year Ended December 31, 2016**

	General Government	Protective Services	Solid Waste/ Environment	Economic Development	Transportation Services	Recreation & Culture	Utilities (water/sewer)	2016 Total Operations	2016 Budget (unaudited)	2015 Total Operations
<b>REVENUE</b>										
Operating Revenue	\$									
Taxation, note 15	1,450,262	14,376	-	-	-	-	238,388	1,703,026	1,736,099	1,652,637
Service Charges/User Fees	-	106,375	134,253	-	330	-	584,970	825,928	834,258	827,156
Government Transfers/Grants	487,377	51,383	-	101,821	10,816	-	-	651,397	1,001,193	783,416
Other revenue from own services	75,604	68,646	-	300	8,502	522,172	14,379	689,603	1,218,033	706,307
Donation - community members and groups	3,127	-	-	-	-	-	-	3,127	500	360
Donation - Burns Lake Community Forest	223,521	-	-	-	-	-	-	223,521	-	220,172
Investment Income	21,342	-	-	-	-	-	197	21,539	20,150	18,862
Total operating revenue	2,261,233	240,780	134,253	102,121	19,648	522,172	837,934	4,118,141	4,810,233	4,208,910

**EXPENDITURES**

Operating Expenditures										
Advertising and Promotion	9,093	1,954	-	3,558	-	11,017	-	25,622	29,740	26,684
Amortization	26,089	84,107	62,063	-	274,409	223,444	170,489	840,601	772,263	772,265
Bad debts	6,655	-	-	-	-	-	-	6,655	-	-
Election	10,976	-	-	-	-	-	-	10,976	5,000	-
Equipment Charges	7,449	60,456	7,498	-	114,461	-	159,076	348,940	364,516	139,364
Grants to Organizations/Fees Waivers	4,775	2,000	3,780	120,578	-	13,492	-	144,625	37,268	58,982
Insurance	20,333	11,560	-	386	43,380	2,821	408	78,888	65,442	67,118
Legal and audit	60,418	-	-	-	-	-	-	60,418	61,716	38,412
Materials and Supplies	113,816	45,446	20,600	16,551	280,930	114,360	153,870	745,573	824,574	860,668
Professional and Contracted Services	-	47,386	41,644	73,354	59,204	99,192	-	320,780	346,967	299,460
Travel, dues and conferences	36,060	17,617	-	3,615	9,145	7,172	-	73,609	93,821	85,320
Utilities (Telephone, Hydro and Gas)	10,080	9,605	-	-	6,938	95,188	74,510	196,321	199,934	202,492
Wages and Employee Benefits	263,936	136,095	60,102	56,684	244,709	465,380	321,674	1,548,580	1,557,080	1,681,784
Debt charges	-	-	-	-	-	-	7,838	7,838	11,611	7,817
Loss on disposal of tangible capital assets	-	-	135,587	-	-	30,639	-	166,226	-	-
Total operating expenditures	\$ 569,680	416,226	331,274	274,736	1,033,176	1,062,705	887,865	4,575,652	4,369,932	4,240,366
<b>REVENUE OVER EXPENDITURES/ (EXPENDITURES OVER REVENUE)</b>	\$ 1,691,553	(175,446)	(197,021)	(172,605)	(1,013,528)	(540,533)	(49,931)	(457,511)	440,301	(31,456)

# EDMISON MEHR

## CHARTERED PROFESSIONAL ACCOUNTANTS

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JEANNE M. MACNEIL, B.Comm, CPA, CA

### INDEPENDENT AUDITOR'S COMMENTS ON SUPPLEMENTARY INFORMATION

To the Council of  
The Corporation of the Village of Burns Lake  
Burns Lake, BC

We have audited the consolidated financial statements of the The Corporation of the Village of Burns Lake, which comprise the Consolidated Statement of Financial Position as at December 31, 2016, and the Consolidated Statements of Operations, Cash Flows, and Net Financial Assets for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated April 19, 2017. The following supplementary financial information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

Smithers, BC  
April 19, 2017

Edmison Mehr

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

**Statement of Financial Position - by Fund**

**December 31, 2016**

**SCHEDULE C**

	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Total Operating Funds	General Capital Fund	Water Capital Fund	Sewer Capital Fund	Total Capital Funds	Reserve Funds	Comfor Management Services Ltd. (consolidated)	Consolidating adjustments	Consolidated 2016	Consolidated 2015
<b>FINANCIAL ASSETS</b>													
Cash and cash equivalents, note 2	\$ 220,621	-	-	220,621	-	-	-	-	-	-	-	300,099	314,171
Investments, note 3	1,788,759	-	-	1,788,759	-	-	-	-	-	-	-	4,111,659	4,011,016
Taxes receivable, note 4	349,837	20,285	-	370,122	-	-	-	-	-	-	-	370,122	230,853
Accounts receivable, note 4	389,028	-	-	389,028	-	-	-	-	-	-	-	389,028	324,076
Due from Federal government - GST, note 4	37,854	-	-	37,854	-	-	-	-	-	-	-	37,854	21,481
Loans receivable, note 5	80,000	-	-	80,000	-	-	-	-	-	-	-	80,000	-
MFA debt reserve fund deposits, note 6	-	-	20,051	20,051	-	-	-	-	-	-	-	20,051	19,854
Comfor Management Services Ltd. (consolidated), note 17	-	-	-	-	-	-	-	-	-	7,448,348	-	7,448,348	6,910,146
Chinook Comfor Limited, note 7	60	-	-	60	-	-	-	-	-	-	-	60	-
Due from own funds	1,301,191	142,028	-	1,443,219	1,665,000	520,215	527,219	3,712,434	-	-	(4,155,653)	-	-
	<u>4,167,350</u>	<u>162,313</u>	<u>20,051</u>	<u>4,349,714</u>	<u>1,665,000</u>	<u>520,215</u>	<u>527,219</u>	<u>2,712,434</u>	<u>2,402,378</u>	<u>7,448,348</u>	<u>(4,155,653)</u>	<u>12,757,221</u>	<u>11,831,597</u>
<b>LIABILITIES</b>													
Accounts payable and accrued liabilities, note 8	273,637	-	-	273,637	-	-	-	-	-	-	-	273,637	147,124
Accrued debt interest, note 8	-	-	628	628	-	-	-	-	-	-	-	628	628
Wages and deductions payable, note 8	100,865	-	-	100,865	-	-	-	-	-	-	-	100,865	195,834
Other deposits - payable, note 8	44,615	-	-	44,615	-	-	-	-	-	-	-	44,615	6,006
Due to own funds	2,854,462	-	25,305	2,879,767	-	-	-	-	1,275,886	-	(4,155,653)	-	-
MFA debt reserve fund	-	-	20,051	20,051	-	-	-	-	-	-	-	20,051	19,854
Deferred revenue, note 9	23,650	-	-	23,650	-	-	-	-	-	-	-	23,650	-
MFA capital leases, note 10	-	-	-	-	288,771	-	-	288,771	-	-	-	288,771	436,412
MFA equipment financing, note 11	-	-	-	-	283,356	-	-	283,356	-	-	-	283,356	-
Long term debentures, note 12	-	-	-	-	-	-	78,383	78,383	-	-	-	78,383	102,281
	<u>3,297,229</u>	<u>-</u>	<u>45,984</u>	<u>3,343,213</u>	<u>572,127</u>	<u>-</u>	<u>78,383</u>	<u>650,510</u>	<u>1,275,886</u>	<u>-</u>	<u>(4,155,653)</u>	<u>1,113,956</u>	<u>908,139</u>
<b>NET FINANCIAL ASSETS</b>	870,121	162,313	(25,933)	1,006,501	1,092,873	520,215	448,836	2,061,924	1,126,492	7,448,348	-	11,643,265	10,923,458
<b>NON FINANCIAL ASSETS</b>													
Prepaid expenses	2,319	-	-	2,319	-	-	-	-	-	-	-	2,319	3,543
Tangible Capital Assets (Schedule A), note 13	-	-	-	-	12,825,995	1,966,736	2,068,290	16,861,021	-	-	-	16,861,021	16,893,736
<b>ACCUMULATED SURPLUS</b>	<u>872,440</u>	<u>162,313</u>	<u>(25,933)</u>	<u>1,008,820</u>	<u>13,918,868</u>	<u>2,486,951</u>	<u>2,517,126</u>	<u>18,922,945</u>	<u>1,126,492</u>	<u>7,448,348</u>	<u>-</u>	<u>28,506,605</u>	<u>27,820,737</u>
Composed of:													
Surplus	\$ 872,440	162,313	(25,933)	1,008,820	-	-	-	-	-	-	-	-	-
Operating reserves	<u>872,440</u>	<u>162,313</u>	<u>(25,933)</u>	<u>1,008,820</u>									

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**  
**Statement of Operations - by Fund**  
**For the Year Ended December 31, 2016**

**SCHEDULE D**

	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Total Operating Funds	Equity in Capital Funds	Capital Reserve Funds	Consolidated 2016	Consolidated 2015
<b>REVENUE (Schedule C)</b>								
Real property taxes	\$ 1,450,262	-	-	1,450,262	-	-	1,450,262	1,399,649
Frontage taxes	-	140,099	98,289	238,388	-	-	238,388	238,388
Grants-in-lieu of taxes	14,376	-	-	14,376	-	-	14,376	14,600
Sales of services	240,958	281,845	303,125	825,928	-	-	825,928	827,157
Other revenue from own resources	209,733	4,372	10,007	224,112	25,200	-	249,312	243,605
Unconditional transfers - Province of BC	465,552	-	-	465,552	-	-	465,552	496,934
Conditional transfers and grants	185,845	-	-	185,845	422,504	138,093	746,442	427,576
Tom Forsythe Memorial Arena	245,369	-	-	245,369	-	-	245,369	265,091
Recreation and Multi Use Facility	220,122	-	-	220,122	-	-	220,122	197,610
Return on investments	21,342	-	197	21,539	-	-	21,539	18,126
Income earned on reserves	-	-	-	-	-	19,380	19,380	18,846
Donations - community members and groups	3,127	-	-	3,127	-	-	3,127	25,060
Donations - Burns Lake Community Forest	223,521	-	-	223,521	-	-	223,521	220,172
Tax sale proceeds	-	-	-	-	-	-	-	-
Comfor Management Services Ltd. Profit	-	-	-	-	612,667	-	612,667	516,358
	<b>3,280,207</b>	<b>426,316</b>	<b>411,618</b>	<b>4,118,141</b>	<b>1,060,371</b>	<b>157,473</b>	<b>5,335,985</b>	<b>4,909,172</b>
<b>EXPENSES (Schedule C)</b>								
General Government Services	569,680	-	-	569,680	-	-	569,680	596,227
Protective Services	416,226	-	-	416,226	-	-	416,226	377,116
Transportation Services	1,033,176	-	-	1,033,176	-	-	1,033,176	981,337
Environmental Health Services	331,274	-	-	331,274	-	-	331,274	136,244
Development Services	274,726	-	-	274,726	-	-	274,726	196,012
Recreation and Cultural Services	1,062,705	-	-	1,062,705	-	-	1,062,705	1,116,363
Utility Services (Water, Sewer)	439,874	-	440,153	880,027	-	-	880,027	829,250
Debt Charges	-	-	7,838	7,838	-	-	7,838	7,817
Comfor Management Services Ltd. Change in Other Comprehensive Income	-	-	-	-	74,465	-	74,465	-
	<b>3,687,787</b>	<b>439,874</b>	<b>447,991</b>	<b>4,575,652</b>	<b>74,465</b>	<b>-</b>	<b>4,650,117</b>	<b>4,240,366</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	(407,580)	(13,558)	(36,373)	(457,511)	985,906	157,473	685,868	668,806
<b>OTHER EXPENSES</b>								
Less: Annual Debt Payments	-	-	12,061	12,061	(12,061)	-	-	-
Less: Actuarial Interest	-	-	11,837	11,837	(11,837)	-	-	-
	-	-	23,898	23,898	(23,898)	-	-	-
<b>INTERFUND TRANSFERS</b>								
Transfer (to) from Capital Funds	-	-	(7,312)	(7,312)	7,312	-	-	-
Transfer (to) from Operating Funds, schedule E	(136,146)	-	-	(136,146)	136,146	-	-	-
Transfer (to) from Reserve Funds, schedule G	219,357	-	11,837	231,194	8,549	(239,743)	-	-
	83,211	-	4,525	87,736	152,007	(239,743)	-	-
<b>Change in accumulated Surplus Balances</b>	(324,369)	(13,553)	(55,746)	(393,673)	1,161,811	(82,270)	685,868	668,806
<b>Accumulated Surplus Balances, beginning of year, prior to restatement</b>	1,196,809	175,871	29,813	1,402,493	25,209,482	1,208,762	27,820,737	27,151,931
<b>Accumulated Surplus Balances, end of year</b>	\$ 872,440	162,313	(25,933)	1,008,820	26,371,293	1,126,492	28,506,605	27,820,737



**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**  
**Statement of Changes in Equity in Tangible Capital Assets**  
**For the Year Ended December 31, 2016**

**SCHEDULE E**

	Equity in Tangible Capital Assets -General	Equity in Tangible Capital Assets -Water	Equity in Tangible Capital Assets - Sewer	Comfor Management Services Ltd. (consolidated)	Consolidated 2016	Consolidated 2015
<b>REVENUE (Schedule D)</b>						
Comfor Management Services Ltd. profit	\$ -	-	-	612,667	612,667	516,358
Donation from Curling Club	-	-	-	-	-	24,700
Government grants	248,504	-	-	-	248,504	7,500
New Deal Gas Tax grant	174,000	-	-	-	174,000	-
Rental recoveries from municipal facilities	25,200	-	-	-	25,200	-
	447,704	-	-	612,667	1,060,371	548,558
<b>EXPENSES</b>						
Comfor Management Services Ltd. change in other comprehensive income	-	-	-	74,465	74,465	-
	-	-	-	74,465	74,465	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	447,704	-	-	538,202	985,906	548,558
<b>OTHER EXPENSES</b>						
Principal payments	-	-	12,061	-	12,061	12,061
Actuarial adjustments	-	-	11,837	-	11,837	10,803
	-	-	23,898	-	23,898	22,864
<b>INTERFUND TRANSFERS</b>						
Transfer (to) from Operating Funds	144,695	-	7,312	-	152,007	484,425
Transfer (to) from Reserve Funds, schedule F	144,695	-	7,312	-	152,007	484,425
<b>Change in Accumulated Surplus Balances</b>	592,399	-	31,210	538,202	1,161,811	1,055,847
<b>Accumulated Surplus Balances, beginning of year, as originally stated</b>	13,326,469	2,486,951	2,485,916	6,910,146	25,209,482	24,153,635
<b>Accumulated Surplus Balances, beginning of year, as restated</b>	-	-	-	-	-	-
<b>Accumulated Surplus Balances, end of year</b>	13,326,469	2,486,951	2,485,916	6,910,146	25,209,482	24,153,635
<b>Accumulated Surplus Balances, end of year</b>	13,918,868	2,486,951	2,517,126	7,448,348	26,371,293	25,209,482

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE****EXHIBIT 'F'****Capital Reserve and Cemetery****Statement of Financial Position****For the Year Ended December 31, 2016**

		<u>Capital Reserve</u>	<u>Cemetery</u>	<u>Land Sales</u>	<u>Park Land</u>	<u>McEwan Estate</u>	<u>Total 2016</u>	<u>Total 2015</u>
FINANCIAL ASSETS								
Cash - restricted	\$	83	12,947	75,230	4,165	-	92,425	113,618
Investments		2,317,420	22,700	-	-	5,480	2,345,600	2,338,421
Due to own funds - general operating		(1,275,886)	1,693	-	-	-	(1,274,193)	(1,207,195)
NET POSITION	\$	1,041,617	37,340	75,230	4,165	5,480	1,163,832	1,244,844

The Cemetery trust was eliminated upon consolidation.

**THE CORPORATION OF THE VILLAGE OF BURNS LAKE**

**Cemetery and Reserve Funds**

**Statement of Operations - by Reserve**

**For the Year Ended December 31, 2016**

**EXHIBIT 'G'**

	Capital Reserve	Cemetery	Land Sales	Park Land	McEwan Estate	Total 2016	Total 2015
REVENUE							
Interest income	\$ 18,736	67	526	29	89	19,447	18,939
Sale of plots and carefund	-	885	-	-	-	885	1,602
New Deal Gas Tax	138,093	-	-	-	-	138,093	133,594
Tax sale proceeds	-	-	-	-	-	-	-
	156,829	952	526	29	89	158,425	154,135
EXPENSE							
Purchase of land	-	-	-	-	-	-	-
ANNUAL SURPLUS	156,829	952	526	29	89	158,425	154,135
INTERFUND TRANSFERS							
Transfer (to) from general operating	(154,084)	306	(4,751)	-	(80,908)	(239,437)	(302,904)
Transfer (to) from water operating	-	-	-	-	-	-	-
Transfer (to) from sewer operating	-	-	-	-	-	-	-
	(154,084)	306	(4,751)	-	(80,908)	(239,437)	(302,904)
Change in accumulated surplus balances	2,745	1,258	(4,225)	29	(80,819)	(81,012)	(148,769)
Accumulated Surplus Balances, beginning of year	1,038,872	36,082	79,455	4,136	86,299	1,244,844	1,393,613
Accumulated Surplus Balances, end of year	\$ 1,041,617	37,340	75,230	4,165	5,480	1,163,832	1,244,844
Less Cemetery trust eliminated upon consolidation			\$			37,340	36,082
						1,126,492	1,208,762

