

THE CORPORATION OF THE VILLAGE OF BURNS LAKE



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

**The Corporation of the Village of Burns Lake
Consolidated Financial Statements
December 31, 2017**

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RESPONSIBILITY FOR FINANCIAL REPORTING

The Consolidated Financial Statements of the Corporation of the Village of Burns Lake (the "Village") have been prepared by management in accordance with generally accepted accounting standards for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

Management is responsible for the preparation and presentation of the financial statements, including responsibility for significant accounting judgements and estimates, and the choice of accounting principles and methods that are appropriate to the Village.

The Village's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is produced.

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Edmison Mehr, Chartered Professional Accountants, independent auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's financial statements.

A handwritten signature in black ink, appearing to read "Susan Meeds".

Susan Meeds
Director of Finance

April 24, 2018

EDMISON MEHR
CHARTERED PROFESSIONAL ACCOUNTANTS

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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, 2017, 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, 2017, 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 24, 2018


Edmison Mehr

**The Corporation of the Village of Burns Lake
Consolidated Statement of Financial Position
As at December 31, 2017**



	2017	2016 Re-stated (note 21)
Financial Assets		
Cash (note 2)	\$ 577,860	\$ 300,015
Investments (note 3)	3,962,589	4,111,801
Accounts receivable (note 4)	1,636,694	797,003
Loans receivable (note 5)	-	80,000
Municipal Finance Authority deposits (note 6)	20,223	20,051
Investment in Comfor (note 7)	8,329,609	7,448,348
	<u>14,526,975</u>	<u>12,757,218</u>
Liabilities		
Accounts payable and accrued liabilities (note 8)	864,900	426,779
Deferred revenue (note 9)	133,970	23,650
Municipal Finance Authority reserves (note 5)	20,223	20,051
Short term borrowing (note 10)	420,278	572,127
Long term debt (note 11)	53,402	78,383
	<u>1,492,773</u>	<u>1,120,990</u>
Net financial assets	<u>13,034,202</u>	<u>11,636,228</u>
Non-financial Assets		
Prepaid expenses	6,124	2,320
Tangible capital assets (note 12)	18,492,759	16,861,022
	<u>18,498,883</u>	<u>16,863,342</u>
Accumulated Surplus (note 13)	<u>\$ 31,533,085</u>	<u>\$ 28,499,570</u>

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



 Susan Meeds
 Director of Finance

**The Corporation of the Village of Burns Lake
Consolidated Statement of Operations
For the Year Ended December 31, 2017**



	2017	2017 Budget	2016 Re-stated (note 21)
Revenue (Schedule 1)			
Taxation	\$ 1,832,066	\$ 1,820,663	\$ 1,742,192
Fees, rates and service charges	1,054,663	1,100,491	1,085,044
Government transfers	2,951,278	3,350,332	1,545,514
Investment income	407,113	21,850	267,567
Other	90,388	25,200	25,200
Comfor income	881,261	-	538,202
	<u>7,216,769</u>	<u>6,318,536</u>	<u>5,203,719</u>
Expenditures (note 14)			
General government	601,752	610,612	543,677
Protective Services	421,888	444,694	457,871
Transportation	937,166	919,230	1,033,176
Solid Waste	122,308	116,563	268,363
Planning and development	207,559	287,594	268,764
Parks, recreation and culture	977,421	1,007,064	1,032,144
Cemeteries	13,856	13,900	17,488
Water utility	470,608	502,442	439,874
Sewer utility	430,696	444,811	447,992
	<u>4,183,254</u>	<u>4,346,910</u>	<u>4,509,349</u>
Annual surplus	3,033,515	1,971,626	694,370
Accumulated surplus, beginning of year	<u>28,499,570</u>	<u>28,499,570</u>	<u>27,805,200</u>
Accumulated surplus, end of year	<u>\$ 31,533,085</u>	<u>\$ 30,471,196</u>	<u>\$ 28,499,570</u>

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

**The Corporation of the Village of Burns Lake
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2017**



	2017	2017 Budget	2016 Re-stated (note 21)
Annual Surplus	\$ 3,033,515	\$ 1,971,626	\$ 694,370
Acquisition of Tangible Capital Assets	(2,493,071)	(3,039,542)	(1,009,112)
Amortization of Tangible Capital Assets	854,037	854,038	840,601
Loss on Disposal of Tangible Capital Assets	7,297	-	166,225
Proceeds from Disposal of Tangible Capital Assets	-	-	35,000
	<hr/> 1,401,778	<hr/> (213,878)	<hr/> 727,084
Acquisition of Prepaid Expense	(6,124)	-	(2,320)
Use of Prepaid Expense	2,320	-	3,543
	<hr/> 1,397,974	<hr/> (213,878)	<hr/> 728,307
Change in net financial assets			
Net Financial Assets, beginning of year	<hr/> 11,636,228	<hr/> 11,636,228	<hr/> 10,907,921
Net Financial Assets, end of year	<hr/> <u>\$ 13,034,202</u>	<hr/> <u>\$ 11,422,350</u>	<hr/> <u>\$ 11,636,228</u>

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

**The Corporation of the Village of Burns Lake
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2017**



	2017	2016 Re-stated (note 21)
Cash Provided by (used for):		
Operating Activities:		
Annual Surplus	\$ 3,033,515	\$ 694,370
Non-cash items included in annual surplus		
Amortization	854,037	840,601
Loss on Disposal of Tangible Capital Assets	7,297	166,225
Actuarial Adjustment on Long Term Debt	(12,919)	(11,838)
Change in non-cash operating working capital		
(Increase) Decrease in Accounts Receivable	(839,692)	(220,593)
(Increase) Decrease in Loans Receivable	80,000	(80,000)
Increase (decrease) in Accounts Payable	438,121	70,152
Increase (decrease) in Deferred Revenue	110,320	23,650
Decrease (increase) in Prepaid Expenses	(3,804)	1,224
	<hr/>	<hr/>
Net change in cash from operating activities	3,666,875	1,483,791
	<hr/>	<hr/>
Capital Activities:		
Acquisition of Tangible Capital Assets	(2,493,071)	(1,009,112)
Proceeds on Sale of Tangible Capital Assets	-	35,000
	<hr/>	<hr/>
Net change in cash from capital activities	(2,493,071)	(974,112)
	<hr/>	<hr/>
Investing Activities:		
Change in equity in Comfor	(881,261)	(538,202)
(Purchase) disposition of investments	149,212	(100,703)
	<hr/>	<hr/>
Net change in cash from investing activities	(732,049)	(638,905)
	<hr/>	<hr/>
Financing Activities:		
Principal payments on long term debt	(12,061)	(12,061)
Principal payments on short term borrowing	(170,063)	(147,641)
Borrowing proceeds	18,214	283,356
	<hr/>	<hr/>
Net change in cash from financing activities	(163,910)	123,654
	<hr/>	<hr/>
Net change in cash	277,845	(5,572)
Cash, beginning of year	<hr/> 300,015	<hr/> 305,587
Cash, end of year	<hr/> <u>\$ 577,860</u>	<hr/> <u>\$ 300,015</u>

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

The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017



Operations:

The Corporation of the Village of Burns Lake was incorporated as a municipality in 1923 and operates under the provisions of the *Local Government Act* and the *Community Charter* of British Columbia. The Village's principal activities include the provision of local government services to residents of the incorporated area. These services include administrative, protective, transportation, environmental, economic development, recreation, water and sewer.

1. Significant Accounting Policies

a) Basis of Presentation:

The consolidated financial statements of the Village are prepared by management in accordance with accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. The consolidated financial statements reflect the combined results and activities of the Corporation of the Village of Burns Lake. The Village's wholly owned subsidiary, Comfor Management Services Ltd., has been consolidated on a modified equity basis. The statements exclude trust assets that are administered by the Corporation for the benefit of external parties. Interfund transactions and balances have been eliminated. The Village's classification of funds and the purposes of those funds are as follows:

Operating Funds	These funds report the General, Water and Sewer operations of the Village, and are used to report the costs associated with providing Village services. They also include reserve accounts established for general operating purposes.
Capital Funds	These funds include the General, Water and Sewer capital funds, and are used to report the acquisition, disposal, and financing of property, infrastructure and equipment. They also include reserve accounts established for capital purposes.
Reserve Funds	Under the <i>Community Charter</i> of British Columbia, 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.
Trust Funds	These funds have been created to hold cash assets that must be used for specific purposes and/or beneficiaries and according to certain agreements. In accordance with Canadian Public Sector Accounting Standards, trust funds administered by the Village are not included in the Village's Consolidated Financial Statements. Trust funds administered by the Village are presented in Note 17.

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

1. Significant Accounting Policies (continued)

a) Basis of Presentation (continued)

The original budget bylaw, shown in the Consolidated Statement of Operations and Changes in Net Financial Assets, represents the budget bylaw adopted in May 2017. Any budget amendments subsequently adopted by Council have not been included.

b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenue and expenditures during the reporting period. Items requiring the use of estimates include the collectability of accounts receivable, accrued liabilities, useful lives of tangible capital assets, rates for amortization, employee benefits and provision for contingencies.

Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

c) Revenue Recognition:

Taxation revenues are recognized in the year in which they are levied. Sales of services, user fees and rentals are recognized in the period in which the service was provided by the Village. Interest and unconditional grants are recognized in the period in which they are earned. Conditional grants and transfers are recognized as revenues in the period in which the related expenditures are incurred. Conditional grants received in advance of their related expenditures are reported as deferred revenue in the year they are received, and recognized as revenue in the period the related expenditures are incurred.

d) Expense Recognition:

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

e) Accumulated Surplus:

Accumulated surplus is the amount by which all financial and non-financial assets exceed all liabilities and indicates the net economic resources available to provide future services. Accumulated surplus is represented by various fund balances and equity in capital assets.

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

1. Significant Accounting Policies (continued)

f) Cash and Investments:

Cash consists of cash and accounts held at financial institutions. Investments consist of Municipal Finance Authority money market investments and term deposits. Interest is accrued at the invested rate.

g) Tangible Capital Assets:

Tangible capital assets have useful lives extending past the current year. They are recorded at cost, net of disposals, write-downs and amortization. Cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, is amortized on a straight-line basis over the estimated useful life of the asset, commencing the year the asset is put into service. Estimated useful lives are as follows:

Land	Not amortized
Buildings	15 - 20 years
Vehicles, machinery and equipment	5 – 20 years
Office equipment and computers	5 – 10 years
Other equipment	5 – 15 years
Engineering Structures (roads and parks)	10 – 75 years
Utility systems (water, sewer, drainage)	20 – 100 years

h) Debt:

Debt is reported net of sinking fund balances.

i) Comparative Figures:

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

2. Cash

	2017	2016
Unrestricted	\$ 497,731	\$ 220,621
Restricted – statutory reserves	<u>80,129</u>	<u>79,394</u>
Total	<u>\$ 577,860</u>	<u>\$ 300,015</u>

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

3. Investments

	2017	2016
Municipal Finance Authority Money Market Fund	\$ 3,959,348	\$ 3,095,040
Term Deposits	2,500	1,016,619
Shares in Chinook Comfor Limited	655	60
Credit Union Equity Shares	<u>86</u>	<u>82</u>
Total	<u>\$3,962,589</u>	<u>\$ 4,111,801</u>

4. Accounts Receivable

	2017	2016
Property Taxes	\$ 457,125	\$ 349,836
Utilities	37,312	20,285
Other Governments	724,300	77,854
Trade and other	<u>417,957</u>	<u>349,028</u>
Total	<u>\$ 1,636,694</u>	<u>\$ 797,003</u>

5. Loans Receivable

	2017	2016
Funds advanced to Burns Lake District Family Enhancement Society	<u>\$ -</u>	<u>\$ 80,000</u>

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

6. Municipal Finance Authority Deposits

The Village issues its debt instruments through the Municipal Finance Authority of BC (MFA). As a condition of these borrowings, a portion of the debenture proceeds are 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 Village with interest and the demand notes are cancelled. The details of the cash deposits withheld from debenture proceeds at year end are as follows:

	2017	2016
MFA deposits and reserves - sewer	<u>\$ 20,223</u>	<u>\$ 20,051</u>

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

7. Investment in Comfor

Comfor Management Services Ltd. is a wholly owned subsidiary whose purpose is to operate Community Forest License K1A under a Community Forest Agreement with the Province of BC. 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.

Comfor Management Services Ltd. owns the shares of Burns Lake Community Forest Ltd., which holds the forest license and undertakes the timber harvesting. The original Community Forest Agreement has been replaced with an agreement commencing April 12, 2015 for a period of 25 years. All operations are conducted within the Burns Lake, BC area.

The Village accounts for its investment in this government enterprise using the modified equity method. The condensed financial information of this investment for the year ending October 31, 2017 with comparative figures for October 31, 2016 are as follows:

	2017	2016
Assets:		
Current assets	\$ 2,696,748	\$ 2,836,874
Long-term investments	8,506,736	8,121,320
Property, plant and equipment	456,759	493,420
	<u>11,660,243</u>	<u>11,451,614</u>
Liabilities:		
Current liabilities	1,569,414	1,499,634
Accrued re-forestation costs	1,761,220	2,503,632
	<u>3,330,634</u>	<u>4,003,266</u>
Shareholder Equity	<u>\$ 8,329,609</u>	<u>\$ 7,448,348</u>
Results of operations, net income (loss) for the year	<u>\$ 881,261</u>	<u>\$ 538,202</u>

During 2017, the Village received a cash contribution from Burns Lake Community Forest Ltd. in the amount of \$328,289.

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

8. Accounts Payable and Accrued Liabilities

	2017	2016
Trade accounts payable and accruals	\$ 687,645	\$ 263,430
Payroll and related costs	159,750	111,700
Funds held for community groups	17,505	49,956
Due to cemetery perpetual care trust	-	1,693
	<u> </u>	<u> </u>
Total	<u>\$ 864,900</u>	<u>\$ 426,779</u>

9. Deferred Revenue

	2017	2016
UBCM OCP grant	\$ -	\$ 1,800
UBCM Age Friendly grant	-	7,350
Regional District funding	39,400	14,000
Prepaid Rent	-	500
Active Communities grant	20,700	-
Chinook Community Foundation startup costs	1,495	-
Province of BC – Rural Dividend Fund	61,875	-
Nechako Kitimat Development Fund	10,500	-
	<u> </u>	<u> </u>
Total	<u>\$ 133,970</u>	<u>\$ 23,650</u>

The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017

10. Short Term Borrowing

In 2017, all Municipal Finance Authority capital leases were converted to short term loans. Two of these loans were subsequently paid out in March 2018, as shown.

	Interest Rate	Monthly Payment	Maturity Date	2017 Balance owing	2016 Balance owing
MFA lease, fire truck	2%	\$2,810	Mar 2017	\$ -	\$ 8,401
MFA lease, backhoe	2%	\$2,226	Apr 2018	-	37,092
MFA lease, pickup truck	2%	\$578	June 2019	-	16,808
MFA lease, photocopier	2%	\$440	Apr 2017	-	2,166
MFA lease, plow truck	2%	\$3,321	Nov 2019	-	112,276
MFA lease, plow truck	2%	\$3,321	Nov 2019	-	112,028
MFA loan, freon plant	2.14%	\$863	Dec 2021	40,365	50,000
MFA loan, garbage truck	2.14%	\$4,027	Dec 2021	188,386	233,356
MFA loan, backhoe	2.14%	\$2,358	June 2018	14,127	-
MFA loan, pickup truck	2.14%	\$610	July 2019	11,483	-
MFA loan, plow truck	2.14%	\$3,505	Paid out	83,056	-
MFA loan, plow truck	2.14%	\$3,496	Paid out	<u>82,861</u>	<u>-</u>
Total				<u>\$ 420,278</u>	<u>\$ 572,127</u>

Principal payments on existing debt, due within the next five years, General Operating Fund:

2018	\$ 241,569
2019	59,843
2020	60,632
2021	58,234
2022	-
Total	<u>\$ 420,278</u>

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

11. Long Term Debt

	Bylaw	Interest Rate	Maturity Date	2017	2016
Sewer Capital	791	5.25%	Dec 2019	<u>\$ 53,402</u>	<u>\$ 78,383</u>

Principal payments on existing debt, due within the next two years, Sewer Operating Fund:

	Principal	Actuarial Adjustment	Total Repayments
2018	\$ 12,061	14,049	\$ 26,110
2019	12,061	15,231	27,292
Total	<u>\$ 24,122</u>	29,280	<u>\$ 53,402</u>

The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017

12. Tangible Capital Assets

Cost	December 31, 2016	Additions	Disposals/ Writedowns	December 31,2017
Land	\$ 538,254	-	-	\$ 538,254
Buildings	5,811,680	153,620	(60,807)	5,904,493
Machinery & Equipment	3,054,060	18,214	-	3,072,274
Engineered Structures	11,282,141	180,034	-	11,462,175
Utilities	8,214,296	2,105,775	-	10,320,071
Office Equipment	109,816	-	-	109,816
Other Equipment	327,349	35,428	-	362,777
	<u>\$ 29,337,596</u>	<u>2,493,071</u>	<u>(60,807)</u>	<u>\$ 31,769,860</u>

Accumulated Amortization	December 31, 2016	Additions	Disposals/ Writedowns	December 31,2017
Land	-	-	-	-
Buildings	\$ 1,043,976	136,788	(53,510)	\$ 1,127,254
Machinery & Equipment	1,628,935	211,337	-	1,840,272
Engineered Structures	5,406,586	259,727	-	5,666,313
Utilities	4,179,271	212,908	-	4,392,179
Office Equipment	103,001	2,272	-	105,273
Other Equipment	114,805	31,005	-	145,810
	<u>\$ 12,476,574</u>	<u>854,037</u>	<u>(53,510)</u>	<u>\$ 13,277,101</u>

Net Book Value	December 31, 2016	December 31,2017
Land	\$ 538,254	\$ 538,254
Buildings	4,767,704	4,777,239
Machinery & Equipment	1,425,125	1,232,002
Engineered Structures	5,875,555	5,795,862
Utilities	4,035,025	5,927,892
Office Equipment	6,815	4,543
Other Equipment	212,544	216,967
	<u>\$ 16,861,022</u>	<u>\$ 18,492,759</u>

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

13. Accumulated Surplus

Unappropriated Surplus:	2017	2016 Re-stated
General Operating Fund	\$ 710,521	\$ 674,340
Water Operating Fund	428,257	682,528
Sewer Operating Fund	570,797	501,285
	<u>1,709,575</u>	<u>1,858,183</u>
Reserve Accounts:		
General Operating Fund	2,185,910	1,814,591
General Capital Fund	1,208,784	1,088,571
	<u>3,394,694</u>	<u>2,903,162</u>
Statutory Reserve Funds	<u>80,129</u>	<u>79,395</u>
Equity in Comfor Management Services Ltd.	<u>8,329,609</u>	<u>7,448,348</u>
Equity in Tangible Capital Assets		
General Capital Fund	12,144,588	12,253,869
Water Capital Fund	3,943,875	1,966,736
Sewer Capital Fund	1,930,615	1,989,908
	<u>18,019,078</u>	<u>16,210,513</u>
Total Accumulated Surplus	<u>\$ 31,533,085</u>	<u>\$ 28,499,570</u>

14. Consolidated expenditures by object:

	2017	2016
Wages, employee benefits, Council stipends	\$ 1,705,800	\$ 1,795,400
Utilities (hydro, gas, telephone, internet)	329,012	288,762
Insurance	80,451	78,888
Goods and services	1,206,657	1,339,472
Loss on disposal of capital assets	7,297	166,226
Amortization of capital assets	854,037	840,601
	<u>\$ 4,183,254</u>	<u>\$ 4,509,349</u>
Total expenditures	<u>\$ 4,183,254</u>	<u>\$ 4,509,349</u>

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

15. Pension Liability

The Village 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 assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Corporation of the Village of Burns Lake paid \$ 79,589 (2016 \$93,150) for employer contributions while employees contributed \$73,320 (2016 \$85,849) to the plan in fiscal 2017.

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.

16. Contingent Liabilities

The Village 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 Village 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 Village is assessed a premium and specific deductible for its claims based upon population. The obligation of the Village

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

16. Contingent Liabilities (continued)

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 Village 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.

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 payment 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.

17. Cemetery Care Trust Fund

The Village owns and maintains the Burns Lake Municipal Cemetery. Pursuant to provincial legislation, a Cemetery Care Trust Fund was established to ensure continuity of cemetery maintenance. A portion of all plot sales and memorial setting fees is credited to this fund. Although the fund balance is not included in the consolidated financial statements, all investment earnings during the year are transferred into general revenue as permitted by law.

	2017	2016
Assets		
Bank Account	\$ 16,103	\$ 12,947
Short term investments	22,934	22,700
Due from General Operating Fund	-	1,693
	<u> </u>	<u> </u>
Fund Balance	<u>\$ 39,037</u>	<u>\$ 37,340</u>
Operations		
Contributions	\$ 1,302	\$ 885
Interest income	645	373
Transfers to general operating fund	(250)	<u> </u>
	<u> </u>	<u> </u>
Change in fund balance	<u>\$ 1,697</u>	<u>\$ 1,258</u>

The Cemetery Care Trust Fund is not included in the consolidated financial statements.

**The Corporation of the Village of Burns Lake
Notes to Consolidated Financial Statements
December 31, 2017**

18. 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 Note 19.

General Government: This segment includes the revenue and expenses associated with legislative, administrative, finance, information technology and municipal building services.

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

Transportation: This segment includes the revenue and expenses associated with the public works yard, drainage, streets and sidewalks.

Solid Waste: This segment includes the revenue and expenses associated with garbage collection.

Planning and Development: This segment includes the revenue and expenses associated with planning and zoning, economic development and tourism services.

Parks, recreation and culture: This segment includes the revenue and expenses associated with the recreation complex, parks and playgrounds, recreation programs and cultural facilities.

Cemeteries: This segment includes the revenue and expenses associated with interments and maintenance at the Burns Lake Municipal Cemetery.

Water: This segment includes the revenue and expenses associated with providing water services.

Sewer: This segment includes the revenue and expenses associated with providing sewer services.

**The Corporation of the Village of Burns Lake
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2017**

19. Segmented Disclosure

	General Government	Protective Services	Transportation	Solid Waste	Planning & Development	Parks, Rec and Culture	Cemeteries	Water	Sewer	2017	2016
Revenue											
Taxation	\$ 1,594,193	-	-	-	-	-	-	139,796	98,077	\$ 1,832,066	\$ 1,742,192
Fees, rates and service charges	42,338	23,818	2,728	126,343	-	224,070	9,791	301,418	324,157	1,054,663	1,085,044
Government transfers	626,457	153,958	3,721	-	205,588	203,528	-	1,752,263	5,763	2,951,278	1,545,514
Investment income	407,113	-	-	-	-	-	-	-	-	407,113	267,567
Other	-	-	-	-	-	77,469	-	-	12,919	90,388	25,200
Comfor Income	881,261	-	-	-	-	-	-	-	-	881,261	538,202
	3,551,362	177,776	6,449	126,343	205,588	505,067	9,791	2,193,477	440,916	7,216,769	5,203,719
Expenditures											
Operations	583,364	348,320	667,071	60,244	207,559	753,108	13,856	341,971	346,425	3,321,919	3,502,522
Loss on disposal of assets	-	-	-	-	-	7,297	-	-	-	7,297	166,226
Amortization of capital assets	18,388	73,568	270,094	62,063	-	217,016	-	128,636	84,272	854,037	840,601
	601,752	421,888	937,166	122,308	207,559	977,421	13,856	470,607	430,697	4,183,254	4,509,349
Net revenue (expenditure)	\$ 2,949,610	(244,112)	(930,717)	4,035	(1,971)	(472,354)	(4,065)	1,722,870	10,219	\$ 3,033,515	\$ 694,370

**The Corporation of the Village of Burns Lake
Notes to the Consolidated Financial Statements
For the year ended December 31, 2017**

20. Compliance with legislative financial plan requirements

In accordance with legislative requirements, the Financial Plan, adopted by Council on May 10, 2017, was prepared on a cash basis. These financial statements, in accordance with Canadian Public Sector Accounting Standards, were prepared on a full accrual basis. The following reconciles the approved Financial Plan to the budget amounts reported in these consolidated Financial Statements.

	2017	2017 Budget	2016
Annual surplus per Consolidated Statement of Operations	\$ 3,033,515	\$ 1,971,626	\$ 694,370
Less: Capital expenditures	(2,493,071)	(3,039,542)	(1,009,112)
Debt principal payments	(182,124)	(182,124)	(159,702)
Contributions to reserves/surplus	(926,696)	(401,578)	(312,537)
Actuarial adjustment to long term debt	(12,919)	-	-
Net change in equity in Comfor Management Services	(881,261)	-	(538,202)
Add: Transfers from surplus and reserves	583,008	797,581	-
Borrowing proceeds	18,214	-	283,356
Amortization	854,037	854,037	840,601
Proceeds from disposal of capital assets	-	-	35,000
Loss on disposal of capital assets	7,297	-	166,226
Balanced financial plan/operations	-	-	-

21. Prior period adjustment

During the preparation of the 2017 Financial Statements, management discovered three items that had been given incorrect accounting treatment in 2016. The \$5,342 balance of a donation received from an estate for non-municipal purposes was shown as a reserve account rather than a liability held in trust. A \$1,693 liability owing to the Cemetery Care Trust Fund was omitted from the financial statements. An \$8,500 transfer to reserve accounts was reported as an expenditure. Although these items were not material in total, they affected tracking opening surplus and have therefore been corrected.

Accounts payable and accrued liabilities prior to re-statement	\$ 419,745
Prior period adjustment - Due to Cemetery Care Trust Fund	1,693
Prior period adjustment - Liability held in trust	5,342
Accounts payable and accrued liabilities after re-statement	<u>\$ 426,780</u>
Planning and development expenditures, prior to re-statement	\$ 274,726
Prior period adjustment - Transfer to reserve accounts	(8,500)
Planning and development expenditures, after re-statement	\$ 266,226
Reclassification from Parks, recreation and culture (note 1 (i))	2,538
Planning and development, after re-statement and re-classification	<u>\$ 268,764</u>
Accumulated surplus, prior to re-statement	\$ 28,506,605
Prior period adjustment - Due to Cemetery Care Trust Fund	(1,693)
Prior period adjustment - Liability held in trust	(5,342)
Accumulated surplus, after re-statement	<u>\$ 28,499,570</u>

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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, 2017, 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 24, 2018. 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 24, 2018


Edmison Mehr

The Corporation of the Village of Burns Lake
Schedule 1 - Consolidated Revenues
For the year ended December 31, 2017



	2017	2017 Budget	2,016
Taxation			
Real Property Taxes - Municipal	\$ 1,372,091	\$ 1,355,977	\$ 1,274,939
Frontage Taxes	237,873	238,300	238,388
Penalties and Interest on Taxes	44,314	38,000	39,166
1% Utility Taxes	154,531	162,035	163,348
Grants in Lieu of Taxes	23,257	26,351	26,351
	<hr/>	<hr/>	<hr/>
Total municipal tax revenue	1,832,066	1,820,663	1,742,192
Taxes levied on behalf of other taxing authorities	1,044,214	1,059,017	1,056,420
	<hr/>	<hr/>	<hr/>
Total taxes levied	2,876,280	2,879,680	2,798,612
	<hr/>	<hr/>	<hr/>
Less: levies remitted to other taxing authorities			
Province of BC - School Taxes	504,925	516,658	512,015
Province of BC - Police Taxes	74,613	82,586	81,598
Regional District Bulkley Nechako	364,177	359,811	362,846
Regional Hospital District	91,489	89,796	89,795
BC Assessment Authority	8,977	10,134	10,134
Municipal Finance Authority	33	32	32
	<hr/>	<hr/>	<hr/>
	1,044,214	1,059,017	1,056,420
	<hr/>	<hr/>	<hr/>
	\$ 1,832,066	\$ 1,820,663	\$ 1,742,192
	<hr/>	<hr/>	<hr/>
Fees, rates and service charges			
Solid Waste - Refuse Collection and Bin Sales	\$ 126,343	\$ 125,500	\$ 123,148
Cemeteries - Burials and Plot Sales	9,790	11,000	11,105
Permits and Licenses	34,647	45,400	45,647
Fire Protection Service Agreements	23,000	23,000	23,000
Lakeside Multiplex	223,220	273,891	271,191
Water	301,418	286,000	286,217
Sewer	315,241	318,150	303,125
Other	21,004	17,550	21,611
	<hr/>	<hr/>	<hr/>
	\$ 1,054,663	\$ 1,100,491	\$ 1,085,044
	<hr/>	<hr/>	<hr/>

**The Corporation of the Village of Burns Lake
Schedule 1 - Consolidated Revenues (continued)
For the year ended December 31, 2017**

	2017	2017 Budget	2016
Government Transfers:			
Government of Canada			
Canada Summer Jobs Program	\$ 2,824	\$ -	\$ 3,766
Province of BC			
Clean Water and Wastewater Fund	1,752,263	2,094,491	-
Small Community Grant	467,912	479,000	465,552
Victim Services	43,329	43,329	42,971
BC Rural Dividend - Economic Diversification	17,975	79,850	-
Infrastructure Planning Grant	5,762	15,000	-
Climate Action Revenue Incentive Program	7,967	8,500	8,502
Regional District			
Arena	162,500	162,500	162,500
Fire Protection	100,951	106,000	106,375
Visitor Information Centre	56,144	56,144	56,144
Economic Development	48,097	78,500	31,000
Emergency Services	1,000	1,000	1,000
Victim Services	8,678	15,018	7,412
Union of BC Municipalities			
Gas Tax Community Works Fund	139,282	134,000	138,092
Age Friendly Communities	15,418	16,800	8,700
Strategic Wildfire Prevention	6,378	9,000	12,725
Other	-	-	400
Other			
Arena Capital Grants	-	-	422,504
Nechako Kitimat Development Fund	41,028	-	7,050
Northern Development Initiative Trust	66,200	51,200	70,821
Northern BC Tourism Association	6,673	-	-
Skills Quest Opportunities Fund	897	-	-
	<u>\$ 2,951,278</u>	<u>\$ 3,350,332</u>	<u>\$ 1,545,514</u>

**The Corporation of the Village of Burns Lake
Schedule 1 - Consolidated Revenues (continued)
For the year ended December 31, 2017**

	2,017	2017 Budget	2,016
Investment Income			
Contribution from Burns Lake Community Forest Ltd.	\$ 328,289	\$ -	\$ 223,520
Contribution from Chinook Comfor Limited	32,320	-	-
Donations	-	200	3,128
Interest	46,504	21,650	40,919
	<u>\$ 407,113</u>	<u>\$ 21,850</u>	<u>\$ 267,567</u>
Other Income:			
Rental Income	\$ 21,863	25,200	\$ 25,200
Insurance Recovery	55,606	-	-
Actuarial adjustment on long term debt	12,919	-	-
	<u>\$ 90,388</u>	<u>\$ 25,200</u>	<u>\$ 25,200</u>
Comfor Income:			
Change in equity in Comfor Management Services Ltd.	\$ 881,261	\$ -	\$ 538,202

The Corporation of the Village of Burns Lake
 Schedule 2 - Statement of Financial Position - by Fund
 As at December 31, 2017



	General Operating Fund	Water Operating Fund	Sewer Operating Fund	General Capital Fund	Water Capital Fund	Sewer Capital Fund	Reserve Funds	Comfor Management Services Ltd.	Consolidated 2017	Consolidated 2016
Financial Assets										
Cash	\$ 497,731	-	-	-	-	-	80,129	-	\$ 577,860	\$ 300,015
Investments	3,962,589	-	-	-	-	-	-	-	3,962,589	4,111,801
Accounts receivable	945,016	24,430	5,763	-	661,485	-	-	-	1,636,694	797,003
Loans receivable	-	-	-	-	-	-	-	-	-	80,000
Municipal Finance Authority deposits	-	-	20,223	-	-	-	-	-	20,223	20,051
Investment in Comfor	-	-	-	-	-	-	-	8,329,609	8,329,609	7,448,348
Due from (to) own funds	(1,516,160)	403,827	565,034	1,208,784	(661,485)	-	-	-	-	-
	<u>3,889,176</u>	<u>428,257</u>	<u>591,020</u>	<u>1,208,784</u>	<u>-</u>	<u>-</u>	<u>80,129</u>	<u>8,329,609</u>	<u>14,526,975</u>	<u>12,757,218</u>
Liabilities										
Accounts payable and accrued liabilities	864,900	-	-	-	-	-	-	-	864,900	426,779
Deferred revenue	133,970	-	-	-	-	-	-	-	133,970	23,650
Municipal Finance Authority reserves	-	-	20,223	-	-	-	-	-	20,223	20,051
Short term borrowing	-	-	-	420,278	-	-	-	-	420,278	572,127
Long term debt	-	-	-	-	-	53,402	-	-	53,402	78,383
	<u>998,870</u>	<u>-</u>	<u>20,223</u>	<u>420,278</u>	<u>-</u>	<u>53,402</u>	<u>-</u>	<u>-</u>	<u>1,492,773</u>	<u>1,120,990</u>
Net financial assets	<u>2,890,306</u>	<u>428,257</u>	<u>570,797</u>	<u>788,506</u>	<u>-</u>	<u>(53,402)</u>	<u>80,129</u>	<u>8,329,609</u>	<u>13,034,202</u>	<u>11,636,228</u>
Non-financial Assets										
Prepaid expenses	6,124	-	-	-	-	-	-	-	6,124	2,320
Tangible capital assets	-	-	-	12,564,866	3,943,875	1,984,018	-	-	18,492,759	16,861,022
	<u>6,124</u>	<u>-</u>	<u>-</u>	<u>12,564,866</u>	<u>3,943,875</u>	<u>1,984,018</u>	<u>-</u>	<u>-</u>	<u>18,498,883</u>	<u>16,863,342</u>
Accumulated Surplus	<u>\$ 2,896,431</u>	<u>428,257</u>	<u>570,797</u>	<u>13,353,372</u>	<u>3,943,875</u>	<u>1,930,615</u>	<u>80,129</u>	<u>8,329,609</u>	<u>\$ 31,533,085</u>	<u>\$ 28,499,570</u>
Represented by:										
Surplus	710,521	428,257	570,797	-	-	-	-	-	\$ 1,709,575	\$ 1,858,153
Reserve accounts	2,185,910	-	-	1,208,784	-	-	-	-	3,394,694	2,903,162
Reserve funds	-	-	-	-	-	-	80,129	-	80,129	79,395
Equity in Comfor Management Services Ltd.	-	-	-	-	-	-	-	8,329,609	8,329,609	7,448,348
Equity in tangible capital assets	-	-	-	12,144,588	3,943,875	1,930,615	-	-	18,019,078	16,210,513
	<u>2,896,431</u>	<u>428,257</u>	<u>570,797</u>	<u>13,353,372</u>	<u>3,943,875</u>	<u>1,930,615</u>	<u>80,129</u>	<u>8,329,609</u>	<u>\$ 31,533,085</u>	<u>\$ 28,499,570</u>

The Corporation of the Village of Burns Lake
 Schedule 3 - Statement of Operations - by Fund
 As at December 31, 2017



	General Operating Fund	Water Operating Fund	Sewer Operating Fund	General Capital Fund	Water Capital Fund	Sewer Capital Fund	Reserve Funds	Comfor Management Services Ltd.	Consolidated 2017	Consolidated 2016
Revenue										
Taxation	\$ 1,594,193	139,796	98,077	-	-	-	-	-	\$ 1,832,066	\$ 1,742,192
Fees, rates and service charges	429,089	301,417	324,157	-	-	-	-	-	1,054,663	1,085,044
Government transfers	1,152,223	-	5,763	41,029	1,752,263	-	-	-	2,951,278	1,545,514
Investment income	391,818	-	-	14,560	-	-	735	-	407,113	267,567
Other	21,863	-	-	55,606	-	12,919	-	-	90,388	25,200
Comfor income	-	-	-	-	-	-	-	881,261	881,261	538,202
	<u>3,589,186</u>	<u>441,213</u>	<u>427,997</u>	<u>111,195</u>	<u>1,752,263</u>	<u>12,919</u>	<u>735</u>	<u>881,261</u>	<u>7,216,769</u>	<u>5,203,719</u>
Expenditures:										
General government	583,364	-	-	18,388	-	-	-	-	601,752	543,677
Protective Services	348,320	-	-	73,568	-	-	-	-	421,888	457,871
Transportation	667,072	-	-	270,094	-	-	-	-	937,166	1,033,176
Solid Waste	60,244	-	-	62,064	-	-	-	-	122,308	268,363
Planning and development	207,559	-	-	-	-	-	-	-	207,559	268,764
Parks, recreation and culture	753,109	-	-	224,312	-	-	-	-	977,421	1,032,144
Cemeteries	13,856	-	-	-	-	-	-	-	13,856	17,488
Water utility	-	341,972	-	-	128,636	-	-	-	470,608	439,874
Sewer utility	-	-	346,424	-	-	84,272	-	-	430,696	447,992
	<u>2,633,524</u>	<u>341,972</u>	<u>346,424</u>	<u>648,426</u>	<u>128,636</u>	<u>84,272</u>	<u>-</u>	<u>-</u>	<u>4,183,254</u>	<u>4,509,349</u>
	955,662	99,242	81,573	(537,231)	1,623,627	(71,353)	735	881,261	3,033,515	694,370
Transfers:										
Transfer (to) from Capital Funds	(548,162)	(353,512)	(12,061)	548,162	353,512	12,061	-	-	-	-
Change in Surplus Balances	407,500	(254,270)	69,512	10,932	1,977,139	(59,292)	735	881,261	3,033,515	694,370
Surplus, beginning of year	<u>2,488,931</u>	<u>682,528</u>	<u>501,285</u>	<u>13,342,440</u>	<u>1,966,736</u>	<u>1,989,908</u>	<u>79,394</u>	<u>7,448,348</u>	<u>28,499,570</u>	<u>27,805,200</u>
Surplus, end of year	<u>\$ 2,896,431</u>	<u>428,257</u>	<u>570,797</u>	<u>13,353,372</u>	<u>3,943,875</u>	<u>1,930,615</u>	<u>80,129</u>	<u>8,329,609</u>	<u>\$ 31,533,085</u>	<u>\$ 28,499,570</u>