

---

**THE CORPORATION OF THE VILLAGE OF FRUITVALE**

---

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

# **THE CORPORATION OF THE VILLAGE OF FRUITVALE**

**DECEMBER 31, 2017**

## **CONTENTS**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **INDEPENDENT AUDITORS' REPORT**

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Financial Assets

Statement of Cash Flows

Notes to Financial Statements

Schedule 1 - Schedule of Tangible Capital Assets

Schedule 2 - Segmented Information

Other Financial Information

Exhibit 1 - Schedule of Capital Equity

Exhibit 2 - Statement of Financial Position by Fund

Exhibit 3 - Financial Activities - General Operating Fund

Exhibit 4 - Financial Activities - Sewer Operating Fund

Exhibit 5 - Schedule of Reserve Funds

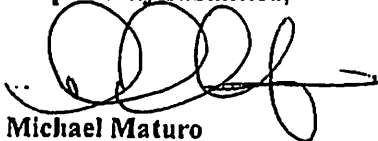
**THE CORPORATION OF THE VILLAGE OF FRUITVALE**  
**REPORT FROM THE CHIEF ADMINISTRATIVE OFFICER**

It is my pleasure to present the Corporation of the Village of Fruitvale's 2017 Annual Municipal Financial Report, which includes the Independent Auditors' Report and Audited Financial Statements.

The financial statements are prepared by management in compliance with Section 167 of the Community Charter and in accordance with generally accepted accounting principles, as recommended by the Public Sector Accounting Board (PSAB). Management is responsible for implementing and maintaining a system of internal controls to ensure that reliable financial statements and schedules are prepared, that the Village's assets are safeguarded, and that these financial statements are consistent with other reporting requirements of the Financial Information Act. Village Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and ensuring that internal controls are maximized.

These financial statements were audited by Grant Thornton, LLP, Chartered Professional Accountants. Their responsibility is to express an opinion on the financial statements based on the results of their audit. Their report concludes that these financial statements present fairly, in all material aspects, the financial position of the Village as at December 31, 2017. The external auditors have full and free access to Village Council.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Michael Maturo', with a long horizontal stroke extending to the right.

**Michael Maturo**  
**Chief Administrative Officer**

## INDEPENDENT AUDITORS' REPORT

To Mayor and Council Members  
The Corporation of the Village of Fruitvale

We have audited the accompanying financial statements of The Corporation of the Village of Fruitvale ("the Village"), which comprise the statement of financial position as at December 31, 2017, the statements of operations, statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessing 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 Village'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 Village'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, these financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of Fruitvale as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Other Matters


Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, exhibits 1 to 5, included in the Other Financial Information section is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.


# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 2,582,863	\$ 468,525
Accounts receivable (Note 4)	388,468	303,334
Deposits, Municipal Finance Authority (Note 5)	25,000	-
	2,996,331	771,859
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	156,464	254,257
Deferred revenue (Note 7)	334,591	189,927
MFA debt reserve (Note 5)	25,000	-
Short term borrowing (Note 8)	139,181	240,100
Debenture debt (Note 9)	2,500,000	-
Long term lease obligation (Note 10)	-	4,215
	3,155,236	688,499
<b>NET FINANCIAL ASSETS (DEBT)</b>	(158,905)	83,360
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	10,541,739	9,996,387
Prepaid expenses	37,314	20,715
Other	30,580	17,098
	\$10,450,728	\$10,117,560
<b>ACCUMULATED SURPLUS (Note 11)</b>		

  
 Chief Administrative Officer

  
 Mayor

SEE ACCOMPANYING NOTES

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

	BUDGET	2017	2016
<b>REVENUES</b>			
Taxation, grants in lieu, assessments (Note 12)	\$ 2,398,264	\$ 2,400,877	\$ 2,356,347
Payments to other authorities (Note 12)	(1,669,185)	(1,672,173)	(1,702,632)
Taxation for village purposes (Note 12)	729,079	728,704	653,715
Sales of services	390,200	384,556	352,451
Other revenue from own sources	607,027	362,122	359,389
Government transfers (Note 13)	2,230,621	656,163	1,324,905
Investment income	10,000	22,810	3,672
	3,966,927	2,154,355	2,694,132
<b>EXPENSES</b>			
General government services	595,896	899,218	944,067
Protective services	58,797	57,189	53,485
Transportation services	523,473	416,476	440,522
Environmental health services	58,400	43,636	56,722
Public health and welfare services	26,050	24,581	41,116
Environment development services	122,543	121,390	112,443
Recreation and cultural services	170,628	157,449	203,597
Sewer operations	335,531	353,887	368,778
	1,891,318	2,073,826	2,220,730
<b>SURPLUS BEFORE OTHER</b>	2,075,609	80,529	473,402
Government transfers for capital (Note 13)	-	252,639	-
<b>SURPLUS (Note 17)</b>	2,075,609	333,168	473,402
<b>ACCUMULATED SURPLUS, beginning of year</b>	10,117,560	10,117,560	9,644,158
<b>ACCUMULATED SURPLUS, end of year</b>	\$12,193,169	\$10,450,728	\$10,117,560

SEE ACCOMPANYING NOTES

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2017

	BUDGET	2017	2016
<b>ANNUAL SURPLUS (DEFICIT)</b>	2,075,609	\$ 333,168	\$ 473,402
Acquisition of tangible capital assets	(4,604,621)	(951,134)	(805,630)
Amortization of tangible capital assets		404,458	455,170
Proceeds on sale of tangible capital assets		8,000	-
Gain on disposal of tangible capital assets		(6,676)	-
	(2,529,012)	(212,184)	122,942
Change in other assets		(13,482)	(17,098)
Change in prepaid expenses		(16,599)	10,724
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(2,529,012)	(242,265)	116,568
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	83,360	83,360	(33,208)
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	(2,529,012)	\$ (158,905)	\$ 83,360

SEE ACCOMPANYING NOTES

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
<b>OPERATING TRANSACTIONS</b>		
Annual surplus (deficit)	\$ 333,168	\$ 473,402
Non-cash items:		
Amortization	404,458	455,170
Debt reserve interest	25,000	-
Gain on disposal of tangible capital assets	(6,676)	-
Changes to financial assets/liabilities:		
Accounts receivable	(85,134)	139,070
Prepaid expenses	(16,599)	10,724
Inventory	(13,482)	(17,098)
Accounts payable and accrued liabilities	(97,793)	(871,338)
Unearned revenue	144,664	(23,956)
	687,606	165,974
<b>FINANCING TRANSACTIONS</b>		
Repayment of long term lease obligations	(4,215)	(15,026)
Repayment of short term borrowing	(100,919)	(103,320)
Proceeds from interim financing	2,475,000	7,570
	2,369,866	(110,776)
<b>CAPITAL TRANSACTIONS</b>		
Tangible capital assets acquired	(951,134)	(805,630)
Proceeds on disposal of tangible capital assets	8,000	-
	(943,134)	(805,630)
<b>INCREASE (DECREASE) IN CASH</b>	2,114,338	(750,432)
<b>CASH, beginning of year</b>	468,525	1,218,957
<b>CASH, end of year</b>	\$ 2,582,863	\$ 468,525

SEE ACCOMPANYING NOTES



# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A) BASIS OF PRESENTATION

The financial statements are the responsibility of management and prepared in accordance with Canadian public sector accounting standards ("PSAS"). The resources and operations of the Corporation of the Village of Fruitvale (the "Village") are segregated into various funds for accounting and financial reporting purposes.

#### B) FUNDS OF THE VILLAGE

The operations of the Village are divided into a number of funds with specific purposes. The financial statements include all the the accounts of the funds. All interfund transactions and balances have been eliminated within the financial statements. Fund statements are presented as supplementary information to the financial statements. The basic funds are briefly described as follows:

Capital Funds - These funds are used to reflect tangible capital assets offset by related long-term debt and investment in tangible capital assets.

General Operating Fund - This fund is the main fund of the municipality and is used to reflect the normal municipal operating activities including collection of taxation, administering operations, roads, policing, servicing general debt, etc.

Reserve Funds - These funds have been created to hold assets and to provide monies for specific purposes.

Sewer Operating Fund - This fund has been established as a self-liquidating fund to cover the costs of operating this utility.

#### C) REVENUE RECOGNITION

##### Taxation

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for Village purposes. Levies imposed by other taxing authorities are not included as taxes for Village purposes. Taxes are recognized as revenue in the year they are levied. The Village is not reliant on revenue from any single taxpayer.

##### Fees and charges

Charges for transportation, environmental health, permits, water and wastewater, etc. are recorded on the accrual basis and recognized when earned.

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### C) REVENUE RECOGNITION - Continued

##### **Government transfers**

Government transfers are recognized as revenue in the period that the transfer is authorized, eligible criteria, if any, have been met by the Village, and a reasonable estimate of the amount can be made.

##### **Investment income**

Investment income is recorded on the accrual basis and recognized when earned. To the extent that the investments have no stated rate of return, investment income is recognized as it is received.

##### **Gains from disposal of tangible capital assets**

Gains from the disposal of tangible capital assets are recognized at the time of disposal.

#### D) LIABILITY FOR CONTAMINATED SITES

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Village is directly responsible and accepts responsibility; and
- a reasonable estimate of the amount can be made.

The liability would include all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. To date, no liability has been recorded.

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### E) TANGIBLE CAPITAL ASSETS

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. In the year of acquisition, amortization is claimed at half the normal rate. Work in progress is not amortized. Donated tangible capital assets are reported at the time of the donation. Estimated useful lives are as follows:

Land improvements	25 to 30 years
Buildings	30 to 50 years
Fixtures, furniture, equipment and vehicles	5 to 20 years
Technology	5 years
Roads	20 to 75 years
Bridges and other transportation structures	50 to 100 years
Sewer infrastructure	75 years
Drainage infrastructure	75 years

#### F) BUDGET

Budget figures shown represent the initial Five Year Financial Plan Bylaw No. 883 as adopted by Council May 8, 2017. Subsequent amendments may have been made to reflect changes in expenditures approved by Council and required by law.

#### G) ACCRUAL ACCOUNTING

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon cost of goods and services consumed.

#### H) USE OF ESTIMATES

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of tangible capital assets.

### 2. CASH

Cash includes \$31,083 (2016 - \$30,209) of cemetery care money not available to fund the day-to-day operations of the municipality. Of this total, \$31,061 (2016 - \$30,157) is held in a term deposit earning interest at 2.25% per annum.

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 3. OPERATING LINE OF CREDIT

The municipality has available a \$1,681,000 operating line of credit with Kootenay Savings Credit Union bearing interest at the Credit Union's prime lending rate; secured by Bylaw. As at the year end date, the Credit Union's prime lending rate of interest was 3.95% per annum. The balance outstanding at the year end date was \$NIL (2016 - \$NIL).

### 4. ACCOUNTS RECEIVABLE

	2017	2016
Taxes	\$ 131,675	\$ 122,278
Due from Federal Government	46,150	22,366
Due from Regional District of Kootenay Boundary	140,651	80,203
Gas Tax receivable	17,500	45,361
Other	52,492	33,126
	<b>\$ 388,468</b>	<b>\$ 303,334</b>

### 5. DEBT RESERVE FUND

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

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

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade payables	\$ 130,464	\$ 232,655
Employee accrued liabilities	26,000	21,602
	<b>\$ 156,464</b>	<b>\$ 254,257</b>

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 7. DEFERRED REVENUE

The Village of Fruitvale records deferred revenue for funds received for services not yet rendered and recognizes the revenue during the period in which the services are provided. The Village records deferred revenue when a contract specifies how the resources are to be used and therefore funds received in advance are deferred until the period in which the requirements are met. Because these funds are restricted in nature, they are shown as liabilities.

	2017	2016
Prepaid parcel taxes	\$ 37,616	\$ 32,476
Prepaid utilities	89,123	85,743
RDKB cemetery capital grant	37,000	48,648
RDKB Beaver Valley Recreation Service capital grant	27,918	11,517
RDKB Beaver Valley Recreation Service programs grant	3,500	10,835
UBCM gas tax funding (details below)	139,434	708
	\$ 334,591	\$ 189,927

The Village of Fruitvale receives Gas Tax funding provided by the Government of Canada. The use of funding is established by a funding agreement between the Village and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. Gas Tax funding that is not spent in the year it is received is recorded as deferred revenue and is held until the Village undertakes an eligible project. The following provides a summary of funds received that comprise the unearned revenue amount on the statement of financial position.

	2017	2016
Opening balance of unspent funds	\$ 708	\$ -
Add: Amount received during the year	138,726	137,544
Interest earned	-	164
Less: Amount spent on approved projects	-	(137,000)
Closing balance of unspent funds	\$ 139,434	\$ 708

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 8. SHORT TERM BORROWING

	2017	2016
In 2015, the Village purchased a garbage truck, financing the purchase with an interim financing agreement with the Municipal Finance Authority of British Columbia. The terms of the financing agreement require interest only payments. The interest rate at December 31, 2017 was 1.94% per annum.	\$ 132,000	\$ 176,000
In 2013, the Village purchased machinery and equipment, financing the purchases by two interim financing agreements with the Municipal Finance Authority of British Columbia. The terms of the financing agreement require interest only payments. The interest rate at December 31, 2017 was 1.94% per annum.	7,181	64,100
	<b>\$ 139,181</b>	<b>\$ 240,100</b>

### 9. DEBENTURE DEBT

The Village issues debt instruments through the Municipal Finance Authority, pursuant to security issuing bylaws to finance certain capital expenditures.

Future principal requirements and actuarial adjustments on outstanding debenture debt over the remaining term to maturity are as follows:

	<b>TOTAL</b>
2018	\$ 52,548
2019	54,126
2020	55,748
2021	57,421
2022	59,143
Thereafter	2,221,014
	<b>\$ 2,500,000</b>

Interest rate on debenture debt is 2.79% per annum.

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 10. LONG TERM LEASE OBLIGATION

	2017	2016
Machinery and equipment; repayable in monthly instalments with interest at 1.39% per annum; matured during the year.	\$ -	\$ 4,215

### 11. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

	2017	2016
Unappropriated surplus	\$ 367,902	\$ 64,551
Capital funds	27,661	19,661
Reserve funds	285,075	281,276
Equity in tangible capital assets	9,770,090	9,752,072
	<b>\$10,450,728</b>	<b>\$10,117,560</b>

### 12. REVENUES

	2017	2016
Taxation, grants in lieu, assessments:		
Property taxes	\$ 727,561	\$ 651,098
Grants in lieu of taxes	1,142	1,078
Collections for other authorities:		
Province of BC	600,035	635,180
Regional District of Kootenay Boundary	1,004,108	997,168
West Kootenay Boundary Regional Hospital District	58,189	59,941
BC Assessment Authority	9,802	11,842
Municipal Finance Authority	40	40
	<b>2,400,877</b>	<b>2,356,347</b>
Payments to other authorities	1,672,173	1,702,632
	<b>\$ 728,704</b>	<b>\$ 653,715</b>

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 13. GOVERNMENT TRANSFERS

	2017	2016
<b>Government transfers - capital</b>		
Provincial unconditional transfers:		
Small communities grant	\$ 111,445	-
Regional district and local governments conditional transfers:		
Gas Tax Strategic Priorities fund	141,194	-
<b>Government transfers - capital</b>	<b>252,639</b>	<b>-</b>
<b>Government transfers - non-capital</b>		
Provincial conditional transfers:		
Province of British Columbia	20,425	\$ 58,415
Provincial unconditional transfers:		
Small Communities grant	342,514	440,696
Federal conditional transfers:		
Other	1,000	1,000
Regional district and local governments conditional transfers:		
Gas Tax Community Works fund	-	137,544
Gas Tax Strategic Priorities fund	-	441,544
Regional District of Kootenay Boundary	<u>292,224</u>	<u>245,706</u>
	292,224	824,794
<b>Government transfers - non-capital</b>	<b>656,163</b>	<b>1,324,905</b>
	<b>\$ 908,802</b>	<b>\$ 1,324,905</b>

### 14. CONTINGENCIES

The Corporation of the Village of Fruitvale, as a member of the Regional District of Kootenay Boundary, is jointly and severally liable for the borrowing of this authority.

The Village of Fruitvale is a member of the Municipal Insurance Association of B.C. (M.I.A.B.C.). M.I.A.B.C. is licensed to operate a reciprocal insurance exchange under section 302 of the Insurance Act. M.I.A.B.C. is a municipal self insurance program, supplying general liability coverage to their members up to a maximum of thirty five million dollars. Members are liable for their deductible and a pro-rated share of any claims exceeding their deductible.

In the normal course of a year, the Village is faced with lawsuits and claims for damages of a diverse nature. The outcome of these claims cannot be reasonably determined at this time.



# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 15. PENSION LIABILITY

The employer 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation 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 remaining unchanged.

The Corporation of the Village of Fruitvale paid \$72,678 (2016 - \$71,431) for employer contributions while employees contributed \$64,622 (2016 - \$60,985) 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 16. SUBSEQUENT EVENT

Subsequent to year end, the Village purchased the property on 1800 Columbia Gardens Road, formerly known as Fruitvale Middleschool, for \$151,543. Of this amount, \$11,102 was paid in 2017 and the remaining \$140,441 was paid in 2018.

### 17. BUDGET RECONCILIATION

The reconciliation of the approved budget Bylaw #883 for the current year to the budget figures reported in these financial statements is as follows:

Budget surplus per Statement of Operations	\$ 2,075,609
Less: capital expenditures	(4,604,621)
Less: debt principal repaid	(96,199)
Less: transfers to other funds	(3,789)
Add: proceeds from borrowings	2,629,000
	<hr/>
	\$ -
	<hr/>

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS AS AT DECEMBER 31, 2017

	Land	Land Improvements	<u>Engineering Structures</u>		Machinery Equipment & Vehicles	Buildings	Work in Progress	2017	2016
			General	Sewer				TOTAL	TOTAL
<b>COST</b>									
Balance, beginning of year	\$ 899,677	\$ 1,342,257	\$ 5,776,029	\$ 2,247,633	\$ 1,949,123	\$ 5,247,274	\$ -	\$ 17,461,993	\$ 16,668,363
Add: additions during the year	12,597	117,516	591,911	65,857	-	163,253	-	951,134	805,630
Less: disposals and transfers during the year	-	-	-	-	(31,993)	-	-	(31,993)	(12,000)
<b>Balance, end of year</b>	<b>912,274</b>	<b>1,459,773</b>	<b>6,367,940</b>	<b>2,313,490</b>	<b>1,917,130</b>	<b>5,410,527</b>	<b>-</b>	<b>18,381,134</b>	<b>17,461,993</b>
<b>Accumulated Amortization</b>									
Balance, beginning of year	-	724,457	3,355,538	633,302	1,107,624	1,644,685	-	7,465,606	7,022,436
Add: amortization	-	35,730	119,756	34,804	104,583	109,585	-	404,458	455,170
Less: accumulated amortization on disposals	-	-	-	-	(30,669)	-	-	(30,669)	(12,000)
<b>Balance, end of year</b>	<b>-</b>	<b>760,187</b>	<b>3,475,294</b>	<b>668,106</b>	<b>1,181,538</b>	<b>1,754,270</b>	<b>-</b>	<b>7,839,395</b>	<b>7,465,606</b>
<b>Net Book Value 2017</b>	<b>\$ 912,274</b>	<b>\$ 699,586</b>	<b>\$ 2,892,646</b>	<b>\$ 1,645,384</b>	<b>\$ 735,592</b>	<b>\$ 3,656,257</b>	<b>\$ -</b>	<b>\$ 10,541,739</b>	<b>\$ -</b>
<b>Net Book Value 2016</b>	<b>\$ 899,677</b>	<b>\$ 617,800</b>	<b>\$ 2,420,491</b>	<b>\$ 1,614,331</b>	<b>\$ 841,499</b>	<b>\$ 3,602,589</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,996,387</b>

Included in Machinery Equipment & Vehicles is \$222,876 (2016 - \$222,876) of leased tangible capital assets with accumulated amortization to date of \$14,858 (2016 - \$7,429).

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## SCHEDULE 2 - SEGMENTED INFORMATION AS AT DECEMBER 31, 2017

	General Government	Protective Services	Transportation Services	Environmental Health Services	Public health and Welfare Services	Environment Development Services	Recreation and Cultural Services	Sewer Operations	2017 Total	2016 Total
<b>Revenue</b>										
Taxation	\$ 614,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,300	\$ 728,704	\$ 653,715
Sales of services	98,995	-	-	-	-	-	-	278,885	377,880	352,451
Other revenues from own sources	362,122	-	-	-	-	-	-	-	362,122	359,389
Government transfers	767,608	-	-	-	-	-	-	141,194	908,802	1,324,905
Investment income	22,810	-	-	-	-	-	-	-	22,810	3,672
Gain on sale of TCA	6,676	-	-	-	-	-	-	-	6,676	-
	<b>1,872,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>534,379</b>	<b>2,406,994</b>	<b>2,694,132</b>
<b>Expenditure</b>										
Salaries and benefits	286,913	-	198,332	17,783	19,365	76,514	61,114	134,890	794,911	856,761
Contracts and professional services	71,305	57,189	63,176	23,456	3,119	13,756	52,065	47,336	331,402	404,854
Supplies, materials and equipment	122,684	-	154,968	2,397	2,097	31,120	44,270	119,797	477,333	496,855
<b>Total before debt, other fiscal services and amortization</b>	<b>480,902</b>	<b>57,189</b>	<b>416,476</b>	<b>43,636</b>	<b>24,581</b>	<b>121,390</b>	<b>157,449</b>	<b>302,023</b>	<b>1,603,646</b>	<b>1,758,470</b>
Debt interest, fiscal services and other	65,722	-	-	-	-	-	-	-	65,722	8,521
Amortization	352,594	-	-	-	-	-	-	51,864	404,458	455,170
MFA debt restated	-	-	-	-	-	-	-	-	-	(1,431)
	<b>899,218</b>	<b>57,189</b>	<b>416,476</b>	<b>43,636</b>	<b>24,581</b>	<b>121,390</b>	<b>157,449</b>	<b>353,887</b>	<b>2,073,826</b>	<b>2,220,730</b>
<b>Net revenue</b>	<b>\$ 973,397</b>	<b>\$ (57,189)</b>	<b>\$ (416,476)</b>	<b>\$ (43,636)</b>	<b>\$ (24,581)</b>	<b>\$ (121,390)</b>	<b>\$ (157,449)</b>	<b>\$ 180,492</b>	<b>\$ 333,168</b>	<b>\$ 473,402</b>

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## EXHIBIT 1 - SCHEDULE OF CAPITAL EQUITY YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

	General Capital Fund		Sewer Capital Fund		Consolidated	
	2017	2016	2017	2016	2017	2016
<b>Capital equity, beginning of year</b>	\$ 6,568,304	\$ 6,731,960	\$ 3,203,429	\$ 2,578,537	\$ 9,771,733	\$ 9,310,497
Contributions to capital assets						
Capital additions from operating	743,913	130,009	207,221	675,621	951,134	805,630
Debt retirement						
Repayment of interim financing	100,919	103,320	-	-	100,919	103,320
Repayment of long term lease obligation	4,215	15,026	-	-	4,215	15,026
	105,134	118,346	-	-	105,134	118,346
Proceeds from long term borrowing	(2,500,000)	(7,570)	-	-	(2,500,000)	(7,570)
Unspent long term borrowing	1,867,532	-	-	-	1,867,532	-
Amortization of capital assets	(352,594)	(404,441)	(51,864)	(50,729)	(404,458)	(455,170)
Gain on disposal of capital assets	6,676	-	-	-	6,676	-
	(978,386)	(412,011)	(51,864)	(50,729)	(1,030,250)	(462,740)
<b>Capital equity, end of year</b>	<b>\$ 6,438,965</b>	<b>\$ 6,568,304</b>	<b>\$ 3,358,786</b>	<b>\$ 3,203,429</b>	<b>\$ 9,797,751</b>	<b>\$ 9,771,733</b>
Equity in capital assets is as follows:						
Financial equity	\$ 27,518	\$ 19,518	\$ 143	\$ 143	\$ 27,661	\$ 19,661
Physical equity	6,411,447	6,548,786	3,358,643	3,203,286	9,770,090	9,752,072
	<b>\$ 6,438,965</b>	<b>\$ 6,568,304</b>	<b>\$ 3,358,786</b>	<b>\$ 3,203,429</b>	<b>\$ 9,797,751</b>	<b>\$ 9,771,733</b>

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## EXHIBIT 2 - STATEMENT OF FINANCIAL POSITION BY FUND YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

	OPERATING		CAPITAL		Reserve Funds	2017	2016
	General	Sewer	General	Sewer			
<b>FINANCIAL ASSETS</b>							
Cash	\$ 2,551,780	\$ -	\$ -	\$ -	\$ 31,083	\$ 2,582,863	\$ 468,525
Accounts receivable	388,468	-	-	-	-	388,468	303,334
Due (to) from other funds	(2,019,419)	(129,766)	1,895,050	143	253,992	-	-
Deposits, MFA	25,000	-	-	-	-	25,000	-
	945,829	(129,766)	1,895,050	143	285,075	2,996,331	771,859
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	156,464	-	-	-	-	156,464	254,257
Deferred revenue	334,591	-	-	-	-	334,591	189,927
MFA debt reserve	25,000	-	-	-	-	25,000	-
Interim financing	-	-	139,181	-	-	139,181	240,100
Debenture debt	-	-	2,500,000	-	-	2,500,000	-
Long term lease obligation	-	-	-	-	-	-	4,215
	516,055	-	2,639,181	-	-	3,155,236	688,499
<b>Net Financial Assets</b>	429,774	(129,766)	(744,131)	143	285,075	(158,905)	83,360
<b>Prepaid expenses</b>	37,314	-	-	-	-	37,314	20,715
<b>Other</b>	30,580	-	-	-	-	30,580	17,098
<b>Tangible capital assets</b>	-	-	7,183,096	3,358,643	-	10,541,739	9,996,387
<b>NET ASSETS</b>	\$ 497,668	\$ (129,766)	\$ 6,438,965	\$ 3,358,786	\$ 285,075	\$ 10,450,728	\$ 10,117,560
<b>EQUITY, Financial</b>							
Unappropriated surplus	\$ 497,668	\$ (129,766)	-	-	-	\$ 367,902	\$ 64,551
Capital funds	-	-	27,518	143	-	27,661	19,661
Reserve funds	-	-	-	-	285,075	285,075	281,276
	497,668	(129,766)	27,518	143	285,075	680,638	365,488
<b>EQUITY, Physical</b>							
Tangible capital assets	-	-	6,411,447	3,358,643	-	9,770,090	9,752,072
<b>TOTAL EQUITY</b>	\$ 497,668	\$ (129,766)	\$ 6,438,965	\$ 3,358,786	\$ 285,075	\$ 10,450,728	\$ 10,117,560

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## EXHIBIT 3 - FINANCIAL ACTIVITIES GENERAL OPERATING FUND YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

	BUDGET	2017	2016
<b>REVENUES</b>			
Taxation, grants in lieu, assessments	\$ 2,283,964	\$ 2,286,577	\$ 2,246,002
Payments to other authorities	(1,669,185)	(1,672,173)	(1,702,632)
<hr/>			
Taxation for village purposes	614,779	614,404	543,370
Sale of services	109,000	98,995	89,048
Other revenue from own sources	617,027	384,932	363,063
Conditional transfers from provincial government	65,075	20,425	58,415
Conditional transfers from regional district and other local governments	385,742	180,779	245,706
Conditional transfers from federal government	1,000	1,000	1,000
Unconditional transfers from provincial government	475,000	453,959	440,696
<hr/>			
	2,267,623	1,754,494	1,741,298
<hr/>			
<b>EXPENSES</b>			
General government services	549,021	480,902	532,534
Protective services	58,797	57,189	53,485
Transportation services	523,473	416,476	440,522
Environmental health services	58,400	43,636	56,722
Public health and welfare services	26,050	24,581	41,116
Environmental development services	122,543	121,390	112,443
Recreational and cultural	170,628	157,449	203,597
Debt interest, fiscal services and other	46,875	65,722	8,521
<hr/>			
	1,555,787	1,367,345	1,448,940
<hr/>			
<b>EXCESS OF REVENUE OVER EXPENSES</b>	711,836	387,149	292,358
Debt principal repaid	(96,199)	(105,134)	(109,347)
<hr/>			
<b>NET EXCESS OF REVENUE OVER EXPENSES</b>	615,637	282,015	183,011
<hr/>			
Transfers from (to) own funds and reserves:			
Cemetery care fund	(3,200)	(874)	(1,875)
General capital fund	(2,738,372)	(632,467)	(130,009)
Capital reserve	31,800	-	11,102
Sewer revenue fund	-	-	(40,692)
Carbon tax reserve	(5,700)	(2,925)	(5,677)
Long term borrowings	2,475,000	2,500,000	-
Unspent long term borrowings	-	(1,867,533)	-
<hr/>			
	(240,472)	(3,799)	(167,151)
<hr/>			
<b>NET FUND SURPLUS FOR THE YEAR</b>	375,165	278,216	15,860
<b>FINANCIAL EQUITY, BEGINNING OF YEAR</b>	219,453	219,453	203,593
<hr/>			
<b>FINANCIAL EQUITY, END OF YEAR</b>	\$ 594,618	\$ 497,669	\$ 219,453

# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## EXHIBIT 4 - FINANCIAL ACTIVITIES SEWER OPERATING FUND YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

	BUDGET	2017	2016
<b>REVENUES</b>			
Sewer user rates	\$ 278,700	\$ 278,885	\$ 259,234
Connection charges	2,500	-	4,169
Sewer parcel taxes	114,300	114,300	110,345
Conditional transfers from regional district and other local governments	1,303,804	141,194	579,088
	1,699,304	534,379	952,836
<b>EXPENSES</b>			
Salaries, wages and benefits	177,250	134,890	171,509
Contracted services	49,000	47,336	58,005
Supplies, materials and equipment	88,781	119,797	88,535
Debt interest	20,500	-	-
	335,531	302,023	318,049
<b>NET EXCESS OF REVENUE OVER EXPENSES</b>	1,363,773	232,356	634,787
Transfer to sewer capital	(1,866,249)	(207,222)	(675,620)
Transfer from general operating fund	121,000	-	40,692
	(1,745,249)	(207,222)	(634,928)
<b>NET FUND SURPLUS (DEFICIT) FOR THE YEAR</b>	(381,476)	25,134	(141)
<b>DEFICIT, BEGINNING OF YEAR</b>	(154,899)	(154,899)	(154,758)
<b>DEFICIT, END OF YEAR</b>	\$ (536,375)	\$ (129,765)	\$ (154,899)



# THE CORPORATION OF THE VILLAGE OF FRUITVALE

## EXHIBIT 5 - SCHEDULE OF RESERVE FUNDS YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

	Carbon Tax Reserve	Development Cost Charges Reserve	Cemetery Care and Capital Improvement Fund	Capital Reserve	2017 Total	2016 Total
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ 31,083	\$ -	\$ 31,083	\$ 30,209
Due from general operating fund	25,922	2,400	50,883	174,787	253,992	251,067
	<b>\$ 25,922</b>	<b>\$ 2,400</b>	<b>\$ 81,966</b>	<b>\$ 174,787</b>	<b>\$ 285,075</b>	<b>\$ 281,276</b>
<b>FUND BALANCES,</b>						
beginning of year	\$ 22,997	\$ 2,400	\$ 81,092	\$ 174,787	\$ 281,276	\$ 284,826
Net Interest earned	-	-	874	-	874	692
Transfers from own fund: general operating	2,925	-	-	-	2,925	7,552
	25,922	2,400	81,966	174,787	285,075	293,070
Deduct: Transfers to own fund: general operating	-	-	-	-	-	11,794
<b>FUND BALANCES, end of year</b>	<b>\$ 25,922</b>	<b>\$ 2,400</b>	<b>\$ 81,966</b>	<b>\$ 174,787</b>	<b>\$ 285,075</b>	<b>\$ 281,276</b>