



Financial Statements

The Corporation of the Village of Fruitvale

December 31, 2018

**THE CORPORATION OF THE VILLAGE OF FRUITVALE
DECEMBER 31, 2018**

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 2018 audited Financial Statements, which includes the Independent Auditors' Report.

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. 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, 2018. The external auditors have full and free access to Village Council.

Respectfully submitted,



Michael Maturo
Chief Administrative Officer

Independent Auditor's Report

Grant Thornton LLP
1440 Bay Ave
Trail, BC
V1R 4B1

T +1 250 368 6445
F +1 250 368 8488
www.GrantThornton.ca

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

Opinion

We have audited the financial statements of The Corporation of the Village of Fruitvale (the "Village"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and its results of operations and its cash flows in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Exhibits included in the Supplemental Financial Information section are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplemental information has not been subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Trail, Canada
May 13, 2019

Grant Thornton LLP

Chartered Professional Accountants

THE CORPORATION OF THE VILLAGE OF FRUITVALE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,408,492	\$ 2,582,863
Accounts receivable (Note 4)	1,125,540	388,468
Deposits, Municipal Finance Authority (Note 5)	25,000	25,000
	<u>2,559,032</u>	<u>2,996,331</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	731,768	156,463
Deferred revenue (Note 7)	608,075	334,591
MFA debt reserve (Note 5)	25,000	25,000
Short term borrowing (Note 8)	-	139,181
Debenture debt (Note 9)	2,447,452	2,500,000
	<u>3,812,295</u>	<u>3,155,235</u>
NET DEBT	(1,253,263)	(158,904)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	12,452,932	10,541,739
Prepaid expenses	14,166	37,314
Other	167,413	30,580
ACCUMULATED SURPLUS (Note 10)	<u>\$11,381,248</u>	<u>\$10,450,729</u>


 Chief Administrative Officer


 Mayor

THE CORPORATION OF THE VILLAGE OF FRUITVALE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	BUDGET	2018	2017
REVENUES			
Taxation, grants in lieu, assessments (Note 11)	\$ 2,317,179	\$ 2,662,685	\$ 2,400,877
Payments to other authorities (Note 11)	(1,434,267)	(1,778,852)	(1,672,173)
Taxation for village purposes (Note 11)	882,912	883,833	728,704
Sales of services	410,306	415,110	391,232
Other revenue from own sources	260,153	225,859	259,939
Government transfers (Note 12)	646,118	664,163	656,163
Cost recoveries	-	22,571	56,133
Investment income	10,000	24,968	22,810
Gain (loss) on disposal of tangible capital assets	-	(20,177)	6,676
	2,209,489	2,216,327	2,121,657
EXPENSES			
General government services	668,891	1,180,462	899,218
Protective services	61,454	60,625	57,189
Transportation services	537,790	485,728	416,476
Environmental health services	54,180	46,088	43,636
Public health and welfare services	22,300	24,319	24,581
Environment development services	81,123	60,067	121,390
Recreation and cultural services	192,828	151,505	157,449
Sewer operations	303,995	312,334	321,188
	1,922,561	2,321,128	2,041,127
SURPLUS (DEFICIT) BEFORE OTHER	286,928	(104,801)	80,530
Government transfers for capital (Note 12)	1,511,761	1,035,320	252,639
SURPLUS	1,798,689	930,519	333,169
ACCUMULATED SURPLUS, beginning of year	10,450,729	10,450,729	10,117,560
ACCUMULATED SURPLUS, end of year	\$12,249,418	\$11,381,248	\$10,450,729

THE CORPORATION OF THE VILLAGE OF FRUITVALE
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2018

	BUDGET (Note 15)	2018	2017
ANNUAL SURPLUS	1,798,689	\$ 930,519	\$ 333,169
Acquisition of tangible capital assets	(2,991,641)	(2,505,295)	(951,134)
Amortization of tangible capital assets	-	521,065	404,458
Proceeds on sale of tangible capital assets	-	52,860	8,000
Loss (gain) on disposal of tangible capital assets	-	20,177	(6,676)
	(1,192,952)	(980,674)	(212,183)
Change in other assets	-	(136,833)	(13,482)
Change in prepaid expenses	-	23,148	(16,599)
INCREASE IN NET DEBT	(1,192,952)	(1,094,359)	(242,264)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	(158,904)	(158,904)	83,360
NET DEBT, END OF YEAR	(1,192,952)	\$ (1,253,263)	\$ (158,904)

THE CORPORATION OF THE VILLAGE OF FRUITVALE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING TRANSACTIONS		
Annual surplus	\$ 930,519	\$ 333,169
Non-cash items:		
Amortization	521,065	404,458
Debt reserve interest	-	25,000
Loss (gain) on disposal of tangible capital assets	20,177	(6,676)
Changes to financial assets/liabilities:		
Accounts receivable	(737,072)	(85,135)
Prepaid expenses	23,148	(16,599)
Inventory	(136,833)	(13,482)
Accounts payable and accrued liabilities	575,305	(97,793)
Unearned revenue	273,484	144,664
	1,469,793	687,606
FINANCING TRANSACTIONS		
Repayment of long term lease obligations	-	(4,215)
Repayment of debenture debt and short term borrowing	(191,729)	(100,919)
Proceeds from debenture debt	-	2,475,000
	(191,729)	2,369,866
CAPITAL TRANSACTIONS		
Tangible capital assets acquired	(2,505,295)	(951,134)
Proceeds on disposal of tangible capital assets	52,860	8,000
	(2,452,435)	(943,134)
INCREASE (DECREASE) IN CASH	(1,174,371)	2,114,338
CASH, beginning of year	2,582,863	468,525
CASH, end of year	\$ 1,408,492	\$ 2,582,863

THE CORPORATION OF THE VILLAGE OF FRUITVALE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018

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, 2018

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, machinery, 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. 890 as adopted by Council May 7, 2018. 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 \$32,899 (2017 - \$31,083) of cemetery care money not available to fund the day-to-day operations of the municipality. Of this total, \$32,844 (2017 - \$31,061) is held in a term deposit earning interest at 2.50% per annum.

THE CORPORATION OF THE VILLAGE OF FRUITVALE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

3. OPERATING LINE OF CREDIT

The Village 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. No amounts have been drawn on this line of credit.

4. ACCOUNTS RECEIVABLE

	2018	2017
Taxes	\$ 177,933	\$ 131,675
Federal Government	133,012	46,150
Regional District of Kootenay Boundary	233,552	140,651
Provincial Government	516,157	-
Gas Tax receivable	-	17,500
Other	64,886	52,492
	\$ 1,125,540	\$ 388,468

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

	2018	2017
Trade payables	\$ 723,660	\$ 130,463
Employee accrued liabilities	8,108	26,000
	\$ 731,768	\$ 156,463

THE CORPORATION OF THE VILLAGE OF FRUITVALE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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.

	2018	2017
Prepaid parcel taxes	\$ 38,053	\$ 37,616
Prepaid utilities	109,298	89,123
RDKB cemetery capital grant	33,000	37,000
RDKB Beaver Valley Recreation Service capital grant	27,918	27,918
RDKB Beaver Valley Recreation Service programs grant	3,607	3,500
Haines Park upgrades	16,114	-
FMC Capital	80,000	-
2019 Strategic plan	7,150	-
Other	9,297	-
UBCM gas tax funding (details below)	283,638	139,434
	\$ 608,075	\$ 334,591

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.

	2018	2017
Opening balance of unspent funds	\$ 139,434	\$ 708
Add: Amount received during the year	144,204	138,726
Closing balance of unspent funds	\$ 283,638	\$ 139,434

THE CORPORATION OF THE VILLAGE OF FRUITVALE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

8. SHORT TERM BORROWING

	2018	2017
Municipal Finance Authority equipment financing loans; repaid in the year	\$ -	\$ 139,181

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:

2019	\$ 54,126
2020	55,748
2021	57,421
2022	59,143
2023	60,918
Thereafter	2,160,096
	\$ 2,447,452

Interest rate on debenture debt is 2.79% per annum.

THE CORPORATION OF THE VILLAGE OF FRUITVALE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

10. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

	2018	2017
Unappropriated surplus	\$ 327,655	\$ 367,903
Capital funds	80,521	27,661
Reserve funds	291,582	285,075
Equity in tangible capital assets	10,681,490	9,770,090
	\$11,381,248	\$10,450,729

11. REVENUES

	2018	2017
Taxation, grants in lieu, assessments:		
Property taxes	\$ 883,072	\$ 727,561
Grants in lieu of taxes	1,339	1,142
Collections for other authorities:		
Province of BC	643,683	600,035
Regional District of Kootenay Boundary	1,061,295	1,004,108
West Kootenay Boundary Regional Hospital District	62,965	58,189
BC Assessment Authority	10,285	9,802
Municipal Finance Authority	46	40
	2,662,685	2,400,877
Payments to other authorities	1,778,852	1,672,173
	\$ 883,833	\$ 728,704

THE CORPORATION OF THE VILLAGE OF FRUITVALE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

12. GOVERNMENT TRANSFERS

	2018	2017
Government transfers - capital		
Provincial unconditional transfers:		
Small communities grant	\$ 1,157	\$ 111,445
Provincial capital grants	1,034,163	-
Regional district and local governments conditional transfers:		
Gas Tax Strategic Priorities fund	-	141,194
Government transfers - capital	1,035,320	252,639
Government transfers - non-capital		
Provincial conditional transfers:		
Province of British Columbia	16,821	20,425
Provincial unconditional transfers:		
Small Communities grant	471,961	342,514
Federal conditional transfers:		
Other	-	1,000
Regional District of Kootenay Boundary conditional transfer:	175,381	292,224
Government transfers - non-capital	664,163	656,163
	\$ 1,699,483	\$ 908,802

13. 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. At December 31, 2018, the promissory note is \$36,274 (2017 - \$36,274).

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, 2018

14. 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, 2017, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 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 \$73,097 (2017 - \$72,678) for employer contributions while employees contributed \$63,815 (2017 - 64,622) to the plan in fiscal 2018.

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 the individual employers participating in the Plan.

THE CORPORATION OF THE VILLAGE OF FRUITVALE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

15. 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	\$ 1,798,689
Less: capital expenditures	(2,991,641)
Less: debt principal repaid	(191,729)
Less: transfers to other funds	80,538
Add: proceeds from borrowings	1,304,143
<hr/>	
	\$ -
<hr/>	

16. COMPARATIVE FIGURES

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

THE CORPORATION OF THE VILLAGE OF FRUITVALE
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS
AS AT DECEMBER 31, 2018

	Land	Land Improvements	Engineering Structures		Machinery Equipment & Vehicles	Buildings	Work in Progress	2018 TOTAL	2017 TOTAL
			General	Sewer					
COST									
Balance, beginning of year	\$ 912,274	\$ 1,459,773	\$ 6,367,940	\$ 2,313,490	\$ 1,917,130	\$ 5,410,527	\$ -	\$ 18,381,134	\$ 17,461,993
Add: additions during the year	-	2,352	1,046,660	46,107	162,484	128,598	1,119,094	2,505,295	951,134
Less: disposals and transfers during the year	-	-	(129,266)	-	(104,694)	-	-	(233,960)	(31,993)
Balance, end of year	912,274	1,462,125	7,285,334	2,359,597	1,974,920	5,539,125	1,119,094	20,652,469	18,381,134
Accumulated Amortization									
Balance, beginning of year	-	760,187	3,475,294	668,106	1,181,538	1,754,270	-	7,839,395	7,465,606
Add: amortization	-	36,492	215,283	37,102	100,006	132,182	-	521,065	404,458
Less: accumulated amortization on disposals	-	-	(117,212)	-	(43,711)	-	-	(160,923)	(30,669)
Balance, end of year	-	796,679	3,573,365	705,208	1,237,833	1,886,452	-	8,199,537	7,839,395
Net Book Value 2018	\$ 912,274	\$ 665,446	\$ 3,711,969	\$ 1,654,389	\$ 737,087	\$ 3,652,673	\$ 1,119,094	\$ 12,452,932	\$ -
Net Book Value 2017	\$ 899,677	\$ 617,800	\$ 2,420,491	\$ 1,614,331	\$ 841,499	\$ 3,602,589	\$ -	\$ -	\$ 10,541,739

Included in Machinery Equipment & Vehicles is \$222,876 (2017 - \$222,876) of leased tangible capital assets with accumulated amortization to date of \$22,288 (2017 - \$14,858).

THE CORPORATION OF THE VILLAGE OF FRUITVALE
SCHEDULE 2 - SEGMENTED INFORMATION
AS AT DECEMBER 31, 2018

	General Government	Protective Services	Transportation Services	Environmental Health Services	Public health and Welfare Services	Environment Development Services	Recreation and Cultural Services	Sewer Operations	2018 Total	2017 Total
Revenue										
Taxation	\$ 731,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,825	\$ 883,833	\$ 728,704
Sales of services	109,578	-	-	-	-	-	-	305,532	415,110	391,232
Other revenues from own sources	225,859	-	-	-	-	-	-	-	225,859	259,939
Government transfers	1,699,483	-	-	-	-	-	-	-	1,699,483	908,802
Cost Recoveries	22,571	-	-	-	-	-	-	-	22,571	56,133
Investment income	24,968	-	-	-	-	-	-	-	24,968	22,810
Loss (gain) on sale of CA	(20,177)	-	-	-	-	-	-	-	(20,177)	6,676
	2,793,290	-	-	-	-	-	-	458,357	3,251,647	2,374,296
Expenditure										
Salaries and benefits	351,032	-	217,072	14,898	21,073	37,654	72,446	119,402	833,577	794,911
Contracts and professional services	132,409	60,625	95,104	22,037	1,524	9,311	50,251	71,701	442,962	331,402
Supplies, materials and equipment	138,924	-	173,552	9,154	1,722	13,101	28,809	66,608	431,870	444,634
Total before debt, other fiscal services and amortization	622,365	60,625	485,728	46,089	24,319	60,066	151,506	257,711	1,708,409	1,570,947
Debt interest, fiscal services and other	91,654	-	-	-	-	-	-	-	91,654	65,722
Amortization	466,442	-	-	-	-	-	-	54,623	521,065	404,458
	1,180,461	60,625	485,728	46,089	24,319	60,066	151,506	312,334	2,321,128	2,041,127
Net revenue	\$ 1,612,829	\$ (60,625)	\$ (485,728)	\$ (46,089)	\$ (24,319)	\$ (60,066)	\$ (151,506)	\$ 146,023	\$ 930,519	\$ 333,169

THE CORPORATION OF THE VILLAGE OF FRUITVALE
EXHIBIT 1 - SCHEDULE OF CAPITAL EQUITY
YEAR ENDED DECEMBER 31, 2018

(UNAUDITED)

	General Capital Fund		Sewer Capital Fund		Consolidated	
	2018	2017	2018	2017	2018	2017
Capital equity, beginning of year	\$ 6,438,965	\$ 6,568,304	\$ 3,358,786	\$ 3,203,429	\$ 9,797,751	\$ 9,771,733
Contributions to capital assets						
Capital additions from operating	1,340,094	743,913	1,165,201	207,221	2,505,295	951,134
Debt retirement						
Repayment of debenture debt	52,548	-	-	-	52,548	-
Repayment of interim financing	139,181	100,919	-	-	139,181	100,919
Repayment of long term lease obligation	-	4,215	-	-	-	4,215
	191,729	105,134	-	-	191,729	105,134
Proceeds from long term borrowing	-	(2,500,000)	-	-	-	(2,500,000)
Prior year unspent borrowings	(1,531,847)	-	(335,685)	-	(1,867,532)	-
Unspent long term borrowing	676,010	1,867,532	-	-	676,010	1,867,532
Amortization of TCA	(466,442)	(352,594)	(54,623)	(51,864)	(521,065)	(404,458)
Gain (loss) on disposal of TCA	(20,177)	6,676	-	-	(20,177)	6,676
	(1,342,456)	(978,386)	(390,308)	(51,864)	(1,732,764)	(1,030,250)
Capital equity, end of year	\$ 6,628,332	\$ 6,438,965	\$ 4,133,679	\$ 3,358,786	\$ 10,762,011	\$ 9,797,751
Equity in capital assets is as follows:						
Financial equity	\$ 80,378	\$ 27,518	\$ 143	\$ 143	\$ 80,521	\$ 27,661
Physical equity	6,547,954	6,411,447	4,133,536	3,358,643	10,681,490	9,770,090
	\$ 6,628,332	\$ 6,438,965	\$ 4,133,679	\$ 3,358,786	\$ 10,762,011	\$ 9,797,751

THE CORPORATION OF THE VILLAGE OF FRUITVALE
EXHIBIT 2 - STATEMENT OF FINANCIAL POSITION BY FUND
YEAR ENDED DECEMBER 31, 2018

(UNAUDITED)

	OPERATING		CAPITAL		Reserve Funds	2018	2017
	General	Sewer	General	Sewer			
FINANCIAL ASSETS							
Cash	\$ 1,375,593	\$ -	\$ -	\$ -	\$ 32,899	\$ 1,408,492	\$ 2,582,863
Accounts receivable	1,125,540	-	-	-	-	1,125,540	388,468
Due (to) from other funds	(1,035,078)	19,864	1,073,762	(317,231)	258,683	-	-
Deposits, MFA	25,000	-	-	-	-	25,000	25,000
	1,491,055	19,864	1,073,762	(317,231)	291,582	2,559,032	2,996,331
LIABILITIES							
Accounts payable and accrued liabilities	731,768	-	-	-	-	731,768	156,463
Deferred revenue	608,075	-	-	-	-	608,075	334,591
MFA debt reserve	25,000	-	-	-	-	25,000	25,000
Interim financing	-	-	-	-	-	-	139,181
Debenture debt	-	-	2,447,452	-	-	2,447,452	2,500,000
	1,364,843	-	2,447,452	-	-	3,812,295	3,155,235
Net Financial Assets	126,212	19,864	(1,373,690)	(317,231)	291,582	(1,253,263)	(158,904)
Prepaid expenses	14,166	-	-	-	-	14,166	37,314
Other	167,413	-	-	-	-	167,413	30,580
Tangible capital assets	-	-	8,002,022	4,450,910	-	12,452,932	10,541,739
NET ASSETS	\$ 307,791	\$ 19,864	\$ 6,628,332	\$ 4,133,679	\$ 291,582	\$ 11,381,248	\$ 10,450,729
EQUITY, Financial							
Unappropriated surplus	\$ 307,791	\$ 19,864	-	\$ -	\$ -	\$ 327,655	\$ 367,903
Capital funds	-	-	80,378	143	-	80,521	27,661
Reserve funds	-	-	-	-	291,582	291,582	285,075
	307,791	19,864	80,378	143	291,582	699,758	680,639
EQUITY, Physical							
Tangible capital assets	-	-	6,547,954	4,133,536	-	10,681,490	9,770,090
TOTAL EQUITY	\$ 307,791	\$ 19,864	\$ 6,628,332	\$ 4,133,679	\$ 291,582	\$ 11,381,248	\$ 10,450,729

THE CORPORATION OF THE VILLAGE OF FRUITVALE
EXHIBIT 3 - FINANCIAL ACTIVITIES
GENERAL OPERATING FUND
YEAR ENDED DECEMBER 31, 2018

(UNAUDITED)

	BUDGET	2018	2017
REVENUES			
Taxation, grants in lieu, assessments	\$ 2,166,179	\$ 2,509,860	\$ 2,286,577
Payments to other authorities	(1,434,267)	(1,778,852)	(1,672,173)
Taxation for village purposes	731,912	731,008	614,404
Sale of services	113,935	109,578	112,347
Other revenue from own sources	270,153	211,454	282,749
Grants	(14,500)	39,373	-
Cost recoveries	86,415	67,883	88,831
Conditional transfers from provincial government	3,000	16,821	20,425
Conditional transfers from regional district and other local governments	167,118	175,381	180,779
Conditional transfers from federal government	1,000	-	1,000
Unconditional transfers from provincial government	475,000	471,961	453,959
	1,834,033	1,823,459	1,754,494
EXPENSES			
General government services	595,380	622,366	480,902
Protective services	61,454	60,625	57,189
Transportation services	537,790	485,728	416,476
Environmental health services	54,180	46,088	43,636
Public health and welfare services	22,300	24,319	24,581
Environmental development services	81,123	60,067	121,390
Recreational and cultural	192,828	151,505	157,449
Debt interest, fiscal services and other	73,511	91,654	65,722
	1,618,566	1,542,352	1,367,345
EXCESS OF REVENUE OVER EXPENSES	215,467	281,107	387,149
Debt principal repaid	(191,729)	(191,730)	(105,134)
NET EXCESS OF REVENUE OVER EXPENSES	23,738	89,377	282,015
Transfers from (to) own funds and reserves:			
Cemetery care fund	-	(3,585)	(874)
General capital fund	(1,096,441)	(1,128,585)	(632,467)
Sewer revenue fund	-	(335,685)	-
Carbon tax reserve	-	(2,922)	(2,925)
Long term borrowings	858,963	1,867,533	2,500,000
Unspent long term borrowings	-	(676,010)	(1,867,533)
	(237,478)	(279,254)	(3,799)
NET FUND SURPLUS (DEFICIT) FOR THE YEAR	(213,740)	(189,877)	278,216
FINANCIAL EQUITY, BEGINNING OF YEAR	497,669	497,669	219,453
FINANCIAL EQUITY, END OF YEAR	\$ 283,929	\$ 307,792	\$ 497,669

THE CORPORATION OF THE VILLAGE OF FRUITVALE
EXHIBIT 4 - FINANCIAL ACTIVITIES
SEWER OPERATING FUND
YEAR ENDED DECEMBER 31, 2018

(UNAUDITED)

	BUDGET	2018	2017
REVENUES			
Sewer user rates	\$ 293,871	\$ 295,403	\$ 278,885
Connection charges	2,500	10,129	-
Sewer parcel taxes	151,000	152,825	114,300
Conditional transfers from regional district and other local governments	-	-	141,194
	447,371	458,357	534,379
EXPENSES			
Salaries, wages and benefits	155,000	119,402	134,890
Contracted services	55,000	71,701	47,336
Supplies, materials and equipment	93,495	66,608	87,098
Debt interest	500	-	-
	303,995	257,711	269,324
NET EXCESS OF REVENUE OVER EXPENSES	143,376	200,646	265,055
Transfer to sewer capital	(1,895,200)	(341,391)	(207,222)
Transfer from general revenue	-	335,685	-
Internal charges	(36,950)	(45,311)	(32,699)
Long term borrowings	445,180	-	-
	(1,486,970)	(51,017)	(239,921)
NET FUND SURPLUS (DEFICIT) FOR THE YEAR	(1,343,594)	149,629	25,134
DEFICIT, BEGINNING OF YEAR	(129,765)	(129,765)	(154,899)
DEFICIT, END OF YEAR	\$ (1,473,359)	\$ 19,864	\$ (129,765)

THE CORPORATION OF THE VILLAGE OF FRUITVALE
EXHIBIT 5 - SCHEDULE OF RESERVE FUNDS
YEAR ENDED DECEMBER 31, 2018

(UNAUDITED)

	Carbon Tax Reserve	Development Cost Charges Reserve	Cemetery Care and Capital Improvement Fund	Capital Reserve	2018 Total	2017 Total
ASSETS						
Cash	\$ -	\$ -	\$ 32,899	\$ -	\$ 32,899	\$ 31,083
Due from general operating fund	28,844	2,400	52,652	174,787	258,683	253,992
	\$ 28,844	\$ 2,400	\$ 85,551	\$ 174,787	\$ 291,582	\$ 285,075
FUND BALANCES,						
beginning of year	\$ 25,922	\$ 2,400	\$ 81,966	\$ 174,787	\$ 285,075	\$ 281,276
Net Interest earned	-	-	613	-	613	874
Transfers from own fund: general operating	2,922	-	2,972	-	5,894	2,925
FUND BALANCES, end of year	\$ 28,844	\$ 2,400	\$ 85,551	\$ 174,787	\$ 291,582	\$ 285,075