

Consolidated Financial Statements of



VILLAGE OF
VALEMOUNT

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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Year ended December 31, 2017



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

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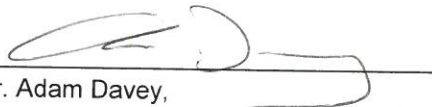
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the Village of Valemount (the "Village") are the responsibility of the Village's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Professional Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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 available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Village. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.



Mr. Adam Davey,
Chief Administrative Officer



Mrs. Lori McNee,
Director of Finance



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Tel (250) 563-7151
Fax (250) 563-5693

INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.



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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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Village of Valemount as at December 31, 2017, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

March 27, 2018

Prince George, Canada



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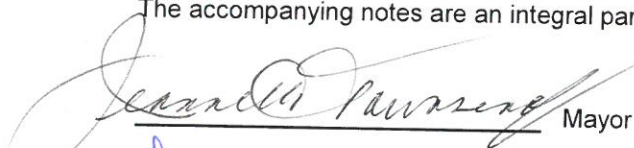
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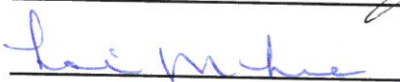
Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash and cash equivalents (note 2)	\$ 3,636,176	\$ 3,450,778
Accounts receivable (note 3)	823,908	549,431
Investment in Valemount Community Forest Company Ltd. (note 4)	5,354,411	4,206,427
	<u>\$ 9,814,495</u>	<u>\$ 8,206,636</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 279,659	\$ 364,764
Development cost charge reserve fund (note 6)	171,770	119,037
Deferred revenue (note 7)	739,968	531,802
Refundable deposits	19,000	19,000
Long-term debt, net of sinking funds (note 8)	726,669	807,338
	<u>1,937,066</u>	<u>1,841,941</u>
Net financial assets	7,877,429	6,364,695
Non-financial assets:		
Prepaid expenses	17,519	27,898
Tangible capital assets (note 9)	13,815,103	13,644,645
	<u>13,832,622</u>	<u>13,672,543</u>
Commitments and contingencies (note 11)		
Accumulated surplus (note 10)	<u>\$ 21,710,051</u>	<u>\$ 20,037,238</u>

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


 Jeannette Lawrence Mayor


 Director of Finance



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Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Revenue:			
Net taxation revenue (note 12)	\$ 804,531	\$ 804,701	\$ 764,262
Sales and user fees	770,731	813,035	760,183
Licenses and permits	18,850	45,609	43,118
Hotel and resort tax	150,000	199,182	159,454
Rentals	17,350	32,174	26,191
Government transfers (note 13):			
Provincial	1,651,000	1,013,566	966,257
Federal	10,000	400,790	850
Other	434,580	229,229	190,762
Investments and penalties	24,500	71,159	58,074
Equity in income of Valemount Community Forest Company Ltd. (note 4)	-	1,147,983	368,974
Total revenues	3,881,542	4,757,428	3,338,125
Expenses:			
Legislature	46,800	46,180	47,914
General government	904,961	1,006,049	1,026,787
Protective services	87,500	71,441	65,608
Transportation services	421,989	437,472	352,763
Environmental and public health	132,000	88,659	99,193
Recreation and community development	857,391	669,347	612,539
Water utility	354,750	385,071	394,425
Sanitary sewer system	332,681	380,396	419,546
Total expenditures	3,138,072	3,084,615	3,018,775
Annual surplus	743,470	1,672,813	319,350
Accumulated surplus, beginning of year	20,037,238	20,037,238	19,717,888
Accumulated surplus, end of year	\$ 20,780,708	\$ 21,710,051	\$ 20,037,238

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



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Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	Budget	Total 2017	Total 2016
Annual surplus	\$ 743,470	\$ 1,672,813	\$ 319,350
Acquisition of tangible capital assets	(1,134,100)	(739,292)	(225,156)
Amortization of tangible capital assets	75,797	568,834	539,184
	-	(170,458)	314,028
Use of prepaid expenses	-	27,898	24,552
Purchase of prepaid expenses	-	(17,519)	(27,898)
Change in net financial assets	743,470	1,512,734	630,032
Net financial assets, beginning of year	6,364,695	6,364,695	5,734,663
Net financial assets, end of year	\$ 7,108,165	\$ 7,877,429	\$ 6,364,695

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



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Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,672,813	\$ 319,350
Items not involving cash:		
Amortization of tangible capital assets	568,834	539,184
Equity in earnings of Valemount Community Forest Company Ltd.	(1,147,984)	(368,974)
Changes in non-cash operating working capital:		
Accounts receivable	(274,477)	132,098
Accounts payable and accrued liabilities	(85,105)	(100,780)
Deferred revenue	208,166	137,484
Development cost charge reserve fund	52,733	949
Prepaid expenses	10,379	(3,346)
Net change in cash from operating activities	1,005,359	655,965
Capital activities:		
Acquisition of tangible capital assets	(739,292)	(225,156)
Financing activities:		
Repayment of long-term debt	(80,669)	(78,675)
Increase in cash and cash equivalents	185,398	352,134
Cash and cash equivalents, beginning of year	3,450,778	3,098,644
Cash and cash equivalents, end of year	\$ 3,636,176	\$ 3,450,778

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



VALEMOUNT

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THE CORPORATION OF THE VILLAGE OF VALEMOUNT Notes to Consolidated Financial Statements

Year ended December 31, 2017

Nature of operations:

The Corporation of the Village of Valemount (the "Village") is a municipality that was created in 1966 under the Community Charter, formerly the Municipal Act, a statute of the Province 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, recreational, water, sewer and fiscal services.

1. Significant accounting policies:

The consolidated financial statements of the Village are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants. Significant accounting policies adopted by the Village are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Village and which are owned or controlled by the Village.

(ii) Accounting for Region and School Board Transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operation of the Region and the School Board are not reflected in these consolidated financial statements.

(iii) Trust funds:

Trust funds and their related operations administered by the Village are not included in these consolidated financial statements.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iv) Investment in Government Business Enterprises:

The Village's investment in the Valemount Community Forest Company Ltd., a wholly-owned subsidiary, is accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB. Under the modified equity basis, the Valemount Community Forest Company Ltd.'s accounting policies are not adjusted to conform with those of the Village and inter-organizational transactions and balances are not eliminated. The Village recognizes its equity interest in the annual earnings or loss of the Valemount Community Forest Company Ltd. in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the Village may receive from the Valemount Community Forest Company Ltd. will be reflected as reductions in the investment asset account.

(b) Basis of accounting:

The Village follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Revenue recognition:

Taxation and user fee revenues are recognized in accordance with the provisions of the Community Charter. The Village is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the Village's taxation revenues.

Revenue unearned in the current period is reported on the consolidated statement of financial position as deferred revenue or deposits.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding agency or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(e) Cash and cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life
Building and site improvements	4 - 75 years
Machinery and equipment	5 - 20 years
Roads infrastructure	10 - 100 years
Vehicles	5 - 20 years
Water and wastewater infrastructure	10 - 100 years

Tangible capital assets are tested annually for any impairment in value based on continued usefulness of the assets and related carrying values. Any impairment in carrying value would be recorded in the period that the impairment occurs.



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(ii) Contribution to tangible capital assets:

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

(iii) Interest capitalization:

The Village does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(g) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (a) an environmental standard exists,
- (b) contamination exceeds the environmental standard,
- (c) the organization is directly responsible or accepts responsibility for the liability,
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

(h) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and obligations related to employee future benefits. Actual results could differ from those estimates.



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

2. Cash and cash equivalents:

Cash and cash equivalents is comprised of cash balances and short-term investments held with the Municipal Finance Authority in money market investment fund as follows:

	2017	2016
Cash	\$ 218,972	\$ 359,872
Short-term investments	3,417,204	3,090,906
	\$ 3,636,176	\$ 3,450,778

3. Accounts receivable:

	2017	2016
Taxes	\$ 286,493	\$ 361,266
Grants	458,072	141,880
Sales tax	32,420	8,107
Miscellaneous	46,923	38,178
	\$ 823,908	\$ 549,431



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

4. Investment in Valemount Community Forest Company Ltd.:

	2017	2016
Investments:		
Investment in shares of the company	\$ 1	\$ 1
Accumulated earnings	5,354,410	4,206,426
	<u>\$ 5,354,411</u>	<u>\$ 4,206,427</u>
(i) Financial position:		
Assets:		
Current	\$ 4,251,663	\$ 3,295,109
Capital	1,930,374	1,979,627
Long-term	438,228	387,151
Total assets	<u>6,620,265</u>	<u>5,661,887</u>
Liabilities:		
Current	591,570	767,027
Long-term	674,284	688,432
Total liabilities	<u>1,265,854</u>	<u>1,455,459</u>
Equity:		
Share capital	1	1
Retained earnings	5,354,410	4,206,427
Total equity	<u>5,354,411</u>	<u>4,206,428</u>
Total liabilities and equity	<u>6,620,265</u>	<u>5,661,887</u>
(ii) Operations:		
Revenue	8,737,158	8,395,883
Expenses	7,589,175	8,026,909
	<u>\$ 1,147,983</u>	<u>\$ 368,974</u>



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

5. Accounts payable and accrued liabilities:

	2017	2016
Trade	\$ 74,882	\$ 163,696
Wages and related costs	204,777	201,068
	\$ 279,659	\$ 364,764

6. Development cost charge reserve fund:

The development cost charge reserve fund represents amounts collected by the Village to be used to fund future capital costs related to subdivision infrastructure as required.

	2017	2016
Balance, beginning of year	\$ 119,037	\$ 118,088
Contributions - interest earned	1,181	949
Contributions - water and sewer	51,552	-
	\$ 171,770	\$ 119,037

7. Deferred revenue:

	2017	2016
Unexpended grants- Columbia Basin Trust	\$ 177,619	\$ 172,671
Unexpended grants- other	365,676	204,834
Prepaid property taxes	65,989	68,861
Deferred revenue- other	130,684	85,436
	\$ 739,968	\$ 531,802



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Long-term debt, net of sinking funds:

The Village issues debt instruments through the Municipal Finance Authority of British Columbia ("MFA"), pursuant to security issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. Sinking Fund balances, managed by MFA, are used to reduce long-term debt. The Community Hall debt was issued by the Northern Development Initiative Trust (NDIT).

	By-Law Number	Interest rate	Year of maturity	Gross debt	Sinking Fund Assets	Net debt 2017	Net debt 2016
General Fund:							
Community							
Hall	N/A	0.00%	2017	-	-	-	3,868
Garbage							
Truck	N/A	1.72%	2017	-	-	-	25,000
Water Fund:							
Water	587	4.65%	2026	227,331	30,100	197,231	215,152
Water	635	4.17%	2029	560,700	31,262	529,438	563,318
				\$ 788,031	\$ 61,362	\$ 726,669	\$ 807,338



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Long-term debt, net of sinking funds (continued):

Debt is reported net of sinking fund balances on the consolidated statement of financial position.

- (a) Principal and sinking fund payments due within the next five years and onward are as follows:

	Water Fund	Total
2018	\$ 37,852	\$ 37,852
2019	37,852	37,852
2020	37,852	37,852
2021	37,852	37,852
2022	37,852	37,852
Onward	228,648	228,648
	417,908	417,908
Estimated sinking fund income	308,761	308,761
	\$ 726,669	\$ 726,669

- (b) Sinking fund instalments are invested by the MFA and earn income which, together with principal payments, are expected to be sufficient to retire the sinking debt at maturity. For sinking fund agreements, the MFA has established either a normal sinking fund or a capital repayment equalization fund.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

9. Tangible capital assets:

	2017					Total
	Land improvements	Buildings and site improvements	Machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure
Cost:						
Balance, beginning of year	\$ 1,153,267	\$ 4,191,123	\$ 2,069,249	\$ 4,764,334	\$ 5,884,250	\$ 4,094,914
Additions	-	14,278	79,734	48,480	-	596,800
Balance, end of year	1,153,267	4,205,401	2,148,983	4,812,814	5,884,250	4,691,714
Accumulated amortization:						
Balance, beginning of year	-	1,543,907	649,590	2,156,560	2,036,053	2,126,382
Amortization expense	-	92,937	66,057	152,246	139,260	118,334
Balance, end of year	-	1,636,844	715,647	2,308,806	2,175,313	2,244,716
Net book value, end of year	\$ 1,153,267	\$ 2,568,557	\$ 1,433,336	\$ 2,504,008	\$ 3,708,937	\$ 2,446,998
						\$ 13,815,103



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

9. Tangible capital assets (continued):

	2016						Total
	Land improvements	Building and site improvements	Machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure	
Cost:							
Balance, beginning of year	\$ 1,153,267	\$ 4,184,121	\$ 2,015,776	\$ 4,700,275	\$ 5,884,250	\$ 3,994,292	\$ 21,931,981
Additions	-	7,002	53,473	64,059	-	100,622	225,156
Balance, end of year	1,153,267	4,191,123	2,069,249	4,764,334	5,884,250	4,094,914	22,157,137
Accumulated amortization:							
Balance, beginning of year	-	1,451,327	591,020	2,010,157	1,897,986	2,022,818	7,973,308
Amortization expense	-	92,580	58,570	146,403	138,067	103,564	539,184
Balance, end of year	-	1,543,907	649,590	2,156,560	2,036,053	2,126,382	8,512,492
Net book value, end of year	\$ 1,153,267	\$ 2,647,216	\$ 1,419,659	\$ 2,607,774	\$ 3,848,197	\$ 1,968,532	\$ 13,644,645



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Accumulated surplus:

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 13,097,741	\$ 12,846,606
General fund:		
Unrestricted	2,009,213	1,598,296
Restricted	5,354,411	4,206,427
Water utility fund	400,417	305,644
Sanitary sewer fund	131,627	370,664
Total surplus	20,993,409	19,327,637
Reserves set aside by Council:		
Capital works machinery and equipment	375,262	371,575
Land sales	65,760	65,114
MFA unexpended funds	15,023	14,876
Total reserves	456,045	451,565
MFA unexpended funds - sewer	260,597	258,036
	\$ 21,710,051	\$ 20,037,238

11. Commitments and contingencies:

- (a) The Village is responsible, as a member of the Regional District of Fraser-Fort George, for its portion of any operating deficits or capital debt related to functions in which it participates.
- (b) The Village issues debt instruments through the MFA. As a condition of these borrowings, 1% of gross proceeds are required by the MFA for the Village to deposit into a debt reserve fund. The Village is also required to execute demand notes in connection with each debenture whereby the Village may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the accounts. The demand notes issued at December 31, 2017 aggregated \$34,512 (2016 - \$34,512).



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

11. Commitments and contingencies (continued):

- (c) The Village and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly-trusted 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 193,000 active members and approximately 90,000 retired members. Active members include approximately 13 contributors from the Village.

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

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

The Village paid \$66,041 (2016 - \$64,528) for employer contributions 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.

- (d) The Village is obligated to collect and transmit property taxes levied on Valemount taxpayers in respect of the following bodies:

- Ministry of Education, Province of British Columbia
- Regional District of Fraser-Fort George
- Fraser-Fort George Regional Hospital District
- British Columbia Assessment Authority
- Municipal Finance Authority
- Royal Canadian Mounted Police



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

11. Commitments and contingencies (continued):

- (e) The Village is a participant in the Municipal Insurance Association of British Columbia (the "Association"). Should the Association pay out claim in excess of premiums received, it is possible that the Village, along with other participants, would be required to contribute toward the deficit.

12. Net taxation revenue:

As indicated in note 11(d), the Village is required to collect taxes on behalf of and transfer the appropriate portion of these amounts to the government agencies below:

	2017	2016
Taxes collected:		
General purposes	\$ 679,549	\$ 639,252
Frontage tax	87,112	87,302
Grants in lieu of taxes	38,060	37,330
Collection of other governments	1,100,934	1,037,519
	<u>1,905,655</u>	<u>1,801,403</u>
Transfers to other governments:		
Ministry of Education, Province of British Columbia	418,766	410,820
Regional District of Fraser-Fort George	534,457	487,558
Fraser-Fort George Regional Hospital District	83,239	72,822
B.C. Assessment Authority	8,822	9,341
Municipal Finance Authority	36	35
Royal Canadian Mounted Police	55,634	56,565
	<u>1,100,954</u>	<u>1,037,141</u>
	<u>\$ 804,701</u>	<u>\$ 764,262</u>



VALEMOUNT

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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

13. Government transfers:

The Village recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The government transfers reported on the Statement of Operations and Accumulated Surplus are:

	2017	2016
Revenue		
Provincial grants:		
Unconditional	\$ 341,267	\$ 340,444
Miscellaneous	270,852	289,932
BC Hydro	401,447	335,881
Subtotal provincial grants	1,013,566	966,257
Federal grants:		
Miscellaneous	9,675	850
Sewer lift station	391,115	-
Subtotal federal grants	400,790	850
Other grants:		
Columbia Basin Trust	229,229	190,762
Subtotal other grants	229,229	190,762
Total revenue	\$ 1,643,585	\$ 1,157,869

14. Segmented information:

The Village is a diversified municipal organization that provides a wide range of services to its citizens. For management reporting purposes, the Village's operations and activities are organized and reported by service areas. Service areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

a) Legislature:

Within legislature are Council operations. Council members set the overall direction of the municipality through their role as a policy maker by creating new policies, bylaws and programs.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

14. Segmented information (continued):

b) General government:

The general government operations provides the functions of corporate administration and legislative services and any other functions categorized as non-departmental in the Village.

c) Protective services:

Protective services is comprised of emergency management and regulatory services.

d) Transportation services:

Transportation services is responsible for a wide variety of services including the development and maintenance of the Village's roadway systems through the Public Works department, snow removal and street lighting.

e) Environmental and public health:

Environmental and public health provides garbage collection and disposal services to residents and businesses in the Village as well as maintenance of the cemetery.

f) Recreation and community development:

Parks, recreation and community development is responsible for the construction and maintenance of the Village's parks and green spaces. It provides funding for the operation of the community hall, museum, library, courthouse, and visitor information centre. It also administers economic development projects and provides grants to various community groups that provide recreational opportunities in the Village.

g) Water utility:

The water utility is responsible for installing and maintaining water mains, pump stations and the water treatment plant. The treatment and distribution of water in the Village through Public Works is included in this segment.

h) Sanitary sewer system:

The sanitary sewer utility is responsible for installing and maintaining sewer mains, lift stations and the sewage treatment facility. The collection and treatment of sewage in the Village through Public Works is included in this segment.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

14. Segmented information (continued):

The following statement provides additional information for the foregoing functions. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.



VILLAGE OF VALEMOUNT

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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

14. Segmented information (continued):

	2017								Total
	General Government	Protective Services	Transportation Services	Environmental and Public Health	Legislature	Recreation and Community Development	Water Utility	Sanitary Sewer System	
Revenue:									
Taxation	\$ 717,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,112	\$ -	\$ 804,701
User charges	33,926	45,609	-	101,084	-	83,948	292,008	302,069	858,644
Grants	1,643,585	-	-	-	-	-	-	-	1,643,585
Investment income	71,159	-	-	-	-	-	-	-	71,159
Other	1,147,984	-	-	-	-	231,355	-	-	1,379,339
Total revenue	3,614,243	45,609	-	101,084	-	315,303	379,120	302,069	4,757,428
Expenses:									
Salaries and employee benefits	425,319	47,197	220,279	41,560	46,180	128,486	85,783	81,277	1,076,081
Operating	198,037	24,244	217,193	47,099	-	540,862	116,153	180,785	1,324,373
Interest	-	-	-	-	-	-	43,875	-	43,875
Insurance	33,164	-	-	-	-	-	-	-	33,164
Professional services	38,288	-	-	-	-	-	-	-	38,288
Amortization	311,240	-	-	-	-	-	139,260	118,334	568,834
Total expenses	1,006,048	71,441	437,472	88,659	46,180	669,348	385,071	380,396	3,084,615
Annual surplus (deficit)	\$ 2,608,195	\$ (25,832)	\$ (437,472)	\$ 189,743	\$ (46,180)	\$ (354,045)	\$ (5,951)	\$ (78,327)	\$ 1,672,813



VALEMOUNT

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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

14. Segmented information (continued):

	2016							Total	
	General Government	Protective Services	Transportation Services	Environmental and Public Health	Legislature	Recreation and Community Development	Water Utility	Sanitary Sewer System	Total
Revenue:									
Taxation	\$ 676,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,302	\$ -	\$ 764,262
User charges	39,580	43,118	-	100,892	-	73,560	268,522	277,629	803,301
Grants	1,157,869	-	-	-	-	-	-	-	1,157,869
Investment income	58,074	-	-	-	-	-	-	-	58,074
Other	368,974	-	-	-	-	185,645	-	-	554,619
Total revenue	2,301,457	43,118	-	100,892	-	259,205	355,824	277,629	3,338,125
Expenses:									
Salaries and employee benefits	470,636	50,327	196,704	41,879	47,914	91,130	89,265	110,637	1,098,492
Operating	168,757	15,281	156,059	57,314	-	521,409	113,556	205,345	1,237,721
Interest	-	-	-	-	-	-	53,537	-	53,537
Insurance	31,276	-	-	-	-	-	-	-	31,276
Professional services	58,565	-	-	-	-	-	-	-	58,565
Amortization	297,553	-	-	-	-	-	138,067	103,564	539,184
Total expenses	1,026,787	65,608	352,763	99,193	47,914	612,539	394,425	419,546	3,018,775
Annual surplus (deficit)	\$ 1,274,670	\$ (22,490)	\$ (352,763)	\$ 1,699	\$ (47,914)	\$ (353,334)	\$ (38,601)	\$ (141,917)	\$ 319,350



VALEMOUNT

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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

15. Comparative information:

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

16. Trust funds:

The Village maintains a cemetery perpetual care fund in accordance with the Cemeteries and Funeral Services Act. The trust fund balance sheet at December 31, 2017 is as follows:

	2017	2016
MFA Investment pool	\$ 39,919	\$ 36,067
Cemetery trust liability	(39,919)	(36,067)

17. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2017 operating and capital budgets approved by Council on May 9, 2017. Amortization was not contemplated on development of the budget and, as such, has not been included. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Revenues:	
Operating budget	\$ 4,338,942
Less:	
Transfer from other funds	(457,400)
Total revenue	3,881,542
Expenses:	
Operating budget	4,338,942
Less:	
Capital expenditures	(1,134,100)
Debt principal payments	(66,770)
	3,138,072
Annual surplus	\$ 743,470



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PRIVATE & CONFIDENTIAL

Mr. Adam Davey
Chief Administrative Officer
The Corporation of the Village of Valemount
735 Cranberry Lake Road
Valemount, BC V0E 2Z0

March 27, 2018

Dear Mr. Davey:

FINANCIAL STATEMENTS

We enclose four copies of the consolidated financial statements of The Corporation of the Village of Valemount (the "Entity") with our Auditors' Report, for the fiscal period ended December 31, 2017.

ATTACHMENTS

- A copy of the final trial balance and adjusting journal entries in order to update the accounting records.

Should you have any questions or if we can be of any further assistance, please do not hesitate to contact us.

Yours truly,

Corey S. Naphtali, CPA, CA
Partner
250-614-4067

CSN/mt
Enclosures