



District of Wells

Statement of Financial Information (SOFI)

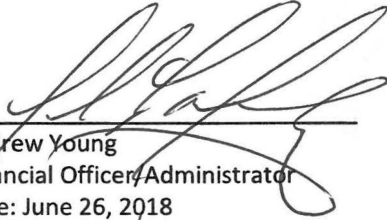
For the year ended December 31, 2017




DISTRICT OF WELLS

2017 STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9 (2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.



Andrew Young
Financial Officer/Administrator
Date: June 26, 2018



Jay Vermette
Mayor
Date: June 26, 2018

Financial Information Act
Financial Information Regulation (FIR), Schedule 1

Statement of Financial Information (SOFI)
Index to FIR Schedule 1 and the Checklist

Page 1: Corporation Information

Ministry Information

General: Section One

- 1(1)(a) Statement of assets and liabilities
- 1(1)(b) Operational statement
- 1(1)(c) Schedule of debts
- 1(1)(d) Schedule of guarantee and indemnity agreements
- 1(1)(e) Schedule of employee remuneration and expenses
- 1(1)(f) Schedule of suppliers of goods and services
- 1(2) [Explanatory information for reference]
- 1(3) Statements prepared on a consolidated basis or for each fund
- 1(4) & (5) Notes to the statements and schedules in section 1(1)

Page 2: Statement of Assets & Liabilities: Section Two

- 2 Balance sheet
- Changes in equity and surplus or deficit

Operational Statement: Section Three

- 3(1) Statement of Income / Statement of Revenue and Expenditures
- Statement of Changes in Financial Position
- 3(2) & (3) Omission of Statement of Changes in Financial Position, with explanation
- 3(4) Requirement for community colleges, school districts and municipalities

Statement of Debts: Section Four

- 4(1)(a) & 4(2) List and detail the schedule of long-term debts
- 4(1)(b) Identify debts covered by sinking funds / reserves
- 4(3) & (4) Omission of schedule, with explanation

Page 3: Schedule of Guarantee and Indemnity Agreements: Section Five

- 5(1) List agreements under the Guarantees and Indemnities Regulation
- 5(2) State the entities and amounts involved
- 5(3) & (4) Omission of schedule, with explanation

Page 3 & 4: Schedule of Remuneration and Expenses: Section Six

- 6(1) [Definitions for reference]
- 6(2)(a) List remuneration / expenses for each elected official, member of board, Cabinet appointees
- 6(2)(b) List each employee with remuneration exceeding \$75,000, plus expenses
- 6(2)(c) Consolidated total for all employees with remuneration of \$75,000 or less
- 6(2)(d) Reconcile difference in total remuneration above with operational statement
- 6(3) Exclude personal information other than as required

Page 3 & 4: Schedule of Remuneration and Expenses: Section Six (continued)

- 6(4) & (5) [Explanatory information for reference]
- 6(6) Report employer portion of EI and CPP as a supplier payment
- 6(7)(a) & (b) Statement of severance agreements
- 6(8) Explain an omission of statement of severance agreements
- 6(9) [Statement of severance agreements to minister – not required unless requested]

Page 4: Schedule of Suppliers of Goods or Services: Section Seven

- 7(1)(a) List suppliers receiving payments exceeding \$25,000
- 7(1)(b) Consolidated total of all payments of \$25,000 or less
- 7(1)(c) Reconcile difference in total above with operational statement
- 7(2)(a) [Explanatory information for reference]
- 7(2)(b) Statement of payments of grants or contributions
- 7(2)(c) [Explanatory information for reference]

Page 5: Inactive Corporations: Section Eight

- 8(1) Ministry to report for inactive corporations
- 8(2)(a) Contents of report – statements and schedules under section 1(1) to extent possible
- 8(2)(b) Contents of report – operational status of corporation

Approval of Financial Information: Section Nine

- 9(1) Approval of SOFI for corporations (other than municipalities)
- 9(2) Approval of SOFI for municipalities
- 9(3) Management report
- 9(4) Management report must explain roles and responsibilities
- 9(5) Signature approval is for all contents of the SOFI

Access to the Financial Information: Section Ten

- 10(1) to (3) [Explanatory information for reference]

Financial Information Regulation, Schedule 1
Checklist – Statement of Financial Information (SOFI)

For the Corporation:

Corporate Name: District of Wells Contact Name: Andrew Young, MCIP, RPP
 Fiscal Year End: 31 December 2017 Phone Number: (250) 994-3330
 Date Submitted: 27 June 2017 E-mail: administrator@wells.ca

For the Ministry:

Ministry Name: _____ Reviewer: _____
 Date Received: _____ Deficiencies: Yes No
 Date Reviewed: _____ Deficiencies Addressed: Yes No
 Approved (SFO): _____ Further Action Taken: _____

Distribution: Legislative Library Ministry Retention

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
General					
1 (1) (a)	Statement of assets and liabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (1) (b)	Operational statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (1) (c)	Schedule of debts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (1) (d)	Schedule of guarantee and indemnity agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not Applicable
1 (1) (e)	Schedule of employee remuneration and expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (1) (f)	Schedule of suppliers of goods and services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (3)	Statements prepared on a consolidated basis or for each fund, as appropriate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (4) 1 (5)	Notes to the financial statements for the statements and schedules listed above	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Statement of Assets & Liabilities					
2	<ul style="list-style-type: none"> • A balance sheet prepared in accordance with GAAP or stated accounting principles / policies, and • Show changes in equity and surplus or deficit due to operations 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Operational Statement					
3 (1)	Prepared in accordance with GAAP or stated accounting principles / policies and consists of: <ul style="list-style-type: none"> • a Statement of Income or Statement of Revenue and Expenditures, and • a Statement of Changes in Financial Position 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3 (2) 3 (3)	<ul style="list-style-type: none"> • The Statement of Changes in Financial Position may be omitted if it provides no additional information • The omission must be explained in the notes 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
3 (4)	Community colleges, school districts, and municipalities must prepare a Statement of Changes in Financial Position for the Capital Fund	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Schedule of Debts					
4 (1) (a) 4 (2)	List each long-term debt (secured by debentures, mortgages, bonds, etc.), stating the amount outstanding, the interest rate, and the maturity date	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
4 (1) (b)	Identify debts covered by sinking funds or reserves and amounts in these accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
4 (3) 4 (4)	<ul style="list-style-type: none"> • The schedule may be omitted if addressed under section 2 or 5 and it provides no additional information • The omission must be explained in a note to the schedule 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Schedule of Guarantee and Indemnity Agreements					
5 (1)	List financial agreements that required government approval prior to being given (see Guarantees and Indemnities Regulation in FIA Guidance Package)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
5 (2)	State the entities involved, and the specific amount involved if known	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
5 (3) 5 (4)	<ul style="list-style-type: none"> • The schedule may be omitted if addressed under section 2 or 4 and it provides no additional information • The omission must be explained in a note to the schedule 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Schedule of Remuneration and Expenses (See Guidance Package for suggested format)					
6 (2) (a)	List separately, by name and position, the total remuneration and the total expenses for each elected official, member of the board of directors, and employee appointed by Cabinet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6 (2) (b)	List alphabetically each employee whose total remuneration exceeds \$75,000 and the total expenses for each [excluding the persons listed under 6 (2) (a)]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6 (2) (c)	Include a consolidated total for employees whose remuneration is \$75,000 or less [excluding the persons listed under 6 (2) (a)]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6 (2) (d)	Reconcile or explain any difference between total remuneration in this schedule and related information in the operational statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6 (3)	Exclude personal information other than name, position, function or remuneration and expenses of employees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Schedule of Remuneration and Expenses (See Guidance Package for suggested format)					
6 (6)	Report the employer portion of EI and CPP as a supplier payment to the Receiver General for Canada rather than as employee remuneration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6 (7) (a) 6 (7) (b)	Include a statement of severance agreements providing: <ul style="list-style-type: none"> • the number of severance agreements under which payment commenced in the fiscal year being reported on for non-union employees, and • the range of equivalent months' compensation for them (see Guidance Package for suggested format)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
6 (8)	Provide the reason for omitting a statement of severance agreements in a note to the schedule of remuneration and expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Schedule of Suppliers of Goods or Services (See Guidance Package for suggested format)					
7 (1) (a)	List in alphabetical order all suppliers of goods and services who received aggregate payments exceeding \$25,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7 (1) (b)	Include a consolidated total of all payments to suppliers who received \$25,000 or less	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7 (1) (c)	Reconcile or explain any difference between the consolidated total and related figures in the operational statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7 (2) (b)	Include a statement of payments for the purposes of grants or contributions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Inactive Corporations					
8 (1)	The ministry reports for the corporation if the corporation is not operating to the extent required to produce a SOFI	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
8 (2) (a)	The ministry's report contains the statements and schedules required under section 1 (1), to the extent possible	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
8 (2) (b)	The ministry's report contains a statement of the operational status of the corporation (see Guidance Package regarding what to include)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Approval of Financial Information					
9 (1)	Corporations other than municipalities – the SOFI is signed as approved by the board of directors or the governing body (see Guidance Package for example)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
9 (2)	Municipalities – the SOFI is approved by its council and by the officer assigned responsibility for financial administration (see Guidance Package for example)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9 (3)	A management report is included, signed by the head and chief financial officer, or by the municipal officer assigned responsibility for financial administration (see examples in annual report at http://www.gov.bc.ca/cas/popt/)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9 (4)	The management report explains the roles and responsibilities of the board of directors or governing body, audit committee, management, and the auditors	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9 (5)	Signature approvals required in section 9 are for each of the statements and schedules of financial information, not just the financial statements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

STATEMENT OF FINANCIAL INFORMATION

DISTRICT OF WELLS

Schedule of Remuneration and Expenses 2017

Staff 2017 Remuneration and Expenses (combined)

Name	Position	Salary	Expenses
Andrew Young	Chief Administrative Officer	\$ 90,230	\$ 3057
John Aitken	Public Works Superintendent	\$ 77,656	\$ 3694
Other under \$75,000		\$ 144,610	\$ 1905
TOTAL SALARIES and EXPENSES		\$ 313,496	\$ 8656

Mayor and Council 2017 Remuneration and Expenses

Name	Position	Remuneration	Expenses
Robin Sharpe	Mayor	\$ 8,697	\$ 4901
Mandy Kilsby	Councillor	\$ 3,537	\$ Nil
Lorraine Kozar	Councillor	\$ 3,537	\$ 2750
Virginia Wilkins	Councillor	\$ 1769	\$ 394
Birch Kuch	Councillor	\$ 3537	\$ 3868
Lindsay Kay	Councillor	\$ 884	\$ Nil
TOTAL REMUNERATION and EXPENSES		\$ 21,961	\$ 11,913

Employer Portions of CPP and EI

CPP: \$ 11,792.66

EI: \$ 5,641.24

STATEMENT OF FINANCIAL INFORMATION

DISTRICT OF WELLS

Schedule Showing Payments Made for the Provision of Goods or Services in 2017

1. Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

Supplier Name	Aggregate Amount paid to supplier
BC Hydro and Power Authority	\$ 52,665
BC Pension Corporation	\$ 35,018
Cariboo Regional District	\$ 28,827
CUETS Financial (MasterCard)	\$ 34,141
EMCON Services Inc.	\$ 81,407
Grandview Water Hauling	\$ 29,850
Inland Control	\$ 158,470
Receiver General of Canada	\$ 83,124
Two Boys Contracting	\$ 38,594
Total aggregate amount paid to above suppliers:	\$ 542,096

2. Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less: \$ 512,174

3. Total paid to suppliers: \$ 1,054,270

STATEMENT OF FINANCIAL INFORMATION

DISTRICT OF WELLS

Tax Exemptions for 2017 Tax Year (per Bylaw 149, 2016)

UNDER DIVISION 7, PART 7 OF THE COMMUNITY CHARTER

Name of Organization	Folio #	Class	2016 Rates	2016 Assessment	Tax Exempted
Wells Historical Society	09351.002	6	26.2796	\$ 108,200	\$ 3,985
Wells Historical Society	05541.991	6	26.2796	\$ 28,100	\$ 1,878
Island Mountain Arts Society	01650.000	6	26.2796	\$ 53,000	\$ 2,535
Island Mountain Arts Society	01771.010	1	10.57052	\$ 16,800	\$ 642
Island Mountain Arts Society	01682.002	1	10.57052	\$ 180,100	\$ 2,296
Wells Recreation Society	01480.002	6	26.2796	\$ 336,900	\$ 9,995
Royal Canadian Legion Branch 128	01433.001	6	26.2796	\$ 80,400	\$ 3,255
<u>TOTAL</u>					<u>\$ 24,586</u>

Consolidated Financial Statements of



DISTRICT OF WELLS

Year ended December 31, 2017



DISTRICT OF WELLS

Consolidated Financial Statements

Year ended December 31, 2017

Consolidated Financial Statements

Management's Responsibility for the Consolidated Financial Statements

Independent Auditors' Report

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes in Net Financial Assets	3
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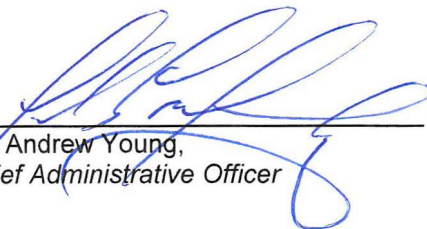
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the District of Wells (the "District") are the responsibility of 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 Chartered Professional Accountants of Canada. 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 District'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 District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.



Mr. Andrew Young,
Chief Administrative Officer



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 District of Wells

We have audited the accompanying consolidated financial statements of District of Wells (the "District"), 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 District'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 District'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.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The District has disclosed in Note 3 to the consolidated financial statements, the investment in the Wells Barkerville Community Forest Corporation (the "Corporation") which is required under Canadian public sector accounting standards to be recorded using the modified equity method. The District's investment is carried at \$73,633 on the consolidated statement of financial position and the District's share of the Corporation's operating and accumulated surplus of \$170,518 is included on the District's consolidated statements of operations and accumulated surplus and the components of the cash from operations are reported in the District's consolidated statement of cash flows for the year ended December 31, 2017. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the District's investment in the Wells Barkerville Community Forest Corporation as at December 31, 2017 and the District's share of Wells Barkerville Community Forest Corporation's net earnings and accumulated surplus for the year ended because reliable financial information was not available. As management did not provide sufficient appropriate audit evidence, we were unable to determine whether any adjustments to the District's investment in the Corporation of the equity in income of the Corporation were necessary as at and for the year ended December 31, 2017.

Qualified Opinion

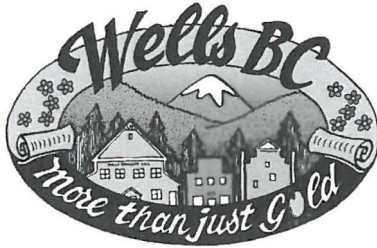
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The District of Wells as at December 31, 2017 and its consolidated results of operations, changes in net financial assets, and its consolidated cash flow for the year ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Prince George, Canada

May 14, 2018



DISTRICT OF WELLS

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash and cash equivalents	\$ 347,548	\$ 426,698
Accounts receivable (note 2)	158,312	128,338
Investment in and advances to Wells Barkerville Community Forest Corporation (note 3)	73,633	3,115
	\$ 579,493	\$ 558,151
Financial liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 48,200	\$ 36,055
Deferred revenue	45,904	14,000
	94,104	50,055
Net financial assets	485,389	508,096
Non-financial assets:		
Prepaid expenses	6,125	4,323
Property acquired for taxes	10,163	10,163
Tangible capital assets (note 5)	6,160,859	6,056,509
	6,177,147	6,070,995
Accumulated surplus (note 6)	\$ 6,662,536	\$ 6,579,091

Commitments and contingencies (note 7)

See accompanying notes to consolidated financial statements.

 (Acting) Mayor

 Chief Administrative Officer



DISTRICT OF WELLS

Consolidated Statement of Operations and Accumulated Surplus

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

	2017 Budget	2017 Actual	2016 Actual
Revenues:			
Taxation (note 8)	\$ 171,595	\$ 198,013	\$ 196,219
Government transfers (note 9):			
Federal	62,979	62,979	62,835
Provincial	792,873	481,532	385,158
Other	116,250	46,902	40,108
Donation in kind	-	-	202,395
Other revenue from own sources	92,977	102,034	40,740
Utility user fees	74,831	76,022	74,120
Sale of services	15,864	16,286	16,310
Total revenues	1,327,369	983,768	1,017,885
Expenditures:			
General government services	814,438	829,956	720,178
Protective services	30,221	22,623	18,260
Water utility	86,789	118,568	101,830
Sewer utility	73,862	99,694	91,010
Total expenditures	1,005,310	1,070,841	931,278
Annual surplus (deficit) before the undernoted item	322,059	(87,073)	86,607
Equity in income of Wells Barkerville Community Forest Corporation (note 3)	103,000	170,518	-
Annual surplus	425,059	83,445	86,607
Accumulated surplus, beginning of year	6,579,091	6,579,091	6,492,484
Accumulated surplus, end of year	\$ 7,004,150	\$ 6,662,536	\$ 6,579,091

See accompanying notes to consolidated financial statements.



DISTRICT OF WELLS

Consolidated Statement of Changes in Net Financial Assets

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

	Budget	2017	2016
Annual surplus	\$ 425,059	\$ 83,445	\$ 86,607
Acquisition of tangible capital assets	(151,113)	(286,529)	(206,589)
Amortization of tangible capital assets	-	182,179	176,962
	(151,113)	(104,350)	(29,627)
Use of prepaid expenses	-	4,323	8,240
Purchase of prepaid expenses	-	(6,125)	(4,323)
Purchase of property acquired for taxes	-	-	(5,543)
Change in net financial assets	273,946	(22,707)	55,354
Net financial assets, beginning of year	508,096	508,096	452,742
Net financial assets, end of year	\$ 782,042	\$ 485,389	\$ 508,096

See accompanying notes to consolidated financial statements.



DISTRICT OF WELLS

Consolidated Statement of Cash Flows

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

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 83,445	\$ 86,607
Item not involving cash:		
Amortization of tangible capital assets	182,179	176,962
Equity in income of Wells Barkerville Community Forest Corporation	(170,518)	-
Changes in non-cash operating working capital:		
Accounts receivable	(29,972)	63,417
Accounts payable and accrued liabilities	12,143	5,218
Prepaid expenses	(1,802)	3,917
Deferred revenue	31,904	14,000
Net change in cash from operating activities	107,379	350,121
Capital activities:		
Acquisition of tangible capital assets	(286,529)	(206,589)
Acquisition of property acquired for taxes	-	(5,543)
	(286,529)	(212,132)
Financing activities:		
Advances to Wells Barkerville Community Forest Corporation	-	(2,160)
Repayment of long-term debt	-	(12,387)
Net change in cash from financing activities	-	(14,547)
Investing activities:		
Dividends received from Wells Barkerville Community Forest Corporation	100,000	-
(Decrease) increase in cash and cash equivalents	(79,150)	123,442
Cash and cash equivalents, beginning of year	426,698	303,256
Cash and cash equivalents, end of year	\$ 347,548	\$ 426,698

See accompanying notes to consolidated financial statements.



DISTRICT OF WELLS

Notes to Consolidated Financial Statements

Year ended December 31, 2017

District of Wells (the "District") is a municipality that was created in 1998 under the Community Charter, formerly the Municipal Act, a statute of the Province of British Columbia. The District's principal activities include the provision of local government services to residents of the incorporated area. These services include administrative, protective, water and sewer services.

1. Significant accounting policies:

The consolidated financial statements of the the District are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District 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 District and which are owned or controlled by the District.

(ii) Accounting for Region and School Board Transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations 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 District are not included in these consolidated financial statements.



DISTRICT OF WELLS

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 District's investment in the Wells Barkerville Community Forest Corporation, 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 Wells Barkerville Community Forest Corporation's accounting policies are not adjusted to conform with those of the District and inter-organizational transactions and balances are not eliminated. The District recognizes its equity interest in the annual earnings or loss of the Wells Barkerville Community Forest Corporation in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the District may receive from the Wells Barkerville Community Forest Corporation will be reflected as reductions in the investment asset account.

(b) Basis of accounting:

The District 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:

Revenues are recognized in accordance with the provisions of the Community Charter. The District 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 District's taxation revenues.

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

(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.



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(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) Property acquired for taxes:

Property acquired for taxes is carried at the lower of cost and net realizable value. Cost consists of the original purchase price and applicable carrying charges.

(g) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year 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	15 - 40 years
Machinery and equipment	5 - 20 years
Mountain trail systems	20 years
Road infrastructure	15 - 50 years
Water infrastructure	25 - 80 years
Sewer infrastructure	50 - 80 years

Tangible capital assets are tested annually for any impairment in value based on continued usefulness of the assets and their related carrying values. Any impairment in carrying value would be recorded in the period that the impairment occurs. Annual amortization is charged in the year that an asset becomes available for productive use in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(ii) Contributions of tangible capital assets:

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

(iii) Interest capitalization:

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

(h) 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.

(i) 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 consolidated 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.



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

2. Accounts receivable:

	2017	2016
Taxes	\$ 65,284	\$ 74,411
Grants	56,485	45,660
Sales tax	22,225	8,017
Miscellaneous	14,318	250
	\$ 158,312	\$ 128,338

3. Investment in and advances to Wells Barkerville Community Forest Corporation:

The Corporation has entered into a Community Forest Agreement with the Province of British Columbia pursuant to an agreement dated in 2017 (the "Agreement"). The agreement is for a twenty-five year term and gives the Corporation the right to harvest certain levels of timber on an annual basis and in total over the term of the Agreement.

	2017	2016
Investments:		
Investment in shares of the company	\$ 100	\$ 100
Advances	3,015	3,015
Accumulated surplus	70,518	-
Total investment	\$ 73,633	\$ 3,115
Operations:		
Revenue	\$ 174,721	\$ -
Expenses	4,203	-
Net profit	170,518	-
Dividends	100,000	-
Accumulated surplus	\$ 70,518	\$ -



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

4. Accounts payable and accrued liabilities:

	2017	2016
Accounts Payable - trade	\$ 26,906	\$ 10,220
Wages and related costs payable	1,551	-
Government remittances	3,743	9,835
Other	16,000	16,000
	<hr/> \$ 48,200	<hr/> \$ 36,055



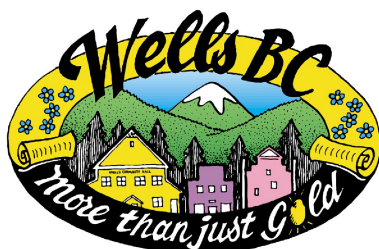
DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

5. Tangible capital assets:

	2017							
	Land	Building and site improvement	Mountain trail systems	Machinery and equipment	Road infrastructure	Water infrastructure	Sewer infrastructure	Total
Cost:								
Balance, beginning of year	\$ 257,524	\$ 2,876,239	\$ 181,580	\$ 668,000	\$ 727,244	\$ 2,346,024	\$ 1,449,819	\$ 8,506,430
Additions	-	195,910	-	29,831	-	60,788	-	286,529
Balance, end of year	257,524	3,072,149	181,580	697,831	727,244	2,406,812	1,449,819	8,792,959
Accumulated amortization:								
Balance, beginning of year	-	896,329	8,846	608,990	193,486	439,967	302,303	2,449,921
Amortization expense	-	74,355	1,135	44,316	14,545	29,705	18,123	182,179
Balance, end of year	-	970,684	9,981	653,306	208,031	469,672	320,426	2,632,100
Net book value, end of year	\$ 257,524	\$ 2,101,465	\$ 171,599	\$ 44,525	\$ 519,213	\$ 1,937,140	\$ 1,129,393	\$ 6,160,859



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

5. Tangible capital assets (continued):

	2016							
	Land	Building and site improvements	Mountain trail systems	Machinery and equipment	Road infrastructure	Water infrastructure	Sewer infrastructure	Total
Cost:								
Balance, beginning of year	\$ 257,524	\$ 2,872,045	\$ 181,580	\$ 668,000	\$ 727,244	\$ 2,274,191	\$ 1,319,257	\$ 8,299,841
Additions	-	4,194	-	-	-	71,833	130,562	206,589
Balance, end of year	257,524	2,876,239	181,580	668,000	727,244	2,346,024	1,449,819	8,506,430
Accumulated amortization:								
Balance, beginning of year	-	824,474	7,711	565,643	178,941	411,135	285,055	2,272,959
Amortization expense	-	71,855	1,135	43,347	14,545	28,832	17,248	176,962
Balance, end of year	-	896,329	8,846	608,990	193,486	439,967	302,303	2,449,921
Net book value, end of year	\$ 257,524	\$ 1,979,910	\$ 172,734	\$ 59,010	\$ 533,758	\$ 1,906,057	\$ 1,147,516	\$ 6,056,509

During the year, Barkerville Gold Mines Ltd. donated water and sewer infrastructure totaling \$202,395 included in additions above.



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

6. Accumulated surplus:

Accumulated surplus consists of individual fund surpluses (deficiencies) and reserve funds as follows:

	2017	2016
Surplus (deficiency):		
Invested in tangible capital assets	\$ 6,160,857	\$ 6,056,509
General fund	594,834	414,393
Water utility fund	(93,331)	(30,582)
Sanitary sewer fund	1,584	8,194
Total surplus	6,663,944	6,448,514
Reserves set aside by Council:		
CWF restricted capital funding	(1,408)	130,577
Total reserve funds	(1,408)	130,577
	\$ 6,662,536	\$ 6,579,091

7. Commitments and contingencies:

- (a) The District is responsible, as a member of the Cariboo Regional District, for its portion of any operating deficits or capital debt related to functions in which it participates.
- (b) The District and its employees contribute to the Municipal Pension Plan ("the 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 provided are based on a formula. As at December 31, 2017, the Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 2 contributors from the District.



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

7. Commitments and contingencies (continued):

(b) (continued):

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

The District paid \$18,110 (2016 - \$17,851) 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 the individual employers participating in the Plan.

(c) The District is obligated to collect and transmit property taxes levied on District of Wells taxpayers in respect of the following bodies:

- Ministry of Education, Province of British Columbia
- Cariboo Regional District
- Cariboo-Chilcotin Regional Hospital District
- British Columbia Assessment Authority
- Municipal Finance Authority
- Royal Canadian Mounted Police



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

7. Commitments and contingencies (continued):

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

8. Net taxation revenue:

As indicated in note 7(c), the District 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	\$ 176,767	\$ 183,122
Grants in lieu of taxes	22,164	14,211
Collection of other governments	107,336	105,390
	<u>306,267</u>	<u>302,723</u>
Transfers to other governments:		
Provincial government	62,746	61,808
Cariboo Regional District	26,261	24,783
Cariboo-Chilcotin Regional Hospital District	12,598	11,238
B.C. Assessment Authority	917	1,001
Royal Canadian Mounted Police	5,732	7,674
	<u>108,254</u>	<u>106,504</u>
	<u>\$ 198,013</u>	<u>\$ 196,219</u>



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

9. Government transfers:

The District 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 Consolidated Statement of Operations and Accumulated Surplus are:

	2017	2016
Provincial grants:		
Unconditional	\$ 391,922	\$ 369,682
Miscellaneous	33,112	15,476
Clean Water and Wastewater Funding Agreement	56,498	-
Subtotal provincial grants	481,532	385,158
Federal grants:		
Gas tax	62,979	62,835
Subtotal federal grants	62,979	62,835
Other grants:		
Northern Development Initiative Trust	46,902	40,108
Total government transfers	\$ 591,413	\$ 488,101



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Segmented information:

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

a) General Government Services:

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

b) Protective Services:

Protective services is comprised of emergency management and regulatory services.

c) Water Utility:

The water utility installs and maintains the water systems and facilities within the District. The treatment and distribution of water in the District through Public Works is included in this segment.

d) Sewer Utility:

The sewer utility installs and maintains the sewer systems and facilities within the District. The collection of sewage in the District through Public Works is included in this segment.

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.



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Segmented information (continued):

	2017				
	General Government	Protective Services	Water Utility	Sewer Utility	Total
Revenue:					
Government transfers	\$ 591,413	\$ -	\$ -	\$ -	\$ 591,413
Donation in kind	-	-	-	-	-
Taxation	112,173	-	46,360	39,480	198,013
Other revenue from own sources	102,034	-	-	-	102,034
Utility user fees	-	-	40,541	35,481	76,022
Sale of services	16,286	-	-	-	16,286
Total revenue	821,906	-	86,901	74,961	983,768
Expenses:					
Salaries, wages and employee benefits	347,698	957	-	-	348,655
Operating	369,216	19,913	80,200	25,071	494,400
Interest	1,485	-	-	-	1,485
Insurance	25,043	1,753	-	-	26,796
Amortization	134,351	-	29,705	18,123	182,179
Administrative recovery	(108,279)	-	8,663	56,500	(43,116)
Professional services	24,681	-	-	-	24,681
Mayor and council remuneration and travel	35,761	-	-	-	35,761
Total expenses	829,956	22,623	118,568	99,694	1,070,841
Annual surplus (deficit)	\$ (8,050)	\$ (22,623)	\$ (31,667)	\$ (24,733)	\$ (87,073)



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Segmented information (continued):

	2016				
	General Government	Protective Services	Water Utility	Sewer Utility	Total
Revenue:					
Government transfers	\$ 488,101	\$ -	\$ -	\$ -	\$ 488,101
Donations in kind	202,395	-	-	-	202,395
Taxation	111,287	-	45,872	39,060	196,219
Other revenue from own sources	40,740	-	-	-	40,740
Utility user fees	-	-	39,418	34,702	74,120
Sale of services	16,310	-	-	-	16,310
Total revenue	858,833	-	85,290	73,762	1,017,885
Expenses:					
Salaries, and employee benefits	331,963	907	-	-	332,870
Operating	270,285	15,699	34,206	19,285	339,475
Interest	894	-	4,118	-	5,012
Insurance	25,416	1,654	-	-	27,070
Professional services	17,155	-	-	-	17,155
Administrative recovery	(89,151)	-	34,674	54,477	-
Amortization	130,802	-	28,832	17,248	176,882
Loss	-	-	-	-	-
Mayor and council remuneration and travel	32,814	-	-	-	32,814
Total expenses	720,178	18,260	101,830	91,010	931,278
Annual surplus (deficit)	\$ 138,655	\$ (18,260)	\$ (16,540)	\$ (17,248)	\$ 86,607



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

11. Trust funds:

The District 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
Cash and cash equivalents	\$ 1,096	\$ 1,092

The trust funds are not included in the District's consolidated statement of financial position.

12. 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 11, 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	\$ 1,691,869
Less:	
Transfer from other funds	(165,195)
Borrowing proceeds	(96,305)
Total revenue	1,430,369
Expenses:	
Operating budget	1,691,869
Less:	
Capital expenditures	(659,750)
Surplus transferred to future year	(26,809)
Total expenses	1,005,310
Annual surplus	\$ 425,059



DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

13. Comparative information:

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

14. Economic dependence:

The District derives a significant portion of its government grant revenue from the Province of British Columbia through the Small Community Protection Program. Any changes to this funding could have an impact on the ongoing operation of the District.