



# District of Wells

|                     |   |
|---------------------|---|
| <b>Meeting Date</b> | June 14, 2016   |
| <b>Report Date:</b> | June 7, 2016  |
| <b>Memo to:</b>     | Mayor and Council                                     |
| <b>From:</b>        | Andrew Young, Chief Administrative Officer            |
| <b>Subject:</b>     | 2016 Statement of Financial Information (SOFI) report |

## **Purpose/Issue:**

To present to Council the District of Wells' 2016 Statement of Financial Information (SOFI) report for the year ended December 31, 2015.

## **Background / Analysis:**

The Ministry of Community, Sport and Cultural Development (MCSCD) requires British Columbia's local governments to annually provide a Statement of Financial Information (SOFI) report. This year's SOFI report is due by June 30, 2016. The report must be prepared in accordance with the Province's Financial Information Act. In addition, the SOFI report must be made available for public viewing by June 30 each year and be accessible for the following three years. Before the report can be filed with the MCSCD it must be presented to, and approved by, Council. For Council's consideration a copy of the District of Wells' 2016 Statement of Financial Information (SOFI) report for the year ended December 31, 2015 is attached to this report.

In brief, the District's SOFI report contains the following:

- Checklist;
- Schedule of payments to suppliers;
- Schedule of employee remuneration;
- Schedule of Council remuneration;
- Schedule identifying property tax exemptions;
- 2015 Audited Financial Statement;
- Management Letter;
- Schedule of Guarantee and Indemnity Agreements; and
- Statement of Financial Information Approval.

## **Budget, Policy, Staffing:**

None

## **Legal Considerations:**

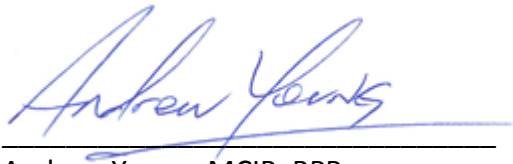
None

**Options / Recommendations:**

That Council:

1. Approves the 2016 Statement of Financial Information (SOFI) report for the year ended December 31, 2015, as presented; **OR**
2. Approves the 2016 Statement of Financial Information (SOFI) report for the year ended December 31, 2015, as presented with any changes approved by Council; **OR**
3. Rejects the 2016 Statement of Financial Information (SOFI) report for the year ended December 31, 2015, as presented.

Staff recommends that Council approves #1.

A handwritten signature in blue ink that reads "Andrew Young". The signature is written in a cursive style and is positioned above a horizontal line.

Andrew Young, MCIP, RPP  
Chief Administrative Officer

Attachment:

- 2016 Statement of Financial Information (SOFI) report for the year ended December 31, 2015



District of Wells

2016 Statement of Financial Information (SOFI)

For the year ended December 31, 2015

**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  
 Fiscal Year End: 31 December 2015 Phone Number: (250) 994-3330  
 Date Submitted: 15 June 2016 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<br>Schedule 1<br>Section | Item  | Yes                                 | No                       | N/A                                 | Comments |
|------------------------------|---|-------------------------------------|--------------------------|-------------------------------------|----------|
| <b>General</b>               |   |                                     |                          |                                     |          |
| 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"/> |          |
| 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)<br>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<br>Schedule 1<br>Section                 | Item   | Yes                                 | No                       | N/A                                 | Comments |
|--|--|-------------------------------------|--------------------------|-------------------------------------|----------|
| <b>Statement of Assets &amp; Liabilities</b> |  |                                     |                          |                                     |          |
| 2  | <ul style="list-style-type: none"> <li>• A balance sheet prepared in accordance with GAAP or stated accounting principles / policies, and</li> <li>• Show changes in equity and surplus or deficit due to operations</li> </ul>  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |          |
| <b>Operational Statement</b>                 |  |                                     |                          |                                     |          |
| 3 (1)  | Prepared in accordance with GAAP or stated accounting principles / policies and consists of: <ul style="list-style-type: none"> <li>• a Statement of Income or Statement of Revenue and Expenditures, and</li> <li>• a Statement of Changes in Financial Position</li> </ul> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |          |
| 3 (2)<br>3 (3)                               | <ul style="list-style-type: none"> <li>• The Statement of Changes in Financial Position may be omitted if it provides no additional information</li> <li>• The omission must be explained in the notes</li> </ul>  | <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"/>            |          |
| <b>Schedule of Debts</b>                     |  |                                     |                          |                                     |          |
| 4 (1) (a)<br>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 checked="" type="checkbox"/> | <input type="checkbox"/> | <input 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)<br>4 (4)                               | <ul style="list-style-type: none"> <li>• The schedule may be omitted if addressed under section 2 or 5 and it provides no additional information</li> <li>• The omission must be explained in a note to the schedule</li> </ul>  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |          |

| FIR<br>Schedule 1<br>Section  | Item  | Yes                                 | No                       | N/A                                 | Comments |
|---|---|-------------------------------------|--------------------------|-------------------------------------|----------|
| <b>Schedule of Guarantee and Indemnity Agreements</b>                                       |   |                                     |                          |                                     |          |
| 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)<br>5 (4)  | <ul style="list-style-type: none"> <li>• The schedule may be omitted if addressed under section 2 or 4 and it provides no additional information</li> <li>• The omission must be explained in a note to the schedule</li> </ul> | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |          |
| <b>Schedule of Remuneration and Expenses</b><br>(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<br>Schedule 1<br>Section   | Item   | Yes                                 | No                       | N/A                                 | Comments |
|--|--|-------------------------------------|--------------------------|-------------------------------------|----------|
| <b>Schedule of Remuneration and Expenses</b><br>(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)<br>6 (7) (b)   | Include a statement of severance agreements providing: <ul style="list-style-type: none"> <li>• the number of severance agreements under which payment commenced in the fiscal year being reported on for non-union employees, and</li> <li>• the range of equivalent months' compensation for them</li> </ul> (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"/> |          |
| <b>Schedule of Suppliers of Goods or Services</b><br>(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<br>Schedule 1<br>Section             | Item  | Yes                                 | No                       | N/A                                 | Comments |
|--|---|-------------------------------------|--------------------------|-------------------------------------|----------|
| <b>Inactive Corporations</b>             |   |                                     |                          |                                     |          |
| 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"/> |          |
| <b>Approval of Financial Information</b> |   |                                     |                          |                                     |          |
| 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 <a href="http://www.gov.bc.ca/cas/popt/">http://www.gov.bc.ca/cas/popt/</a> ) | <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 Showing Payments Made for the Provision of Goods or Services in 2015**

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

| <b>Supplier name</b>                      | <b>Aggregate amount paid to supplier</b> |
|---|--|
| BC Hydro and Power Authority              | \$ 42,834.24                             |
| BC Pension Corporation                    | \$ 36,575.28                             |
| Cariboo Regional District                 | \$ 36,832.24                             |
| City of Quesnel                           | \$ 29,730.50                             |
| CUETS Financial                           | \$ 25,259.41                             |
| Emcon Services Inc.                       | \$ 72,352.35                             |
| Jepson Petroleum Ltd.                     | \$ 35,261.94                             |
| Ministry of Finance (BC)                  | \$ 75,127.83                             |
| Receiver General of Canada                | \$ 71,319.09                             |
| <br>                                      |  |
| Total aggregate amount paid to suppliers: | \$ 425,292.88                            |

2. Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less: \$ 324,403.56
3. Total paid to suppliers: \$ 749,696.44

**STATEMENT OF FINANCIAL INFORMATION  
DISTRICT OF WELLS**

**Staff 2015 Remuneration and Expenses**

| <b>Name</b>                 | <b>Position</b>              | <b>Salary</b> | <b>Expenses</b> |
|-----------------------------|------------------------------|---------------|-----------------|
| Katrina Leckovic            | Chief Administrative Officer | \$ 88,058     | \$ 2,474        |
| Other under \$75,000        |                              | \$ 204,374    | \$ 8,030        |
| TOTAL SALARIES and EXPENSES |                              | \$ 292,432    | \$ 10,504       |

**Mayor and Council 2015 Remuneration and Expenses**

| <b>Name</b>      | <b>Position</b> | <b>Remuneration</b> | <b>Expenses</b> |
|------------------|-----------------|---------------------|-----------------|
| Robin Sharpe     | Mayor           | \$ 8,359            | \$ 4534         |
| Mandy Kilsby     | Councillor      | \$ 3,400            | \$ 2689         |
| Lorraine Kozar   | Councillor      | \$ 3,400            | \$ 4426         |
| Virginia Wilkins | Councillor      | \$ 3,400            | \$ 2726         |
| Richard Wright   | Councillor      | \$ 3,400            | \$ 200          |

**Employer portions of CPP and EI**

CPP: \$ 10,661.04

EI: \$ 5,888.29

**Statement of Financial Information  
District of Wells  
Tax Exemptions for 2015 Tax Year (per Bylaw 137, 2014)  
UNDER DIVISION 7, PART 7 OF THE COMMUNITY CHARTER**

| <b>Name of Organization</b>      | <b>Folio #</b> | <b>Class</b> | <b>2015 Rates</b> | <b>2015 Assessment</b> | <b>Tax Exempted</b> |
|----------------------------------|----------------|--------------|-------------------|------------------------|---------------------|
| Wells Historical Society         | 09351.002      | 6            | 24.42194          | \$109,700              | \$3,153             |
| Wells Historical Society         | 05541.991      | 6            | 24.42194          | \$29,700               | \$1,199             |
| Island Mountain Arts Society     | 01650.000      | 6            | 24.42194          | \$53,600               | \$1,783             |
| Island Mountain Arts Society     | 01771.010      | 1            | 10.0630           | \$20,700               | \$208               |
| Wells Recreation Society         | 01480.002      | 6            | 24.42194          | \$338,900              | \$8,751             |
| Royal Canadian Legion Branch 128 | 01433.001      | 6            | 24.42194          | \$81,100               | <u>\$990</u>        |
|                                  |                |              |                   | <b>TOTAL</b>           | <b>\$16,085</b>     |

**DISTRICT OF WELLS**

**2016**

**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*.

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Andrew Young  
Position of Financial Officer/Administrator  
Date: June 14, 2016

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Robin Sharpe  
Mayor  
Date: June 14, 2016

Consolidated Financial Statements of



**DISTRICT OF WELLS**

Year ended December 31, 2015



## DISTRICT OF WELLS

Consolidated Financial Statements

Year ended December 31, 2015

### 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

Consolidated Statement of Cash Flows 4

Notes to Consolidated Financial Statements 5 - 22





DISTRICT OF WELLS  
Box 219, Wells, BC V0K 2R0  
Phone (250) 994-3330  
Fax (250) 994-3331

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of 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 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 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.

A handwritten signature in black ink, appearing to read "Andrew Young", is written over a horizontal line.

Mr. Andrew Young  
Chief Administrative Officer



KPMG Enterprise™  
177 Victoria Street, Suite 400  
Prince George BC V2L 5R8  
Canada  
Telephone (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, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations, changes in net 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 accounting standards for private enterprises, 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.

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



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*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of District of Wells as at December 31, 2015, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

*Other Matter*

Without modifying our opinion, we draw attention to Note 14 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended December 31, 2014 has been restated. The consolidated financial statements of the District of Wells as at and for the year ended December 31, 2014, excluding the restatement described in Note 14 to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 24, 2015.

As part of our audit of the consolidated financial statements as at and for the year ended December 31, 2015, we audited the restatement described in Note 14 to the consolidated financial statements that was applied to restate the comparative information as at and for the year ended December 31, 2014. In our opinion, the restatement is appropriate and has been properly applied.

We were not engaged to audit, review, or apply any procedures to the December 31, 2014 consolidated financial statements, the December 31, 2013 consolidated financial statements (not presented herein), other than with respect to the restatement described in Note 14 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

*KPMG LLP*

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the right end.

Chartered Professional Accountants

April 19, 2016

Prince George, Canada



## DISTRICT OF WELLS

### Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

|  | 2015                | 2014<br>(restated -<br>note 14) |
|--|---------------------|---------------------------------|
| <b>Financial assets:</b>   |                     |                                 |
| Cash and cash equivalents  | \$ 303,256          | \$ 356,862                      |
| Accounts receivable (note 2)   | 191,756             | 156,506                         |
| Investment in and advances to Wells Barkerville<br>Community Forest Corporation (note 3) | 955                 | 955                             |
|  | <u>\$ 495,967</u>   | <u>\$ 514,323</u>               |
| <b>Financial liabilities:</b>  |                     |                                 |
| Accounts payable and accrued liabilities   | \$ 30,838           | \$ 98,593                       |
| Deferred revenue   | -                   | 1,138                           |
| Long-term debt, net of sinking funds (note 4)  | 12,387              | 24,184                          |
|  | <u>43,225</u>       | <u>123,915</u>                  |
| Net financial assets   | 452,742             | 390,408                         |
| <b>Non-financial assets:</b>   |                     |                                 |
| Prepaid expenses   | 8,240               | -                               |
| Property acquired for taxes  | 4,620               | 4,620                           |
| Tangible capital assets (note 5)   | 6,026,882           | 6,174,081                       |
|  | <u>6,039,742</u>    | <u>6,178,701</u>                |
| <b>Accumulated surplus</b> (note 6)  | <u>\$ 6,492,484</u> | <u>\$ 6,569,109</u>             |

Commitments and contingencies (note 7)

See accompanying notes to consolidated financial statements.

\_\_\_\_\_ Mayor

\_\_\_\_\_ Chief Administrative Officer



## DISTRICT OF WELLS

### Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

|   | 2015<br>Budget      | 2015<br>Actual      | 2014<br>Actual<br>(restated -<br>note 14) |
|---|---------------------|---------------------|---|
| <b>Revenues:</b>                        |                     |                     |   |
| Taxation (note 8)                       | \$ 176,338          | \$ 185,543          | \$ 181,042                                |
| Government transfers (note 9):          |                     |                     |   |
| Federal                                 | 77,000              | 61,435              | 62,843                                    |
| Provincial                              | 449,228             | 407,461             | 389,358                                   |
| Other                                   | 76,649              | 82,114              | 67,197                                    |
| Other revenue from own sources          | 48,935              | 77,442              | 63,847                                    |
| Utility user fees                       | 74,660              | 72,866              | 76,251                                    |
| Sale of services                        | 14,620              | 16,799              | 14,484                                    |
| <b>Total revenues</b>                   | <b>917,430</b>      | <b>903,660</b>      | <b>855,022</b>                            |
| <b>Expenditures:</b>                    |                     |                     |   |
| General government services             | 632,593             | 766,629             | 776,219                                   |
| Protective services                     | 16,881              | 12,136              | 12,136                                    |
| Water utility                           | 80,541              | 110,973             | 119,376                                   |
| Sewer utility                           | 74,611              | 90,547              | 83,255                                    |
| <b>Total expenditures</b>               | <b>804,626</b>      | <b>980,285</b>      | <b>990,986</b>                            |
| <b>Annual surplus (deficit)</b>         | <b>112,804</b>      | <b>(76,625)</b>     | <b>(135,964)</b>                          |
| Accumulated surplus, beginning of year  | 6,569,109           | 6,569,109           | 6,705,073                                 |
| <b>Accumulated surplus, end of year</b> | <b>\$ 6,681,913</b> | <b>\$ 6,492,484</b> | <b>\$ 6,569,109</b>                       |

See accompanying notes to consolidated financial statements.



## DISTRICT OF WELLS

### Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

|   | Budget     | 2015        | 2014<br>(restated -<br>note 14) |
|---|------------|-------------|---------------------------------|
| Annual surplus (deficit)                    | \$ 112,804 | \$ (76,625) | \$ (135,964)                    |
| Acquisition of tangible capital assets      | (109,000)  | (30,645)    | (9,355)                         |
| Amortization of tangible capital assets     | -          | 175,625     | 175,385                         |
| Loss on disposal of tangible capital assets | -          | 2,219       | -                               |
|   | (109,000)  | 147,199     | 166,030                         |
| Purchase of prepaid expenses                | -          | (8,240)     | -                               |
| Change in net financial assets              | 3,804      | 62,334      | 30,066                          |
| Net financial assets, beginning of year     | 390,408    | 390,408     | 360,342                         |
| Net financial assets, end of year           | \$ 394,212 | \$ 452,742  | \$ 390,408                      |

See accompanying notes to consolidated financial statements.



## DISTRICT OF WELLS

### Consolidated Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

|  | 2015        | 2014<br>(restated -<br>note 14) |
|--|-------------|---------------------------------|
| Cash provided by (used in):                    |             |                                 |
| <b>Operating activities:</b>                   |             |                                 |
| Annual deficit                                 | \$ (76,625) | \$ (135,964)                    |
| Items not involving cash:                      |             |                                 |
| Amortization of tangible capital assets        | 175,625     | 175,385                         |
| Loss on disposal of tangible capital assets    | 2,219       | -                               |
| Changes in non-cash operating working capital: |             |                                 |
| Accounts receivable                            | (35,251)    | 7,034                           |
| Accounts payable and accrued liabilities       | (67,754)    | (11,691)                        |
| Prepaid expenses                               | (8,240)     | -                               |
| Deferred revenue                               | (1,138)     | (123,471)                       |
| Net change in cash from operating activities   | (11,164)    | (88,707)                        |
| <b>Capital activities:</b>                     |             |                                 |
| Acquisition of tangible capital assets         | (30,645)    | (9,355)                         |
| <b>Financing activities:</b>                   |             |                                 |
| Repayment of long-term debt                    | (11,797)    | (52,415)                        |
| Decrease in cash and cash equivalents          | (53,606)    | (150,477)                       |
| Cash and cash equivalents, beginning of year   | 356,862     | 507,339                         |
| Cash and cash equivalents, end of year         | \$ 303,256  | \$ 356,862                      |

See accompanying notes to consolidated financial statements.



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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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 Canadian Institute of Chartered Professional Accountants. 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, 2015

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### 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 or deposits.

(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, 2015

### 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.



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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### 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, 2015

### 2. Accounts receivable:

|               | 2015              | 2014              |
|---------------|-------------------|-------------------|
| Taxes         | \$ 86,117         | \$ 72,139         |
| Grants        | 83,416            | 76,055            |
| Sales tax     | 14,124            | 6,537             |
| Miscellaneous | 8,099             | 1,775             |
|               | <b>\$ 191,756</b> | <b>\$ 156,506</b> |

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

|                      | 2015          | 2014          |
|----------------------|---------------|---------------|
| Advances             | \$ 855        | \$ 855        |
| Investment in shares | 100           | 100           |
|                      | <b>\$ 955</b> | <b>\$ 955</b> |

There are no specific terms of repayment on the unsecured, non-interest bearing advances. The above company is in the process of developing a community forest, the economic benefits of which will accrue to the local area. The District has submitted and received approval on their community forest, but no operations have occurred as at December 31, 2015.



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

#### 4. Long-term debt, net of sinking funds:

The District 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.

|             | By-Law<br>Number | Interest<br>rate | Year of<br>maturity | Gross<br>debt | Sinking<br>Fund<br>Assets | Net debt<br>2015 | Net debt<br>2014 |
|-------------|------------------|------------------|---------------------|---------------|---------------------------|------------------|------------------|
| Water Fund: |                  |                  |                     |               |                           |                  |                  |
| Water       | 3264             | 5.69%            | 2016                | \$ 47,413     | \$ 35,026                 | \$ 12,387        | \$ 24,184        |

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

(a) Principal and sinking fund payments due within the next year are as follows:

|                               | Water Fund |
|-------------------------------|------------|
| 2016                          | \$ 6,256   |
| Estimated sinking fund income | 6,131      |
|                               | \$ 12,387  |

(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.



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

### 5. Tangible capital assets:

|                                  | 2015       |                               |                        |                         |                     |                      |                      |              |
|----------------------------------|------------|-------------------------------|------------------------|-------------------------|---------------------|----------------------|----------------------|--------------|
|                                  | Land       | Building and site improvement | Mountain trail systems | Machinery and equipment | Road infrastructure | Water infrastructure | Sewer infrastructure | Total        |
| <b>Cost:</b>                     |            |                               |                        |                         |                     |                      |                      |              |
| Balance, beginning of year       | \$ 257,524 | \$ 2,864,850                  | \$ 181,580             | \$ 672,637              | \$ 708,957          | \$ 2,274,191         | \$ 1,319,257         | \$ 8,278,996 |
| Additions                        | -          | 7,195                         | -                      | 5,163                   | 18,287              | -                    | -                    | 30,645       |
| Disposal                         | -          | -                             | -                      | (9,800)                 | -                   | -                    | -                    | (9,800)      |
| Balance, end of year             | 257,524    | 2,872,045                     | 181,580                | 668,000                 | 727,244             | 2,274,191            | 1,319,257            | 8,299,841    |
| <b>Accumulated amortization:</b> |            |                               |                        |                         |                     |                      |                      |              |
| Balance, beginning of year       | -          | 752,763                       | 6,576                  | 529,725                 | 164,579             | 382,708              | 268,564              | 2,104,915    |
| Disposal                         | -          | -                             | -                      | (7,581)                 | -                   | -                    | -                    | (7,581)      |
| Amortization expense             | -          | 71,711                        | 1,135                  | 43,499                  | 14,362              | 28,427               | 16,491               | 175,625      |
| Balance, end of year             | -          | 824,474                       | 7,711                  | 565,643                 | 178,941             | 411,135              | 285,055              | 2,272,959    |
| Net book value, end of year      | \$ 257,524 | \$ 2,047,571                  | \$ 173,869             | \$ 102,357              | \$ 548,303          | \$ 1,863,056         | \$ 1,034,202         | \$ 6,026,882 |



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

### 5. Tangible capital assets (continued):

|                                  | 2014       |                                |                        |                         |                     |                      |                      |              |
|----------------------------------|------------|--------------------------------|------------------------|-------------------------|---------------------|----------------------|----------------------|--------------|
|                                  | Land       | Building and site improvements | Mountain trail systems | Machinery and equipment | Road infrastructure | Water infrastructure | Sewer infrastructure | Total        |
| <b>Cost:</b>                     |            |                                |                        |                         |                     |                      |                      |              |
| Balance, beginning of year       | \$ 257,524 | \$ 2,855,495                   | \$ 181,580             | \$ 672,637              | \$ 708,957          | \$ 2,274,191         | \$ 1,319,257         | \$ 8,269,641 |
| Additions                        | -          | 9,355                          | -                      | -                       | -                   | -                    | -                    | 9,355        |
| Balance, end of year             | 257,524    | 2,864,850                      | 181,580                | 672,637                 | 708,957             | 2,274,191            | 1,319,257            | 8,278,996    |
| <b>Accumulated amortization:</b> |            |                                |                        |                         |                     |                      |                      |              |
| Balance, beginning of year       | -          | 681,259                        | 5,441                  | 486,076                 | 150,400             | 354,280              | 252,074              | 1,929,530    |
| Amortization expense             | -          | 71,504                         | 1,135                  | 43,649                  | 14,179              | 28,427               | 16,491               | 175,385      |
| Balance, end of year             | -          | 752,763                        | 6,576                  | 529,725                 | 164,579             | 382,707              | 268,565              | 2,104,915    |
| Net book value, end of year      | \$ 257,524 | \$ 2,112,087                   | \$ 175,004             | \$ 142,912              | \$ 544,378          | \$ 1,891,484         | \$ 1,050,692         | \$ 6,174,081 |



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

### 6. Accumulated surplus:

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

|                                       | 2015                | 2014<br>(restated -<br>note 14) |
|---------------------------------------|---------------------|---------------------------------|
| <b>Surplus (deficiency):</b>          |                     |                                 |
| Invested in tangible capital assets   | \$ 6,014,495        | \$ 6,149,897                    |
| General fund                          | 295,696             | 273,289                         |
| Water utility fund                    | (58,463)            | (46,056)                        |
| Sewer utility fund                    | 21,345              | 22,098                          |
| <b>Total surplus</b>                  | <b>6,273,073</b>    | <b>6,399,228</b>                |
| <b>Reserves set aside by Council:</b> |                     |                                 |
| Water operating                       | 65,121              | 62,108                          |
| Fire department                       | 23,853              | 22,749                          |
| Road capital                          | 62,911              | 60,000                          |
| CWF restricted capital funding        | 67,526              | 25,024                          |
| <b>Total reserve funds</b>            | <b>219,411</b>      | <b>169,881</b>                  |
|                                       | <b>\$ 6,492,484</b> | <b>\$ 6,569,109</b>             |





## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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### 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 issues debt instruments through the MFA. As a condition of these borrowings, 1% of gross proceeds are required by the MFA for the District to deposit into a debt reserve fund. The District is also required to execute demand notes in connection with each debenture whereby the District 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, 2015 aggregated \$5,655 (2014 - \$5,655).
- (c) 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, 2014, the Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 4 contributors from the District.

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, 2012 indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2015, with results available in 2016.



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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### 7. Commitments and contingencies (continued):

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 District paid \$19,225 (2014 - \$13,698) for employer contributions to the Plan in fiscal 2015.

- (d) 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

- (e) 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.



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

### 8. Net taxation revenue:

As indicated in note 7(d), the District is required to collect taxes on behalf of and transfer the appropriate portion of these amounts to the government agencies below:

|  | 2015       | 2014       |
|--|------------|------------|
| Taxes collected:                             |            |            |
| General purposes                             | \$ 174,088 | \$ 167,909 |
| Grants in lieu of taxes                      | 14,419     | 13,133     |
| Collection of other governments              | 127,424    | 129,595    |
|  | 315,931    | 310,637    |
| Transfers to other governments:              |            |            |
| Provincial government                        | 70,857     | 68,732     |
| Cariboo Regional District                    | 34,773     | 35,411     |
| Cariboo-Chilcotin Regional Hospital District | 13,890     | 14,218     |
| B.C. Assessment Authority                    | 1,472      | 1,522      |
| Royal Canadian Mounted Police                | 9,396      | 9,712      |
|  | 130,388    | 129,595    |
|  | \$ 185,543 | \$ 181,042 |



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

### 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:

|                                       | 2015              | 2014              |
|---------------------------------------|-------------------|-------------------|
| Provincial grants:                    |                   |                   |
| Unconditional                         | \$ 401,338        | \$ 385,276        |
| Miscellaneous                         | 6,123             | 4,082             |
| Subtotal provincial grants            | 407,461           | 389,358           |
| Federal grants:                       |                   |                   |
| Gas tax                               | 60,789            | 59,843            |
| Community health                      | 646               | 3,000             |
| Subtotal federal grants               | 61,435            | 62,843            |
| Other grants:                         |                   |                   |
| Northern Development Initiative Trust | 82,114            | 67,197            |
| <b>Total government transfers</b>     | <b>\$ 551,010</b> | <b>\$ 519,398</b> |



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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### 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, 2015

### 10. Segmented information (continued):

|   | 2015               |                     |                    |                    |                    |
|---|--------------------|---------------------|--------------------|--------------------|--------------------|
|   | General Government | Protective Services | Water Utility      | Sewer Utility      | Total              |
| <b>Revenue:</b>                             |                    |                     |                    |                    |                    |
| Government transfers                        | \$ 551,010         | \$ -                | \$ -               | \$ -               | \$ 551,010         |
| Taxation                                    | 100,157            | -                   | 46,116             | 39,270             | 185,543            |
| Other revenue from own sources              | 77,442             | -                   | -                  | -                  | 77,442             |
| Utility user fees                           | -                  | -                   | 38,833             | 34,033             | 72,866             |
| Sale of services                            | 16,799             | -                   | -                  | -                  | 16,799             |
| <b>Total revenue</b>                        | <b>745,408</b>     | <b>-</b>            | <b>84,949</b>      | <b>73,303</b>      | <b>903,660</b>     |
| <b>Expenses:</b>                            |                    |                     |                    |                    |                    |
| Salaries, wages and employee benefits       | 328,102            | 907                 | -                  | -                  | 329,009            |
| Operating                                   | 322,946            | 9,691               | 27,312             | 27,960             | 387,909            |
| Interest                                    | 1,001              | -                   | 4,395              | -                  | 5,396              |
| Insurance                                   | 24,975             | 1,538               | -                  | -                  | 26,513             |
| Professional services                       | 23,778             | -                   | -                  | -                  | 23,778             |
| Amortization                                | 130,707            | -                   | 28,427             | 16,491             | 175,625            |
| Administrative recovery                     | (96,935)           | -                   | 50,839             | 46,096             | -                  |
| Loss on disposal of tangible capital assets | 2,219              | -                   | -                  | -                  | 2,219              |
| Mayor and council remuneration and travel   | 29,836             | -                   | -                  | -                  | 29,836             |
| <b>Total expenses</b>                       | <b>766,629</b>     | <b>12,136</b>       | <b>110,973</b>     | <b>90,547</b>      | <b>980,285</b>     |
| <b>Annual deficit</b>                       | <b>\$ (21,221)</b> | <b>\$ (12,136)</b>  | <b>\$ (26,024)</b> | <b>\$ (17,244)</b> | <b>\$ (76,625)</b> |



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

### 10. Segmented information (continued):

|  | 2014                  |                        |                    |                   |                     |
|--|-----------------------|------------------------|--------------------|-------------------|---------------------|
|  | General<br>Government | Protective<br>Services | Water<br>Utility   | Sewer<br>Utility  | Total               |
| <b>Revenue:</b>                              |                       |                        |                    |                   |                     |
| Government transfers                         | \$ 519,398            | \$ -                   | \$ -               | \$ -              | \$ 519,398          |
| Taxation                                     | 94,294                | -                      | 46,848             | 39,900            | 181,042             |
| Other revenue from<br>own sources            | 63,847                | -                      | -                  | -                 | 63,847              |
| Utility user fees                            | -                     | -                      | 40,542             | 35,709            | 76,251              |
| Sale of services                             | 14,484                | -                      | -                  | -                 | 14,484              |
| <b>Total revenue</b>                         | <b>692,023</b>        | <b>-</b>               | <b>87,390</b>      | <b>75,609</b>     | <b>855,022</b>      |
| <b>Expenses:</b>                             |                       |                        |                    |                   |                     |
| Salaries, and employee<br>benefits           | 346,557               | 907                    | -                  | -                 | 347,464             |
| Operating                                    | 303,700               | 11,229                 | 47,440             | 22,776            | 385,145             |
| Interest                                     | 1,157                 | -                      | 4,816              | -                 | 5,973               |
| Insurance                                    | 24,529                | -                      | -                  | -                 | 24,529              |
| Professional services                        | 16,079                | -                      | -                  | -                 | 16,079              |
| Amortization                                 | 130,468               | -                      | 28,427             | 16,490            | 175,385             |
| Administrative recovery                      | (82,682)              | -                      | 38,693             | 43,989            | -                   |
| Mayor and council remuneration<br>and travel | 36,411                | -                      | -                  | -                 | 36,411              |
| <b>Total expenses</b>                        | <b>776,219</b>        | <b>12,136</b>          | <b>119,376</b>     | <b>83,255</b>     | <b>990,986</b>      |
| <b>Annual deficit</b>                        | <b>\$ (84,196)</b>    | <b>\$ (12,136)</b>     | <b>\$ (31,986)</b> | <b>\$ (7,646)</b> | <b>\$ (135,964)</b> |



## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

### 11. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2015 operating and capital budgets approved by Council on May 5, 2015. 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          | \$ 925,235        |
| Less:                     |                   |
| Transfer from other funds | (7,805)           |
| <b>Total revenue</b>      | <b>917,430</b>    |
| Expenses:                 |                   |
| Operating budget          | 919,882           |
| Less:                     |                   |
| Capital expenditures      | (109,000)         |
| Debt principal payments   | (6,256)           |
| <b>Total expenses</b>     | <b>804,626</b>    |
| <b>Annual surplus</b>     | <b>\$ 112,804</b> |

### 12. Comparative information:

Certain 2014 comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

### 13. 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.





## DISTRICT OF WELLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

### 14. Restatement:

During the year, management determined that unspent funds received under the Federal Gas Tax program were included in deferred revenue instead of being included in revenue and accumulated surplus.

As a result, the prior year consolidated financial statements have been restated on a retroactive basis. The effect of the restatement is as follows:

|   | As Previously<br>Reported | Increase<br>(Decrease) | As Restated  |
|---|---------------------------|------------------------|--------------|
| <b>Consolidated Statement of<br/>Financial Position as at<br/>December 31, 2014:</b>                                  |                           |                        |              |
| Deferred revenue  | \$ 26,162                 | \$ (25,024)            | \$ 1,138     |
| <b>Consolidated Statement of<br/>Operations and Accumulated<br/>Surplus for the year ended<br/>December 31, 2014:</b> |                           |                        |              |
| Government grants   | 494,374                   | 25,024                 | 519,398      |
| Annual deficit  | \$ (160,988)              | \$ 25,024              | \$ (135,964) |
| Accumulated surplus, beginning  | 6,705,073                 | -                      | 6,705,073    |
| Accumulated surplus, ending   | \$ 6,544,085              | \$ 25,024              | \$ 6,569,109 |