

**TOWN OF OLIVER**  
**Consolidated Financial Statements**  
For the year ended December 31, 2016

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**Consolidated Financial Statements**  
**For the year ended December 31, 2016**

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## Management's Responsibility for the Consolidated Financial Statements

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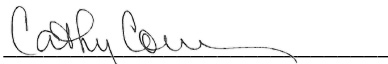
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. Mayor and Council reviews internal consolidated financial statements on a regular basis and meet with management and the external auditors to review the external audited consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Town of Oliver and meet when required.

On behalf of the Town of Oliver



Cathy Cowan  
Chief Administrative Officer



Devon Wannop  
Chief Financial Officer

April 24, 2017



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3rd Floor  
Credit Union Building  
Vernon BC  
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## INDEPENDENT AUDITORS' REPORT

To Mayor and Council of the Town of Oliver

We have audited the accompanying consolidated financial statements of the Town of Oliver, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of financial activities, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town of Oliver as at December 31, 2016, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Comparative Information*

The consolidated financial statements of the Town of Oliver as at December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on April 11, 2016.

*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 long, horizontal, slightly curved line that extends to the right.

Chartered Professional Accountants

April 24, 2017

Vernon, Canada

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**Town of Oliver**  
**Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2016</b>	<b>2015</b>
<b>Financial assets</b>		
Cash and cash equivalents (Note 5)	\$ 6,194,356	\$ 5,217,033
Investments	2,267,604	2,228,914
Accounts receivable (Note 7)	964,082	897,709
	<u>9,426,042</u>	<u>8,343,656</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	1,053,364	1,146,972
Deferred revenue (Note 10)	1,093,352	1,298,456
Deferred development cost charges (Note 11)	1,446,779	1,243,874
Obligations under capital lease (Note 12)	4,120	66,411
Debt (Note 13)	4,641,442	4,620,834
	<u>8,239,057</u>	<u>8,376,547</u>
<b>Net financial assets (debt)</b>	<u>1,186,985</u>	<u>(32,891)</u>
<b>Non-financial assets</b>		
Prepaid expenses	32,665	15,659
Inventory	95,208	78,958
Tangible capital assets (Note 14)	51,607,219	51,538,088
	<u>51,735,092</u>	<u>51,632,705</u>
<b>Accumulated surplus (Schedule 2)</b>	<u>\$ 52,922,077</u>	<u>\$ 51,599,814</u>

Contingent liabilities (Note 21)

On behalf of the Town of Oliver



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Chief Financial Officer

## Town of Oliver

### Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
<b>Revenue</b>			
User fees	\$ 3,119,307	\$ 3,173,759	\$ 3,208,024
Property taxation (Note 15)	2,064,159	2,072,522	2,029,618
Government transfers (Note 16)	3,787,423	1,762,220	844,870
Concessions and franchise	339,620	384,254	330,196
Gain on disposal of tangible capital assets	-	271,114	157,384
Other revenue from own sources (Note 17)	778,445	266,341	236,623
Sale of services	130,829	178,870	213,916
Investment income	50,000	101,353	122,452
Development cost charges	-	33,541	376,107
Contributions from developers and others	-	13,139	31,614
	10,269,783	8,257,113	7,550,804
<b>Expenses (Schedule 3)</b>			
Water services	2,719,857	2,752,479	2,426,483
Transportation services	1,589,718	1,296,096	1,358,726
General government services	1,135,458	994,988	1,076,853
Sewer services	1,006,555	896,922	934,510
Development services	374,497	381,880	217,956
Protective services	450,030	363,076	395,554
Environmental and public health services	257,895	249,409	239,482
	7,534,010	6,934,850	6,649,564
<b>Annual surplus</b>	2,735,773	1,322,263	901,240
Accumulated surplus, beginning of year	51,599,814	51,599,814	50,698,574
<b>Accumulated surplus, end of year</b>	\$ 54,335,587	\$ 52,922,077	\$ 51,599,814

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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## Town of Oliver

### Consolidated Statement of Changes in Net Financial Assets (Debt)

<b>For the year ended December 31</b>	2016 Budget	2016 Actual	2015 Actual
<b>Annual surplus</b>	\$ 2,735,773	\$ 1,322,263	\$ 901,240
Acquisition of tangible capital assets	(5,013,100)	(1,369,936)	(2,002,543)
Amortization of tangible capital assets (Schedule 1)	1,470,997	1,300,805	1,320,155
Gain on disposal of tangible capital assets	-	(271,114)	(157,384)
Proceeds on disposal of tangible capital assets	-	271,114	178,300
Change in inventory and prepaid expenses	-	(33,256)	(35,753)
Increase (decrease) in net financial assets	(806,330)	1,219,876	204,015
Net debt, beginning of year	(32,891)	(32,891)	(236,906)
<b>Net financial assets (debt), end of year</b>	\$ (839,221)	\$ 1,186,985	\$ (32,891)



**Town of Oliver**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31**

	2016	2015
<b>Operating transactions</b>		
Annual surplus	\$ 1,322,263	\$ 901,240
Items not involving cash		
Amortization	1,300,805	1,320,155
Gain on disposal of tangible capital assets	(271,114)	(157,384)
Actuarial adjustments on debt	(41,221)	(34,498)
 (Increase) decrease in		
Accounts receivable	(66,373)	121,498
Prepaid expenses	(17,006)	(7,773)
Inventory	(16,250)	(27,980)
 Increase (decrease) in		
Accounts payable and accrued liabilities	(93,608)	268,434
Deferred revenue	(205,104)	178,835
Deferred development cost charges	202,905	(313,506)
	<u>2,115,297</u>	<u>2,249,021</u>
 <b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,369,936)	(2,002,543)
Proceeds on disposal of tangible capital assets	271,114	178,300
	<u>(1,098,822)</u>	<u>(1,824,243)</u>
 <b>Investment transaction</b>		
Increase in investments	(38,690)	(40,874)
 <b>Financing transactions</b>		
Repayment of debt	(290,421)	(299,895)
Proceeds from issuance of debt	352,250	-
Repayment of obligations under capital lease	(62,291)	(45,484)
	<u>(462)</u>	<u>(345,379)</u>
 Net change in cash and cash equivalents	977,323	38,525
 Cash and cash equivalents, beginning of year	<u>5,217,033</u>	<u>5,178,508</u>
 <b>Cash and cash equivalents, end of year</b>	<u>\$ 6,194,356</u>	<u>\$ 5,217,033</u>
 <b>Supplementary cash flow information</b>		
Interest paid	\$ 215,049	\$ 214,978

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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# **Town of Oliver**

## **Notes to Consolidated Financial Statements**

### **December 31, 2016**

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Notes to the consolidated financial statements are an integral part of the statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the financial statements.

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#### **1. Nature of Business**

The Town was incorporated as a District Municipality in 1925 under the Municipal Act (now a combination of the Community Charter and the Local Government Act), a statute of the Province of British Columbia. Effective April 1, 2008, the articles of incorporation of the Municipality were changed by an Order in Council of the provincial government to reflect a change in its name to the Town of Oliver. Its principal activities include the provision of local government services to the residents of the incorporated area. These services include community planning, protective, transportation, recreational, solid waste, water, sewer and drainage services.

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#### **2. Management Responsibility**

The consolidated financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards and prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants. 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.

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#### **3. Summary of Significant Accounting Policies**

The following is a summary of the Town's significant accounting policies:

##### **Basis of Presentation and Principles of Consolidation**

The Town's resources and operations are segregated into General, Water, Sewer, Statutory Reserves and Non-statutory Reserve Funds for accounting and financial reporting purposes. The financial statements include all of the accounts of these funds. All inter-fund transactions and balances have been eliminated on consolidation.

##### **Basis of Accounting**

The Town's consolidated financial statements are prepared using the accrual basis of accounting.

##### **Budget Figures**

The budget figures are from the 5-Year Financial Plan Bylaw that was adopted on March 29, 2016 (Note 23).

##### **Cash and Cash Equivalents**

Cash and equivalents consist of cash, bank balances, highly liquid money market investments and short-term investments with maturities of less than 90 days at acquisition.

##### **Portfolio Investments**

Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature, in which case, the investments are written down to market value.

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**3. Summary of Significant Accounting Policies (continued)**

**Investments**

Investments are deposited with the Municipal Finance Authority ("MFA") and are held in short term bonds and money market fund. All investments are recorded at cost.

**Inventory**

Inventory is valued at the lower of cost, determined principally on a weighted average and specific item basis, or replacement cost.

**Liability for Contaminated Sites**

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

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Town:
  - a. is directly responsible; or
  - b. accepts responsibility; and
- iv. a reasonable estimate of the amount can be made. The liability includes costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites which the Town accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time, therefore, no liability was recognized on transition as at January 1, 2016 or at December 31, 2016.

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

**Trust Funds**

Trust funds, held in trust by the Town and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately.

**Capital Leases**

Capital lease obligations are recorded at the present value of minimum lease payments excluding executor costs. The discount rate used to determine the present value of the lease payments is the lower of the Town's rate for incremental borrowing or the interest rate implicit in the lease. Note 12 provides a schedule of repayments and the amount of interest on leases.

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**3. Summary of Significant Accounting Policies (continued)**

**Tangible Capital Assets**

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

<b>General Capital Fund</b>	<b>Estimated Useful Life</b>
Land	Indefinite
Buildings	20 to 100 years
Equipment	20 years
Vehicles	10 to 20 years
Roads	40 years
<b>Water System Capital Fund</b>	
Water infrastructure	20 to 80 years
<b>Sewer System Capital Fund</b>	
Sewer infrastructure	20 to 80 years
Storm system	30 to 80 years

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

The Town has numerous works of art located throughout the Town which are not reflected in these consolidated financial statements.

**Work in Progress**

Work in progress represents capital projects under construction but not yet completed and are valued at cost. Amortization commences once the individual projects are completed.

**Debt**

Outstanding debt is reported net of applicable sinking fund balances.

**Debt Charges**

Interest on debt is charged to current operations. Interest charges are accrued for the period from the date of the latest interest payment to the end of the year.

**Reserve Funds**

Non-statutory reserves represent an appropriation of surplus for specific purposes. Statutory reserves are restricted by the Community Charter and the associated municipal bylaws that established the reserves (Schedule 2).

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**3. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

Taxation revenues are recorded on the accrual basis and recognized when earned. Sale of services and user fee revenues are recognized when the service or product is provided by the Town. Concession and franchise and other revenue are recorded as it is earned and measurable. Transfers from other governments are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the Town, and a reasonable estimate of the amount to be received can be made unless the transfer agreements contain stipulations that create a liability in which case the revenue is recognized over the period that the liability is extinguished. Contributions from developers and others are recognized as revenue during the period in which the related costs are incurred. Investment income is recorded on the accrual basis and recognized when earned. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Town discharges the obligation that led to the collection of funds.

**Expenses**

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of provision for contingencies and tangible capital assets estimated useful life and related amortization expense. Actual results could differ from management's best estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as the period of settlement if the amount is different.

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**4. Future Accounting Changes**

**PS 2200 - Related Party Transactions**

This new section defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties unrelated. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

**PS 2601 - Foreign Currency Translation**

This section revises and replaces the existing Section PS 2600 *Foreign currency translation*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

**PS 3041 - Portfolio Investments**

This section revises and replaces the existing Section PS 3040 *Portfolio investments*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

**PS 3210 - Assets**

This section provides guidance for applying the definition of an asset set out in Section PS 1000 *Financial statement concepts* and establishes general disclosure standards for assets. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

**PS 3320 - Contingent Assets**

This section defines and establishes disclosure standards for contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events, not wholly within the public sector entity's control, occur or fail to occur and that resolution will confirm the existence or non-existence of an asset. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

**PS 3380 - Contractual Rights**

This section defines a contractual right and establishes disclosures required for contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Disclosure of information about contractual rights is required, including a description about their nature and extent and timing. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

**PS 3420 - Inter-entity Transactions**

This section establishes how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

**PS 3450 - Financial Instruments**

This section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

The Town does not intend on early adopting any of the above future accounting changes.

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**5. Cash and Cash Equivalents**

Cash and cash equivalents are recorded at cost. Cash and cash equivalents are comprised of the following:

	<u>2016</u>	<u>2015</u>
Cash	\$ 2,668,706	\$ 1,717,033
Guaranteed Investment Certificates	<u>3,525,650</u>	<u>3,500,000</u>
	<u>\$ 6,194,356</u>	<u>\$ 5,217,033</u>

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**6. Operating Line of Credit**

The Town has an operating line of credit with Valley First Credit Union for an authorized amount of \$100,000, bearing interest at the bank's prime rate. At December 31, 2016, the balance outstanding was \$nil (2015 - \$nil).

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**7. Accounts Receivable**

Accounts receivable are recorded net of allowances and are comprised of the following:

	<u>2016</u>	<u>2015</u>
Utilities	\$ 410,760	\$ 406,960
Trade receivables	320,591	184,828
Property tax	195,186	240,762
Due from other governments	<u>37,545</u>	<u>65,159</u>
	<u>\$ 964,082</u>	<u>\$ 897,709</u>

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**8. Municipal Finance Authority Debt Reserve**

The Town issues its debt instruments through the MFA. As a condition of these borrowings, a portion of the debenture proceeds are withheld as cash deposits by the MFA as a debt reserve fund.

The Town also executes demand notes in connection with each debenture whereby the Town 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 details of the cash deposits and demand notes at year end are as follows:

	Demand Notes	Cash Deposits	<b>2016</b>	2015
General Fund	\$ 7,847	\$ 3,128	<b>\$ 10,975</b>	\$ 10,890
Water Fund	331,953	79,792	<b>411,745</b>	364,166
	<b>\$ 339,800</b>	<b>\$ 82,920</b>	<b>\$ 422,720</b>	<b>\$ 375,056</b>

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**9. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities are comprised of the following:

	<b>2016</b>	2015
Trade payables	<b>\$ 617,115</b>	\$ 627,015
Security deposits	<b>210,968</b>	255,137
Wages and benefits	<b>123,343</b>	151,859
Project holdbacks	<b>65,240</b>	78,513
Accrued interest	<b>36,698</b>	34,448
	<b>\$ 1,053,364</b>	<b>\$ 1,146,972</b>



**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

**10. Deferred Revenue**

The Town records deferred revenue for the funds received in advance of services not yet rendered and is recognized into revenue during the period in which the services are provided. Due to the restrictive nature of these funds, they are shown as liabilities.

	Balance, beginning of year	Received or receivable	Revenue earned	Balance, end of year
Federal gas taxes	\$ 751,718	\$ 262,780	\$ (1,014,498)	\$ -
Government grants	-	525,000	-	<b>525,000</b>
Prepaid airport leases	259,569	5,775	(3,808)	<b>261,536</b>
Prepaid taxes	249,769	267,778	(249,769)	<b>267,778</b>
Prepaid business licenses	37,400	39,038	(37,400)	<b>39,038</b>
	<b>\$ 1,298,456</b>	<b>\$ 1,100,371</b>	<b>\$ (1,305,475)</b>	<b>\$ 1,093,352</b>

The cost of the land held for leasing purposes related to the above prepaid airport leases is \$88,208 (2015 - \$88,208).

**11. Deferred Development Cost Charges ("DCC")**

Pursuant to the provisions of the Local Government Act, DCC's are held in separate reserve funds for the purpose for which the charges have been imposed. When the related costs are incurred, the DCC's are recognized as revenue. Due to the restrictive nature of these funds, they are shown as liabilities.

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 1,243,874	\$ 1,557,380
Contributions from developers	225,242	40,006
Interest on investments	11,204	22,594
Bylaw expenses	(33,541)	(376,106)
	<b>\$ 1,446,779</b>	<b>\$ 1,243,874</b>

The balance of deferred development cost charges can be itemized as follows:

Park DCC	\$ 721,479	\$ 662,090
Road DCC	650,809	547,583
Water system DCC	74,491	34,201
	<b>\$ 1,446,779</b>	<b>\$ 1,243,874</b>

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**12. Obligations under Capital Lease**

The Town of Oliver has entered into two lease agreements for specific equipment.

	<u>2016</u>	<u>2015</u>
Fire truck lease, matured during the year	\$ -	\$ 36,966
Fire truck lease with monthly payments of \$2,136, including interest at a rate of 2.00%, maturing on February 28, 2017	<u>4,120</u>	<u>29,445</u>
	<u>\$ 4,120</u>	<u>\$ 66,411</u>

Obligations under capital lease are secured by the leased asset. Interest paid relating to the above obligations on capital leases was \$1,647 (2014 - \$2,720). The future minimum lease payments are:

	<u>2016</u>	<u>2015</u>
2016	\$ -	\$ 63,082
2017	<u>4,271</u>	<u>4,271</u>
Total minimum lease payments	<u>4,271</u>	67,353
Less: amount representing interest as stated above	<u>(151)</u>	<u>(942)</u>
Balance of obligation	<u>\$ 4,120</u>	<u>\$ 66,411</u>

**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

**13. Debt**

	Balance, beginning of year	Proceeds	Sinking fund payments	Actuarial adjustments	Balance, end of year	Current interest rate (%)
<b>General capital fund</b>						
MFA issue #104	\$ 177,383	\$ -	\$ 8,098	\$ 2,558	\$ 166,727	5.15
<b>Water system capital fund</b>						
MFA issue #85	129,961	-	6,891	4,895	118,175	4.98
MFA issue #85	54,296	-	2,879	2,045	49,372	4.98
MFA issue #85	103,595	-	5,493	3,902	94,200	4.98
MFA issue #85	5,546	-	294	209	5,043	4.98
MFA issue #95	97,151	-	5,984	2,298	88,869	1.80
MFA issue #104	1,378,501	-	63,003	19,906	1,295,592	5.15
MFA issue #111	1,799,601	-	154,467	-	1,645,134	3.55
MFA issue #121	384,800	-	43,312	5,408	336,080	2.90
By-law 1341	490,000	352,250	-	-	842,250	1.38
	4,443,451	352,250	282,323	38,663	4,474,715	
<b>Total debt</b>	<b>\$ 4,620,834</b>	<b>\$ 352,250</b>	<b>\$ 290,421</b>	<b>\$ 41,221</b>	<b>\$ 4,641,442</b>	

The requirements for future repayments of principal on existing debt for the next five years are as follows:

	2017	2018	2019	2020	2021
General Fund	\$ 8,098	\$ 8,098	\$ 8,098	\$ 8,098	\$ 8,098
Water Fund	360,968	366,316	371,843	377,555	383,459
	\$ 369,066	\$ 374,414	\$ 379,941	\$ 385,653	\$ 391,557

The gross interest paid in 2016 was \$215,049 (2015 - \$214,978) and interest payable at December 31, 2016 was \$36,698 (2015 - \$34,448).

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**14. Tangible Capital Assets**

Tangible capital assets consist of the following:

	<b>2016</b>	2015
	<b>Net</b>	Net
	<b>book value</b>	book value
<b>General Capital Fund</b>		
Land	\$ 10,843,452	\$ 10,670,924
Buildings	1,429,168	1,487,805
Equipment	380,677	340,196
Vehicles	1,004,356	1,119,894
Roads	8,142,246	8,160,595
Work in progress	472,536	32,077
	<b>22,272,435</b>	21,811,491
<b>Water System Capital Fund</b>		
Water infrastructure	21,157,122	21,541,847
Work in progress	22,822	-
	<b>21,179,944</b>	21,541,847
<b>Sewer System Capital Fund</b>		
Sewer infrastructure	7,618,515	7,680,203
Storm infrastructure	508,155	503,529
Work in progress	28,170	1,018
	<b>8,154,840</b>	8,184,750
Total tangible capital assets	<b>\$ 51,607,219</b>	\$ 51,538,088

The net book value of tangible capital assets not being amortized and under construction is \$523,528 (2015 - \$33,095). Contributed tangible capital assets received in the year from developers and recorded on the financial statements is \$nil (2015 - \$nil).

Included in the cost of vehicles are vehicles under capital lease with a cost of \$272,729 (2015 - \$540,912) and related accumulated amortization of \$250,002 (2015 - \$299,883).

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**15. Property Taxation**

Property taxation revenue is comprised of the following amounts raised, less collections on behalf of other governments:

	<u>2016</u>	<u>2015</u>
General municipal purposes	\$ 2,072,522	\$ 2,029,618
Collections for other governments:		
School District #53 (Okanagan-Similkameen)	2,145,575	2,188,415
Regional District of the Okanagan-Similkameen	1,179,646	1,093,615
Policing	271,724	268,472
Okanagan-Similkameen Regional Hospital District	277,069	267,576
Okanagan Regional Library	182,944	178,199
British Columbia Assessment Authority	51,907	54,638
Sterile Insect Release Board	4,891	4,667
Municipal Finance Authority	175	170
	<u>4,113,931</u>	<u>4,055,752</u>
Paid to other governments:		
School District #53 (Okanagan-Similkameen)	(2,145,575)	(2,188,415)
Regional District of the Okanagan-Similkameen	(1,179,646)	(1,093,615)
Policing	(271,724)	(268,472)
Okanagan-Similkameen Regional Hospital District	(277,069)	(267,576)
Okanagan Regional Library	(182,944)	(178,199)
British Columbia Assessment Authority	(51,907)	(54,638)
Sterile Insect Release Board	(4,891)	(4,667)
Municipal Finance Authority	(175)	(170)
	<u>(4,113,931)</u>	<u>(4,055,752)</u>
	<u>\$ 2,072,522</u>	<u>\$ 2,029,618</u>

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**16. Government Transfers**

In 2016 the Town received and recorded as revenue the following transfers:

	<u>2016</u>	<u>2015</u>
<b>Operating Transfers</b>		
Provincial	\$ 576,007	\$ 558,496
Federal	14,364	12,543
	<u>590,371</u>	<u>571,039</u>
<b>Capital Transfers</b>		
Federal	1,171,849	273,831
	<u>\$ 1,762,220</u>	<u>\$ 844,870</u>

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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<b>17. Other Revenue From Own Sources</b>	<b>2016</b>	<b>2015</b>
Cemetery fees	\$ 56,757	\$ 61,097
Development permits	81,931	67,664
Licences and permits	22,527	13,648
Penalties and interest on taxes	67,472	63,502
Miscellaneous	37,654	30,712
	<b>\$ 266,341</b>	<b>\$ 236,623</b>

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**18. Trust Funds**

Funds held in trust and administered by the Town, which are not included in these consolidated financial statements, are as follows:

Cemetery Care Fund:

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash and short term deposits	\$ 382,077	\$ 389,534
<b>Reserve Fund</b>		
Balance, beginning of year	\$ 389,434	\$ 376,714
Interest earned	3,346	5,458
Net contributions (withdrawals)	(10,703)	7,262
Balance, end of year	<b>\$ 382,077</b>	<b>\$ 389,434</b>

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**19. Letters of Credit**

The Town is holding letters of credit in the amount of \$1,357,725 (2015 - \$803,742), which are received as security related to performance deposits. These amounts are not reflected in the consolidated financial statements but are available to satisfy any liabilities arising from the non-performance by depositors.

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**20. Expenses by Object**

Total consolidated expenses by object are itemized in Schedule 3.

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**21. Contingent Liabilities**

**Regional District of Okanagan-Similkameen**

Regional District debt is, under the provisions of the *Local Government Act*, a direct, joint and several liability of the District and each member municipality within the Regional District including the Town of Oliver. The loan agreements with the Regional District of Okanagan-Similkameen and the Municipal Finance Authority provide that if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligation with respect to such borrowing, the resulting deficiency becomes the liability of the member municipalities.

**Pension Liability**

The City 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 overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has approximately 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local government.

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

The most recent valuation for the 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 Town paid \$155,667 (2015 - \$148,939) for employer contributions while employee contributions were \$135,572 (2015 - \$133,003) to the Plan in fiscal 2016.

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.

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**22. Segmented Information**

Oliver is a diversified municipal government that provides a wide range of services to its citizens. The Town's operations and activities are organized and reported by funds and departments. The General Fund reports on operations, funded primarily by property taxes, which include services provided by the Town such as general government services, protective services, development services, transportation services and public works, and environmental health and public health services. The utility operations are comprised of the water and sewer system, each accounting for its own operations and programs within their own funds.

**General government services**

General government operations are primarily funded by property taxation and business tax revenues. The expenses within the department are for legislative, general administration and finance functions within the Town. The general revenue reported under the department includes revenues associated with taxation, business tax revenues and payments in lieu of taxes. These revenues have not been apportioned to other departments supported by the General Fund.

**Protective services**

Protective services are comprised of fire protection services. The fire department is responsible for effective fire protection and public safety services to the Town. This includes fire prevention, fire safety inspections, fire control and/or suppression.

**Development services**

The Planning and Development services department is responsible for land use and sustainable planning, general development services, building inspection and bylaw enforcement. This department addresses community and assists with infrastructure planning, zoning, inspection services, building permits, business licences, development permits and subdivision services.

**Transportation services and public works**

The Transportation services and Public Works department is responsible for the operation, maintenance and repairs of town streets, sidewalks, water and sewer systems, storm drainage system, parks and open spaces, cemetery, public facilities and the vehicle fleet as well as providing waste collection from parks, snow removal and ice control services.

**Environmental and public health services**

Environmental and Public Health services are comprised of solid waste, yard waste and recycling services.

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**Town of Oliver**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**22. Segmented Information** (continued)

**Water**

This segment includes all of the operating activities related to the treatment and distribution of water throughout the Town.

**Sewer**

This segment includes all of the operating activities related to the collection and treatment of wastewater throughout the Town.

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**23. Budget**

The budget amounts which are presented for comparative purposes reflect the statutory budget as adopted by Council on March 29, 2016, adjusted for amortization and other items for comparability with the actual results.

The following reconciles the balanced statutory budget and the budgeted surplus reported on the consolidated statement of operations and accumulated surplus.

Surplus as per 5 Year Financial Plan Bylaw 1362	\$	-
Add: Tangible capital expenditures:		
General government services		106,200
Protective services		30,000
Transportation services		3,228,900
Sewer services		410,000
Water services		1,238,000
Budgeted reduction in debt principal		<u>289,902</u>
		<u>5,303,002</u>
Less: Amortization expense		1,470,997
Transfers from accumulated surplus and reserve funds		<u>1,096,232</u>
		<u>2,567,229</u>
Budget surplus as per the consolidated statement of operations and accumulated surplus	<b>\$</b>	<b><u>2,735,773</u></b>

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**24. Comparative Figures**

Certain of the comparative figures have been restated to conform to the current year's presentation.

**Town of Oliver**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
**December 31, 2016**

	Cost			Accumulated Amortization				2016 Net book value	2015 Net book value	
	Opening balance	Add: additions/transfers	Less: disposals/transfers	Closing balance	Opening balance	Less: disposals/transfers	Add: amortization			Closing balance
<b>General Capital Fund</b>										
Land	10,670,924	172,528	-	10,843,452	-	-	-	-	<b>10,843,452</b>	10,670,924
Buildings	3,025,028	9,034	-	3,034,062	1,537,223	-	67,671	1,604,894	<b>1,429,168</b>	1,487,805
Equipment	992,371	88,500	-	1,080,871	652,175	-	48,019	700,194	<b>380,677</b>	340,196
Vehicles	2,611,039	31,126	-	2,642,165	1,491,145	-	146,664	1,637,809	<b>1,004,356</b>	1,119,894
Roads	14,524,337	354,737	-	14,879,074	6,363,742	-	373,086	6,736,828	<b>8,142,246</b>	8,160,595
Work in progress	32,077	472,536	32,077	472,536	-	-	-	-	<b>472,536</b>	32,077
	<b>31,855,776</b>	<b>1,128,461</b>	<b>32,077</b>	<b>32,952,160</b>	<b>10,044,285</b>	<b>-</b>	<b>635,440</b>	<b>10,679,725</b>	<b>22,272,435</b>	<b>21,811,491</b>
<b>Water System Capital Fund</b>										
Infrastructure	28,029,636	94,575	-	28,124,211	6,487,789	-	479,300	6,967,089	<b>21,157,122</b>	21,541,847
Work in progress	-	22,822	-	22,822	-	-	-	-	<b>22,822</b>	-
	<b>28,029,636</b>	<b>117,397</b>	<b>-</b>	<b>28,147,033</b>	<b>6,487,789</b>	<b>-</b>	<b>479,300</b>	<b>6,967,089</b>	<b>21,179,944</b>	<b>21,541,847</b>
<b>Sewer System Capital Fund</b>										
Infrastructure	10,951,130	114,098	-	11,065,228	3,270,927	-	175,786	3,446,713	<b>7,618,515</b>	7,680,203
Storm system	761,552	14,905	-	776,457	258,023	-	10,279	268,302	<b>508,155</b>	503,529
Work in progress	1,018	28,170	1,018	28,170	-	-	-	-	<b>28,170</b>	1,018
	<b>11,713,700</b>	<b>157,173</b>	<b>1,018</b>	<b>11,869,855</b>	<b>3,528,950</b>	<b>-</b>	<b>186,065</b>	<b>3,715,015</b>	<b>8,154,840</b>	<b>8,184,750</b>
	<b>71,599,112</b>	<b>1,403,031</b>	<b>33,095</b>	<b>72,969,048</b>	<b>20,061,024</b>	<b>-</b>	<b>1,300,805</b>	<b>21,361,829</b>	<b>51,607,219</b>	<b>51,538,088</b>

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**Town of Oliver****Schedule 2 - Consolidated Schedule of Accumulated Surplus****December 31, 2016**

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	<b>Balance, beginning of year</b>	<b>Transfer to</b>	<b>Transfer from</b>	<b>Interest</b>	<b>Balance, end of year</b>
<b>Statutory Reserves</b>					
Sewer equipment reserve	\$ 922,545	\$ 33,541	\$ (103,652)	\$ 7,298	\$ 859,732
Water capital reserve	1,277,150	581,423	(165,517)	20,972	1,714,028
Downtown parking fund	15,736	-	-	133	15,869
Land sale reserve	378,091	271,124	(172,528)	6,173	482,860
	<u>2,593,522</u>	<u>886,088</u>	<u>(441,697)</u>	<u>34,576</u>	<u>3,072,489</u>
<b>Non Statutory Reserves</b>					
Airport planning	67	-	-	-	67
Cemetery maintenance	6,668	-	-	52	6,720
Equipment reserve	39,188	276,579	(180,710)	290	135,347
Fire department - joint reserve	403,915	62,441	-	3,229	469,585
Fire department - town reserve	28,240	-	(3,799)	226	24,667
Food for thought	15,290	1,667	-	-	16,957
General reserve	397,389	575,744	(214,181)	55,208	814,160
Lagoon desludge reserve	258,881	15,000	-	2,069	275,950
Lift station contingency reserve	95,436	4,000	-	763	100,199
Library furnishings reserve	7,500	-	-	-	7,500
Local improvement fund	23,752	-	-	203	23,955
Payroll payable reserve	73,532	50,546	-	586	124,664
Pump repair contingency	58,894	4,000	-	469	63,363
Road capital reserve	306,732	-	-	2,452	309,184
Sawmill road trust fund	2,642	667	-	42	3,351
Snow removal reserve	25,854	20,050	-	-	45,904
Solid waste reserve	307,095	49,508	-	-	356,603
Tucelnuit water trust fund	43,708	4,193	-	673	48,574
Water capital charge fund	60,666	-	-	515	61,181
	<u>2,155,449</u>	<u>1,064,395</u>	<u>(398,690)</u>	<u>66,777</u>	<u>2,887,931</u>
<b>Investment in Non-Financial Assets</b>					
Investment in capital assets	46,850,843	1,411,619	(1,300,805)	-	46,961,657
	<u>\$ 51,599,814</u>	<u>\$ 3,362,102</u>	<u>\$ (2,141,192)</u>	<u>\$ 101,353</u>	<u>\$ 52,922,077</u>

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**Town of Oliver**  
**Schedule 3 - Consolidated Schedule of Segment Disclosure**  
**December 31, 2016**

	General Fund						Water services	Sewer services	2016 Total	2015 Total
	General government services	Protective services	Development services	Transportation services and public works	Environmental and public health services	Total				
<b>Revenue</b>										
User fees	-	-	-	-	216,644	216,644	2,218,943	738,172	<b>3,173,759</b>	3,208,024
Property taxation	1,475,802	-	-	-	-	1,475,802	382,487	214,233	<b>2,072,522</b>	2,029,618
Government transfers	1,760,215	-	-	2,005	-	1,762,220	-	-	<b>1,762,220</b>	844,870
Concessions and franchise	37,024	270,340	-	-	76,890	384,254	-	-	<b>384,254</b>	330,196
Gain on disposal	271,114	-	-	-	-	271,114	-	-	<b>271,114</b>	157,384
Other revenue from own sources	63,852	3,092	105,936	56,757	5,385	235,022	31,319	-	<b>266,341</b>	236,623
Sale of services	134,085	-	-	-	-	134,085	22,788	21,997	<b>178,870</b>	213,916
Investment income	34,422	-	-	-	-	34,422	59,633	7,298	<b>101,353</b>	122,452
Development cost charges	-	-	-	-	-	-	-	33,541	<b>33,541</b>	376,107
Contributions	8,139	-	-	-	-	8,139	5,000	-	<b>13,139</b>	31,614
	<b>3,784,653</b>	<b>273,432</b>	<b>105,936</b>	<b>58,762</b>	<b>298,919</b>	<b>4,521,702</b>	<b>2,720,170</b>	<b>1,015,241</b>	<b>8,257,113</b>	<b>7,550,804</b>
<b>Expenses</b>										
Salaries and benefits	648,432	132,305	140,795	460,539	4,939	1,387,010	800,230	345,377	<b>2,532,617</b>	2,571,950
Amortization	113,521	52,652	-	469,453	-	635,626	479,300	185,878	<b>1,300,804</b>	1,320,155
Materials and supplies	146,760	90,689	-	255,380	-	492,829	630,983	158,624	<b>1,282,436</b>	1,112,754
Professional and contract services	101,099	28,932	234,004	105,199	243,799	713,033	64,588	16,413	<b>794,034</b>	659,914
Telephone and utilities	61,122	17,510	2,166	72,553	-	153,351	344,999	103,937	<b>602,287</b>	558,791
Interest	1,052	12,419	-	-	-	13,471	201,579	-	<b>215,050</b>	214,978
Insurance and licences	56,605	25,279	-	29,331	-	111,215	32,591	12,812	<b>156,618</b>	152,778
Civic grants	31,660	-	-	-	-	31,660	-	-	<b>31,660</b>	28,673
Advertising	-	139	4,915	-	671	5,725	10,468	-	<b>16,193</b>	24,625
Leases	-	3,151	-	-	-	3,151	-	-	<b>3,151</b>	4,946
Allocations	(165,263)	-	-	(96,359)	-	(261,622)	187,741	73,881	-	-
	<b>994,988</b>	<b>363,076</b>	<b>381,880</b>	<b>1,296,096</b>	<b>249,409</b>	<b>3,285,449</b>	<b>2,752,479</b>	<b>896,922</b>	<b>6,934,850</b>	<b>6,649,564</b>
<b>Surplus (deficit)</b>	<b>2,789,665</b>	<b>(89,644)</b>	<b>(275,944)</b>	<b>(1,237,334)</b>	<b>49,510</b>	<b>1,236,253</b>	<b>(32,309)</b>	<b>118,319</b>	<b>1,322,263</b>	<b>901,240</b>