

Financial Statements of the
CORPORATION OF THE VILLAGE OF MIDWAY
December 31, 2017

CORPORATION OF THE VILLAGE OF MIDWAY
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December 31, 2017

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April 3, 2018

Nelson, B.C.

Responsibility For Financial Reporting

Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in note 1 to the consolidated financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present the Village of Midway's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that the Village of Midway's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Berg Lehmann, Chartered Professional Accountants, have been appointed by Council to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Village of Midway's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in note 1 to the consolidated financial statements. The report of Berg Lehmann, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



Penny Feist
Chief Administrative Officer

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
The Village of Midway

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Berg
Lehmann

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Professional Accountants
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INDEPENDENT AUDITORS' REPORT (continued)

To the Mayor and Council
The Village of Midway

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Village of Midway as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

April 3, 2018

Nelson, B.C.

CORPORATION OF THE VILLAGE OF MIDWAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At December 31, 2017


	2017	2016
FINANCIAL ASSETS		
Cash	\$ 3,435,504	\$ 2,707,408
Short-term investments	705,822	713,585
Taxes and utility user fees receivable	69,991	72,308
Accounts receivable	142,855	39,451
Investment in Boundary Sawmill Inc. (note 2)	-	250,000
Investment in West Boundary Community Forest Inc. (note 3)	456,152	430,313
	<u>4,810,324</u>	<u>4,213,065</u>
LIABILITIES		
Accounts payable and accrued liabilities	155,670	177,245
Employee future benefits (note 4)	54,800	54,800
Deferred revenue (note 10)	54,226	26,025
MFA financing (note 7)	88,742	156,136
MFA long-term debt (note 8)	158,104	175,763
	<u>511,542</u>	<u>589,969</u>
NET FINANCIAL ASSETS	<u>4,298,782</u>	<u>3,623,096</u>
NON-FINANCIAL ASSETS		
Prepaid expenses and deposits	19,516	26,665
Tangible capital assets (note 5 and 20)	6,077,191	6,255,648
	<u>6,096,707</u>	<u>6,282,313</u>
ACCUMULATED SURPLUS	<u>\$10,395,489</u>	<u>\$ 9,905,409</u>
Represented by:		
Unappropriated surplus (note 11)	\$ 2,135,333	\$ 1,890,019
Reserve funds (statement)	2,429,811	2,091,641
Equity in tangible capital assets (note 12)	5,830,345	5,923,749
	<u>\$10,395,489</u>	<u>\$ 9,905,409</u>
CONTINGENT LIABILITIES (note 19)		



Chief Administrative Officer

CORPORATION OF THE VILLAGE OF MIDWAY
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

	2017 Budget (note 17)	2017 Actual	2016 Actual
REVENUE			
Taxation and grants in lieu	\$ 638,534	\$ 638,554	\$ 674,038
Federal Gas Tax Grant	81,000	81,328	80,932
Provincial and other grants	1,626,933	446,676	359,215
Sale of services and other (note 14)	305,538	252,516	263,077
Water and sewer user and connection fees	168,583	174,555	168,169
Interest and penalties on taxes	7,000	7,336	6,941
Interest on investments	5,150	20,030	46,504
Equity income			
- West Boundary Community Forest (note 3)	350,000	275,839	286,868
Gain on sale of property	28,500	1,145	47,500
	3,211,238	1,897,979	1,933,244
EXPENDITURES (note 15)			
General government	735,500	467,900	429,660
Grants to community groups	39,315	40,315	33,712
Municipal building expenses	52,020	39,284	53,688
Parks and recreation	216,950	211,860	191,683
Protective services	194,891	110,392	153,414
Public works and transportation	192,000	171,193	162,793
Water and sewer services	157,834	136,362	136,334
Amortization of tangible capital assets	-	230,593	236,652
	1,588,510	1,407,899	1,397,936
ANNUAL SURPLUS	1,622,728	490,080	535,308
ACCUMULATED SURPLUS, BEGINNING OF YEAR	9,905,409	9,905,409	9,370,101
ACCUMULATED SURPLUS, END OF YEAR	\$11,528,137	\$10,395,489	\$ 9,905,409



Chief Administrative Officer

CORPORATION OF THE VILLAGE OF MIDWAY
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2017

	2017 Budget	2017 Actual	2016 Actual
ANNUAL SURPLUS	\$ 1,622,728	\$ 490,080	\$ 535,308
Acquisition of tangible capital assets	(1,645,640)	(69,791)	(105,031)
Amortization of tangible capital assets	-	230,593	236,652
Proceeds on sale of tangible capital assets	28,500	18,800	-
Gain on sale of tangible capital assets	(28,500)	(1,145)	-
Decrease (increase) in prepaid expenses	-	7,149	(1,213)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(22,912)	675,686	665,716
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,623,096	3,623,096	2,957,380
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,600,184	\$ 4,298,782	\$ 3,623,096



Chief Administrative Officer

CORPORATION OF THE VILLAGE OF MIDWAY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	2017	2016
OPERATING TRANSACTIONS		
Cash receipts from property taxation	\$ 640,594	\$ 678,296
Cash receipts from grants and own sources	880,149	902,361
Cash paid to employees and suppliers	(1,183,283)	(1,130,708)
Cash paid for interest	(8,783)	(13,914)
Cash received for interest	18,037	21,246
Cash Provided by Operating Transactions	346,714	457,281
CAPITAL TRANSACTIONS		
Cash used for purchase of tangible capital assets	(69,791)	(76,031)
Proceeds from sale of tangible capital assets	18,800	47,500
Cash Applied to Capital Transactions	(50,991)	(28,531)
INVESTING TRANSACTIONS		
Sale of shares in Boundary Sawmill	250,000	-
Dividends received - West Boundary Community Forest Inc.	250,000	-
Redemption of term deposit.	610,830	-
Investment in term deposit	(600,000)	-
Cash Provided by Investing Transactions	510,830	-
FINANCING TRANSACTIONS		
Cash used for repayment of long-term debt	(78,457)	(59,415)
INCREASE IN CASH	728,096	369,335
CASH, BEGINNING OF YEAR	2,707,408	2,338,073
CASH, END OF YEAR	\$ 3,435,504	\$ 2,707,408



Chief Administrative Officer

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Village of Midway.

Basis of Presentation

The Consolidated Financial Statements of the Village of Midway ("Village"), which are the representations of management, are prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Professional Chartered Accountants. The Consolidate Financial Statements reflect the combined results and activities of the reporting entity which is comprised of the Operating, Capital and Reserve funds. Inter-fund transactions have been eliminated on consolidation.

- i) **Operating Funds:** These funds include the General, Water and Sewer operations of the Village. They are used to record the operating costs of the services provided by the Village.
- ii) **Capital Funds:** These funds include the General, Water and Sewer Capital funds. They are used to record the acquisition and disposal of property and equipment and their related financing.
- iii) **Reserve Funds:** Under the Community Charter, Village Council may, by bylaw, establish reserve funds for specified purposes. Money in a reserve fund, and interest earned thereon, must be expended by bylaw only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, Village Council may, by bylaw, transfer all or part of the balance to another reserve fund.

Revenue Recognition

The Village records revenue on the accrual basis and includes revenue in the period in which the transactions or events that give rise to the revenues occur. Taxation revenues are recognized at the time of the issuing of the property tax notices for the fiscal year. Sale of services and user fees are recognized when the service or product is rendered by the Village. Grant revenues are recorded when the funding becomes receivable and all stipulations of the grant have been met. Unearned revenue in the current period is recorded as deferred revenue.

Budget Figures

The budget figures are based on Bylaw No. 494, the Five-Year Financial Plan for the year 2017 adopted on May 11, 2017.

Financial Instruments

The Village's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, capital lease obligations and long-term debt. It is management's opinion that the Village is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life commencing in the year the asset is put into service. Donated tangible capital assets are reported at the fair value at the time of donation. The estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Engineering structures	15 - 30 years
Fixtures, furniture, equipment and vehicles	5 - 25 years
IT Infrastructure	3 - 10 years
Sewer Infrastructure	10 - 100 years
Water Infrastructure	10 - 100 years

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles, 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 expenditures during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, the determination of payroll and employee future benefit accruals and the provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. INVESTMENT IN BOUNDARY SAWMILL INC.

During the year, the Village sold all its Class E Variable Voting Preferred Shares in Boundary Sawmill Inc. for its invested cost.

3. INVESTMENT IN WEST BOUNDARY COMMUNITY FOREST INC.

The Village is the registered holder of 1 Common Share in West Boundary Community Forest Inc. ("Community Forest") representing a 50% interest in the corporation, with the City of Greenwood holding the balance. The Community Forest was created for the purpose of managing a timber license and has an agreement with the Ministry of Forests, Lands and Natural Resource Operations for a twenty five year term beginning on January 1, 2014 to harvest Crown timber in specific areas of the West Boundary.

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

3. INVESTMENT IN WEST BOUNDARY COMMUNITY FOREST INC. (continued)

The Village accounts for its investment in this government business enterprise using the modified equity method. The condensed financial information of this investment for the year ending December 31, 2017 with comparative figures for December 31, 2016 are as follows:

	2017	2016
Assets		
Current assets	\$ 1,113,814	\$ 1,032,942
Long-term assets (logging roads)	<u>245,850</u>	<u>169,133</u>
	<u>1,359,664</u>	<u>1,202,075</u>
 Liabilities		
Accounts payable	<u>80,959</u>	<u>87,610</u>
Silviculture accrual	<u>366,402</u>	<u>253,840</u>
	<u>447,361</u>	<u>341,450</u>
 Shareholders' Equity	<u>\$ 912,303</u>	<u>\$ 860,625</u>
 Village's interest	<u>\$ 456,152</u>	<u>\$ 430,313</u>

Under the modified equity method, the cost of the investment is adjusted by earnings or losses of the entity from the date of acquisition as well as any dividends paid. The Village earned \$275,839 in equity income and received \$250,000 in dividends from the West Boundary Community Forest Inc. in 2017.

4. EMPLOYEE FUTURE BENEFITS

The Village records liabilities for accrued employee benefits in the period in which they are earned by the employee. Short-term benefits, such as banked overtime and vacation entitlements, are included in accrued liabilities. Long-term benefits, such as sick leave entitlements, are reported as employee future benefits at management's estimate of the cost of the future entitlements. The Village has estimated the discounted cost of this employee future benefit and has accrued \$54,800 in the financial statements.

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

5. TANGIBLE CAPITAL ASSETS

	2017	2016
General Capital Fund		
Land and improvements	\$ 1,191,051	\$ 1,191,051
Buildings	1,967,050	1,983,409
Paving and engineered structures	262,368	292,938
Vehicles and equipment	<u>319,640</u>	<u>371,692</u>
	<u>3,740,109</u>	<u>3,839,090</u>
 Water System - Capital Fund		
Land and improvements	16,578	16,578
Water infrastructure	<u>1,220,914</u>	<u>1,265,305</u>
	<u>1,237,492</u>	<u>1,281,883</u>
 Sewer System - Capital Fund		
Land and improvements	23,486	23,486
Sewer infrastructure	<u>1,076,104</u>	<u>1,111,189</u>
	<u>1,099,590</u>	<u>1,134,675</u>
 Total Tangible Capital Assets	 <u>\$ 6,077,191</u>	 <u>\$ 6,255,648</u>

6. PHOENIX COMMUNITY FOUNDATION ENDOWMENT

As at December 31, 2017, the Village has transferred a total of \$61,500 in contributions to the Phoenix Community Foundation. These funds are held permanently, and the Village receives annual investment income on these funds. As the Village has the right to receive only the investment income and has no access to the contributed principal, the balance held is not shown on the Village's Statement of Financial Position.

7. MFA FINANCING

The Village has entered into equipment finance agreements with the Municipal Finance Authority to finance certain capital assets. The payments required over the next three years are as follows:

2018	\$ 44,996
2019	34,580
2020	<u>11,215</u>
 Total payments	 90,791
Less amount representing interest	<u>2,049</u>
 Total outstanding principal	 <u>\$ 88,742</u>

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

8. LONG-TERM DEBT

	Balance Beginning of Year	Repayment of Principal	Actuarial Adjustment	Balance End of Year
Sewer System Capital Fund				
Sewer bylaw #338	\$ 175,763	\$ 11,063	\$ 6,596	\$ 158,104

The requirements for future repayments of principal on existing debt for the next five years excluding any potential actuarial gains are as follows:

	Sewer Capital
2018	\$ 11,063
2019	\$ 11,063
2020	\$ 11,063
2020	\$ 11,063
2022	\$ 11,063

9. RESERVE - MUNICIPAL FINANCE AUTHORITY

The Village issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The Village also executes demand notes in connection with each debenture whereby the Village may be required to loan certain amounts to the Municipal Finance Authority. These amounts are not included in the Village's financial statements. The detail of the cash deposits and demand notes at year end are as follows:

	Demand Notes	Cash Deposits	2017	2016
Sewer funds	\$ 9,421	\$ 5,140	\$ 14,561	\$ 14,326

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

10. DEFERRED REVENUE

These funds are externally restricted for the purposes for which they were collected.

	Balance, Beginning of Year	Contributions Received	Eligible Amounts	Balance, End of Year
Rural Fire Protection subscriptions	\$ 13,979	\$ -	\$(13,979)	\$ -
Provincial government grant - branding	9,721	93,840	(52,449)	51,112
Miscellaneous deposits	2,325	3,114	(2,325)	3,114
	<u>\$ 26,025</u>	<u>\$ 96,954</u>	<u>\$(68,753)</u>	<u>\$ 54,226</u>

11. UNAPPROPRIATED SURPLUS

Consolidated unappropriated surplus represents accumulated surplus that is not equity in tangible capital assets or set aside in reserve funds. The balance is comprised of the following:

	2017	2016
General Operating Fund	\$ 1,942,492	\$ 1,697,178
Water Operating Fund	70,300	70,300
Sewer Operating Fund	41,888	41,888
Sewer Capital Fund	<u>80,653</u>	<u>80,653</u>
	<u>\$ 2,135,333</u>	<u>\$ 1,890,019</u>

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

12. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in Tangible Capital Assets represents the net book value of total capital assets less long-term obligations assumed to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	2017	2016
Equity, beginning of year	\$ 5,923,749	\$ 6,004,162
Add:		
Capital acquisitions net of disposals	52,136	105,031
Debt principal repayments	78,457	59,415
Actuarial adjustment	6,596	20,793
Less:		
MFA financing	-	(29,000)
Amortization	<u>(230,593)</u>	<u>(236,652)</u>
Equity, end of year	<u>\$ 5,830,345</u>	<u>\$ 5,923,749</u>

13. MUNICIPAL PENSION PLAN

The Village and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2016, the plan had about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged. The next valuation will be as at December 31, 2018 with results available later in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the Plan in aggregate resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Village paid \$47,794 for employer contributions to the Plan in fiscal 2017 (2016 - \$45,425).

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

14. SALE OF SERVICES AND OTHER

	2017	2016
Ambulance building lease	\$ 34,734	\$ 34,454
Arena revenue	42,941	44,405
Campground	12,014	12,232
ICBC and MVB commissions	82,642	74,404
Licences and permits	10,592	5,746
Rentals	38,121	45,265
Rural Fire Protection Subscriptions	21,373	37,660
Sundry	10,099	8,911
	\$ 252,516	\$ 263,077

15. EXPENDITURES BY OBJECT

	2017	2016
Amortization	\$ 230,593	\$ 236,652
Goods and services	519,654	495,104
Grants to community groups	40,315	33,712
Interest and finance charges	8,783	13,117
Wages, benefits and Council stipends	608,554	619,351
	\$ 1,407,899	\$ 1,397,936

16. COLLECTION FOR OTHER GOVERNMENTS

The Village collected and remitted the following taxes on behalf of other Governments. These are not included in the Village's financial statements.

	2017	2016
Provincial Government - School Taxes	\$ 292,812	\$ 308,392
Provincial Government - Police Tax Levy	36,394	38,635
British Columbia Assessment Authority	9,203	9,965
West Kootenay Boundary Regional Hospital	33,075	34,011
Municipal Finance Authority	23	22
Regional District of Kootenay Boundary	60,063	63,522
	\$ 431,570	\$ 454,547

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

17. RECONCILIATION TO BUDGET

The following reconciles the budget as shown on the consolidated statement of operations to the budget as presented in bylaw 494 adopted May 11, 2017:

Annual surplus per the consolidated statement of operations	\$ 1,622,728
Debt principal repayments	(60,006)
Purchase of tangible capital assets	(1,645,640)
Net transfers from reserves	23,248
Appropriation of prior year accumulated surplus	<u>59,670</u>
	<u>\$ -</u>

18. TRUST FUNDS

Funds held in trust and administered by the Village are as follows:

	2017	2016
Assets and Net Position		
Cash and short-term investments	<u>\$ 14,232</u>	<u>\$ 13,958</u>
Fund Balance		
Trusts - Cemetery Care	<u>\$ 14,232</u>	<u>\$ 13,958</u>
Transactions for the Year Ended December 31, 2017		
Cemetery Care, balance, beginning of year	\$ 13,958	
Interest earned	24	
Contributions	<u>250</u>	
Cemetery Care, balance, end of year	<u>\$ 14,232</u>	

Trust funds are not included in the Village's financial statements.

19. CONTINGENT LIABILITIES

The Village as a member of the Regional District of Kootenay Boundary, is jointly and severally liable for the future capital liabilities of the Regional District. The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet its payments and obligations, it shall make payments from the debt reserve fund which is in turn established by a similar debt reserve fund of the Village and all other borrowing participants. If the debt reserve fund is deficient, the Authority's obligations become a liability of the Regional District, and may become a liability of the participating municipalities.

The Village is at times faced with claims of a diverse nature. As at December 31, 2017, the Village may have a potential liability for costs associated with land remediation. The total of these costs, if any, cannot be reasonably estimated and no amount has been accrued in the financial statements.

NOTE 20
CORPORATION OF THE VILLAGE OF MIDWAY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
As At December 31, 2017

	Infrastructure										2017	2016
	Land	Buildings	Vehicles and Equipment	Engineering Structures and Paving	Water System	Sewer System						
Historical Cost:												
Opening balance	\$ 1,231,115	\$ 3,086,053	\$ 1,105,717	\$ 1,054,296	\$ 2,253,615	\$ 1,754,244	\$ 10,485,040	\$ 10,380,009				
Additions (disposals)	-	47,090	(4,889)	4,050	-	-	46,251	105,031				
Closing balance, Dec. 31	\$ 1,231,115	\$ 3,133,143	\$ 1,100,828	\$ 1,058,346	\$ 2,253,615	\$ 1,754,244	\$ 10,531,291	\$ 10,485,040				
Accumulated Amortization:												
Opening balance	\$ -	\$ 1,102,645	\$ 742,751	\$ 761,357	\$ 979,584	\$ 643,055	\$ 4,229,392	\$ 3,992,740				
Amortization Expense	-	63,449	53,048	34,620	44,391	35,085	230,593	236,652				
Adjustment on disposal	-	-	(5,885)	-	-	-	(5,885)	-				
Closing balance, Dec. 31	\$ -	\$ 1,166,094	\$ 795,799	\$ 795,977	\$ 1,023,975	\$ 678,140	\$ 4,454,100	\$ 4,229,392				
Net Book Value for Year Ended December 31,	\$ 1,231,115	\$ 1,967,049	\$ 305,029	\$ 262,369	\$ 1,229,640	\$ 1,076,104	\$ 6,077,191	\$ 6,255,648				

CORPORATION OF THE VILLAGE OF MIDWAY
GENERAL OPERATING FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

FINANCIAL ASSETS	2017	2016
ASSETS		
Cash	\$ 2,164,104	\$ 1,438,472
Short-term investments	705,822	713,585
Taxes receivable	54,474	56,514
Accounts receivable	142,855	39,451
Investment in West Boundary Community Forest Inc.	456,152	430,313
Investment in Boundary Sawmill Inc.	-	250,000
	<u>3,523,407</u>	<u>2,928,335</u>
LIABILITIES		
Accounts payable and accrued liabilities	154,267	175,841
Employee future benefits	54,800	54,800
Deferred revenue	54,226	26,025
Due to other funds	1,337,138	1,001,156
	<u>1,600,431</u>	<u>1,257,822</u>
NET FINANCIAL ASSETS	1,922,976	1,670,513
NON-FINANCIAL ASSETS		
Prepaid expenses and deposits	19,516	26,665
ACCUMULATED SURPLUS	\$ 1,942,492	\$ 1,697,178
ACCUMULATED SURPLUS		
Accumulated surplus, beginning of year	\$ 1,697,178	\$ 1,363,313
Annual surplus	245,314	333,865
Accumulated surplus, end of year	<u>\$ 1,942,492</u>	<u>\$ 1,697,178</u>

CORPORATION OF THE VILLAGE OF MIDWAY
GENERAL CAPITAL FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

	2017	2016
ASSETS		
Tangible capital assets	\$ 3,740,109	\$ 3,839,090
LIABILITIES		
MFA equipment and building loans	88,742	156,136
	<u>\$ 3,651,367</u>	<u>\$ 3,682,954</u>
EQUITY IN TANGIBLE CAPITAL ASSETS		
Balance, beginning of year	\$ 3,682,954	\$ 3,725,515
Increase (decrease) in equity from:		
Tangible capital asset acquisitions net of disposals	52,136	105,031
General Operating Fund - repayment of debt	67,394	38,584
Equipment financing	-	(29,000)
Amortization	(151,117)	(157,176)
	<u>\$ 3,651,367</u>	<u>\$ 3,682,954</u>
Balance, end of year	<u>\$ 3,651,367</u>	<u>\$ 3,682,954</u>

CORPORATION OF THE VILLAGE OF MIDWAY
GENERAL OPERATING FUND
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

	2017	2016
REVENUE		
General taxation	\$ 565,865	\$ 550,995
Interest and penalties on taxes	7,336	6,941
Provincial grants	407,275	334,625
Federal Gas Tax grant	81,328	80,932
Grants in lieu of taxes	42,024	41,715
Other grants	39,401	24,590
Ambulance building lease	34,734	34,454
Arena revenue	42,941	44,405
Campground	12,014	12,232
ICBC and motor vehicle commissions	82,642	74,404
Interest on investments	6,704	4,319
Licences and permits	10,592	5,746
Rentals	38,121	45,265
Rural Fire Protection	21,373	37,660
Sale of property and equipment	18,800	47,500
Sundry income	10,099	8,911
Equity income from the West Boundary Community Forest	275,839	286,868
	1,697,088	1,641,562
EXPENDITURES		
Administrative and common services	467,900	429,660
Grants to community groups	40,315	33,712
Municipal building expenses	39,284	53,688
Protective services	110,392	153,414
Public works and transportation	171,193	162,793
Recreational and cultural services	211,860	191,683
	1,040,944	1,024,950
NET OPERATING REVENUES OVER EXPENDITURES	656,144	616,612
Transfer to General Capital Fund for capital expenditures	(69,791)	(76,031)
Transfer to General Capital Fund for debt repayment	(67,394)	(38,584)
Transfer to Reserve Funds	(273,645)	(168,132)
	(410,830)	(282,747)
ANNUAL SURPLUS	\$ 245,314	\$ 333,865

CORPORATION OF THE VILLAGE OF MIDWAY
WATER OPERATING FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

	2017	2016
ASSETS		
Due from General Operating Fund	\$ 62,225	\$ 62,312
User fees receivable	8,075	7,988
ACCUMULATED SURPLUS	\$ 70,300	\$ 70,300
ACCUMULATED SURPLUS		
Accumulated surplus, beginning of year	\$ 70,300	\$ 70,300
Annual surplus	-	-
Accumulated surplus, end of year	\$ 70,300	\$ 70,300

CORPORATION OF THE VILLAGE OF MIDWAY
WATER CAPITAL FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

	2017	2016
TANGIBLE CAPITAL ASSETS	\$ 1,237,492	\$ 1,281,883
EQUITY IN TANGIBLE CAPITAL ASSETS		
Balance, beginning of year	\$ 1,281,883	\$ 1,301,589
Debt principal payments	-	9,768
Actuarial adjustment	-	14,917
Amortization	(44,391)	(44,391)
Balance, end of year	\$ 1,237,492	\$ 1,281,883

CORPORATION OF THE VILLAGE OF MIDWAY
WATER OPERATING FUND
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

	2017	2016
REVENUE		
Frontage taxes	\$ -	\$ 50,285
User fees	84,372	80,066
Interest and MFA debt surplus issue	130	10,280
Water connection fees	1,281	1,990
	85,783	142,621
EXPENDITURES		
Administration	8,100	8,100
Debt interest payments	-	4,049
Maintenance and utilities	46,454	43,161
	54,554	55,310
NET OPERATING REVENUES OVER EXPENDITURES	31,229	87,311
Less:		
Transfer to Water Infrastructure Reserve Fund	(31,229)	(77,543)
Transfer to Water Capital Fund for principal debt repayment	-	(9,768)
	(31,229)	(87,311)
ANNUAL SURPLUS	\$ -	\$ -

CORPORATION OF THE VILLAGE OF MIDWAY
SEWER OPERATING FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

FINANCIAL ASSETS	2017	2016
ASSETS		
Due from General Operating Fund	\$ 35,849	\$ 35,485
User fees receivable	7,442	7,806
	43,291	43,291
LIABILITIES		
Accrued payables	1,403	1,403
NET FINANCIAL ASSETS	\$ 41,888	\$ 41,888
ACCUMULATED SURPLUS		
Accumulated surplus, beginning of year	\$ 41,888	\$ 41,888
Annual surplus	-	-
Accumulated surplus, end of year	\$ 41,888	\$ 41,888

CORPORATION OF THE VILLAGE OF MIDWAY
SEWER CAPITAL FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Due from General Operating Fund	\$ 80,653	\$ 80,653
LIABILITIES		
Long-term debt	158,104	175,763
NET DEBT	(77,451)	(95,110)
TANGIBLE CAPITAL ASSETS	1,099,590	1,134,675
	\$ 1,022,139	\$ 1,039,565
EQUITY IN TANGIBLE CAPITAL ASSETS		
Balance, beginning of year	\$ 958,912	\$ 977,058
Debt principal payments	11,063	11,063
Actuarial adjustments	6,596	5,876
Amortization	(35,085)	(35,085)
Balance, end of year	941,486	958,912
FINANCIAL EQUITY	80,653	80,653
	\$ 1,022,139	\$ 1,039,565

CORPORATION OF THE VILLAGE OF MIDWAY
SEWER OPERATING FUND
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

	2017	2016
REVENUE		
Frontage taxes	\$ 30,665	\$ 31,043
User fees	88,902	84,750
Interest	78	184
Connection fees	-	1,363
	119,645	117,340
EXPENDITURES		
Administration	7,500	7,500
Debt interest payments	6,934	6,934
Maintenance and utilities	67,374	66,590
	81,808	81,024
NET OPERATING REVENUES OVER EXPENDITURES	37,837	36,316
Less:		
Transfer to Sewer Infrastructure Reserve Fund	(26,774)	(25,253)
Transfer to Sewer Capital Fund for debt repayment	(11,063)	(11,063)
	(37,837)	(36,316)
ANNUAL SURPLUS	\$ -	\$ -

CORPORATION OF THE VILLAGE OF MIDWAY
RESERVE FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 1,271,400	\$ 1,268,936
Due from General Operating Fund	1,158,411	822,705
NET FINANCIAL ASSETS	\$ 2,429,811	\$ 2,091,641
FUND POSITION		
Building replacement	\$ 108,406	\$ 103,115
Capital equipment	165,993	160,540
Carbon tax credit	7,046	4,720
Community hall replacement	221,193	169,536
Community works gas tax funds	608,515	526,213
Contaminated sites	2,515	2,511
Equipment depreciation	109,221	103,929
Fire truck	30,031	5,021
Land sales capital	76,524	76,355
Other	100,185	-
Sewer infrastructure	271,063	243,640
Sick and severance	76,927	76,709
Water infrastructure	652,192	619,352
	\$ 2,429,811	\$ 2,091,641

CORPORATION OF THE VILLAGE OF MIDWAY

RESERVE FUND

STATEMENT OF TRANSACTIONS

For the Year Ended December 31, 2017

	Balance Beginning of Year	Transfers from Other Funds	Transfers to Other Funds	Interest Earned	Balance End of Year
Building replacement	\$ 103,115	\$ 5,000	\$ -	\$ 291	\$ 108,406
Capital equipment	160,540	5,000	-	453	165,993
Carbon tax credits	4,720	2,317	-	9	7,046
Community hall replacement	169,536	50,000	-	1,657	221,193
Community works gas tax	526,213	81,328	-	974	608,515
Contaminated sites	2,511	-	-	4	2,515
Equipment depreciation	103,929	5,000	-	292	109,221
Fire truck	5,021	25,000	-	10	30,031
Land sales capital	76,355	-	-	169	76,524
Other	-	100,000	-	185	100,185
Sewer infrastructure	243,640	26,774	-	649	271,063
Sick and severance	76,709	-	-	218	76,927
Water infrastructure	619,352	31,229	-	1,611	652,192
	\$ 2,091,641	\$ 331,648	\$ -	\$ 6,522	\$ 2,429,811