



## REPORT TO MAYOR AND COUNCIL

<b>PRESENTED:</b>	JUNE 12, 2017 – REGULAR AFTERNOON MEETING	<b>REPORT:</b>	17- 62
<b>FROM:</b>	FINANCE DIVISION	<b>FILE:</b>	1830-02
<b>SUBJECT:</b>	2016 AUDITED CONSOLIDATED FINANCIAL STATEMENTS		

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### RECOMMENDATION(S):

**That** Council receive and consider 2016 Audited Consolidated Financial Statements for inclusion in the Annual Report and Statement of Financial Information.

### EXECUTIVE SUMMARY:

Under section 167 of the *Community Charter*, the financial officer must present Township's audited consolidated financial statements to Council for their acceptance and inclusion in the Annual Report.

The consolidated financial statements include the operations of the Langley Facilities Society and Ten Feet Sports and Entertainment Ltd, and have been prepared in accordance with Public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Under Canadian Auditing Standards (CAS – 700 *Forming an Opinion and Reporting on Financial Statements*), an auditors' final report date must be no earlier than the date of Council's acceptance of the Township's financial statements, in final form. This means that these consolidated financial statements include a draft of the Auditors' Report at this time.

KPMG LLP has given the Township an unmodified audit opinion on the Township's financial statements, stating that in their opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2016, and its consolidated results of operations, its change in consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The Auditors will provide a final Auditor's report after Council accepts the consolidated financial statements presented in this report. The consolidated financial statements with the final Auditors' Report will then be included in the Annual Report and made available for the public from June 12, 2017.

The Annual Report and the Statement of Financial Information will be presented to Council on June 26, 2017. This meeting will also provide an opportunity for the public to comment on the annual report.

### PURPOSE:

Report No. 17- 62 presents the Township's consolidated financial statements for receipt and acceptance by Council which will enable the Auditors to issue their final Auditors' Report in compliance with Canadian Auditing Standards.

**DISCUSSION/ANALYSIS:**

Under section 167 of the *Community Charter*, the financial officer must prepare the Township's consolidated financial statements to Council for their acceptance and inclusion in the Annual Report.

The consolidated financial statements include the operations of the Langley Facilities Society and Ten Feet Sports and Entertainment Ltd, and have been prepared in accordance with Public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Under Canadian Auditing Standards (CAS – 700 *Forming an Opinion and Reporting on Financial Statements*), an auditors' final report date must be no earlier than the date of Council's acceptance of the Township's financial statements, in final form. This means that these consolidated financial statements include a draft of the Auditors' Report at this time.

KPMG LLP has given the Township an unmodified audit opinion on the Township's financial statements, stating that in their opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2016, and its consolidated results of operations, its change in consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The Auditors will provide a final Auditor's report after Council accept the consolidated financial statements presented in this report. The consolidated financial statements with the final Auditors' Report will then be included in the Annual Report and made available for the public from June 12, 2017.

The Annual Report and the Statement of Financial Information will be presented to Council on June 26, 2017. This meeting will also provide an opportunity for the public to comment on the annual report.

Respectfully submitted,

Karen Sinclair  
DIRECTOR OF FINANCE

ATTACHMENT A – 2016 Audited Financial Statements with a draft Auditors' Report

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# Financial Section

For the year 2016

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## Report from the Director, Finance Division

To Mayor Jack Froese and Council;

I am pleased to present the 2016 Financial Statements and the audit report of our external auditors, KPMG LLP, Chartered Accountants. Pursuant to Section 167 of the *Community Charter*, these statements are prepared and presented to provide sufficient information for readers to understand the financial position and results of Township of Langley operations.

Preparation of the consolidated financial statements is the responsibility of the management of the Township of Langley and Township Council. The financial statements and related information have been prepared in accordance with Canadian Public Sector Accounting Standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA).

Management is responsible for the accuracy, integrity, and objectivity of these statements and for implementing and maintaining a system of internal controls to safeguard Township assets and provide reasonable assurance that financial information is reliable.

The role of our external auditors, KPMG LLP Chartered Accountants, is to conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and to express their opinion on the financial statements. To provide reasonable assurance the financial statements are presented fairly, their examination includes consideration of Township systems of internal control and appropriate tests and procedures. The external auditors have full and free access to Township Council and staff.

KPMG LLP has given the Township an unmodified audit opinion on the Township's financial statements, stating that in their opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2016, and its consolidated results of operations, its change in consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Township Net Financial Assets increased by \$38 million to \$84 million as at December 31, 2016. Increased Development Cost Charges receipts, gain on sale of land, property tax increase, and fees, rates and service charge increases contributed to the increase in financial assets.

Debt and Agreements Payable balance increased slightly by \$0.4 million to \$77.2 million. Debt and Agreements Payable is repayable from a combination of Development Cost Charges, future land sales, and respective utility operating revenues.

Total Tangible Capital Assets for the Township, at historical cost, net of accumulative amortization expense, amount to \$1.35 billion.

Capital asset additions for 2016 amount to \$84.7 million. Each year developers construct capital infrastructure that is then contributed to the Township. For 2016, this contribution by developers amounts to \$47.2 million or 56% of total capital asset additions. An additional \$22 million or 26% of capital projects were funded from Development Cost Charge reserves.

Under PSAB requirements, the annual surplus of \$84.7 million includes surplus from operations and additional surplus from current investments in capital assets as follows:

- Surplus as a result of recognizing funds received for capital projects as income, net of amortization expense, without recognizing the related capital expense and
- Surplus as a result of recognizing the value of contributed capital assets from developers as revenue in the year the assets are put into service

Accumulated Surplus balance of \$1.43 billion (2015 - \$1.35 billion) is comprised of four categories as follows:

- Operating Surplus \$89.01 million (2015 - \$78.80 million)
- Capital Surplus \$28.13 million (2015 - \$23.80 million)
- Statutory Reserve \$48.07 million (2015 - \$23.70 million)
- Investment in Tangible Capital Assets \$1.27 billion (2015 - \$1.22 billion)

The Township's economic goals include achieving fiscal stability and health, strengthening our economy, and investing in effective infrastructure. Our financial plans reflect these goals and this year's financial results are in line with financial plans approved by Council.

*K. Sinclair*

K. Sinclair CPA, CGA  
Director of Finance

## INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Corporation of the Township of Langley

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Langley, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes and schedules, 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.

*Corporation of the Township of Langley*  
*Page 2*

*Opinion*

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

Chartered Professional Accountants

June 12, 2017

Burnaby, Canada

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## Consolidated Financial Statements

### 2016

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## Consolidated Statement of Financial Position

As at December 31, 2016 (in thousands of dollars)

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 21,316	\$ 25,610
Investments (Note 3)	223,274	178,302
Accounts receivable (Note 4)	38,944	41,056
Assets held for sale	2,643	1,934
	<u>286,177</u>	<u>246,902</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	40,900	39,260
Deposits and prepayments (Note 6)	25,846	24,417
Deferred revenue (Note 7)	14,737	14,841
Development cost charges (Note 8)	43,801	46,383
Debt and agreements payable (Note 9)	77,247	76,816
	<u>202,531</u>	<u>201,717</u>
<b>NET FINANCIAL ASSETS</b>	<u>83,646</u>	<u>45,185</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventories of supplies	879	952
Prepaid expenses	1,531	1,473
Tangible capital assets (Note 10)	1,347,959	1,301,674
	<u>1,350,369</u>	<u>1,304,099</u>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<u>\$ 1,434,015</u>	<u>\$ 1,349,284</u>

Contingencies and commitments (Note 14)  
See accompanying Notes to the Consolidated Financial Statements

**Karen Sinclair, CPA, CGA**  
Director of Finance

**Jack Froese**  
Mayor, Township of Langley

## Consolidated Statement of Operations

For the year ended December 31, 2016 (in thousands of dollars)

	Budget 2016 (Note 2(a) and 20)	2016	2015
<b>REVENUE</b>			
Property taxes	\$ 119,250	\$ 119,092	\$ 112,612
Fees, rates and service charges	58,824	69,274	64,999
Grants and grants in lieu of taxes	9,302	8,095	8,928
Service cost recoveries	4,040	4,148	4,262
Gain on disposal of assets	-	14,615	9,051
Investment income	1,745	5,600	4,080
Local area service contributions	4,036	338	3,599
Contribution from development cost charges	59,798	21,832	11,327
Other developer contributions (Note 10(b))	35,501	47,608	36,316
Other income	10,901	4,882	3,528
	<u>303,397</u>	<u>295,484</u>	<u>258,702</u>
<b>EXPENSES</b>			
General government	25,581	22,960	21,003
Police protection	34,316	31,848	29,719
Fire protection	16,368	16,065	15,047
Facilities maintenance	7,598	7,814	6,117
Community planning and development	9,698	8,581	7,955
Recreation and culture	25,965	26,767	25,668
Parks	10,126	13,164	12,559
Transportation	26,404	40,372	29,718
Stormwater	6,128	8,972	8,415
Water	17,410	16,391	17,342
Sewer	10,847	12,035	11,122
Solid waste	5,716	5,784	5,680
	<u>196,157</u>	<u>210,753</u>	<u>190,345</u>
<b>ANNUAL SURPLUS</b>	107,240	84,731	68,357
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>1,349,284</u>	<u>1,349,284</u>	<u>1,280,927</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 1,456,524</u>	<u>\$ 1,434,015</u>	<u>\$ 1,349,284</u>

See accompanying Notes to the Consolidated Financial Statements

## Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2016 *(in thousands of dollars)*

	<b>Budget</b> <b>2016</b> <small>(Note 2(a) and 20)</small>	<b>2016</b>	<b>2015</b>
<b>ANNUAL SURPLUS</b>	\$ 107,240	\$ 84,731	\$ 68,357
Acquisition of tangible capital assets	(189,745)	(37,583)	(36,887)
Developer contributed tangible capital assets	(35,501)	(47,159)	(35,422)
Reclassification of land held for resale	-	3,134	842
Amortization of tangible capital assets	-	33,195	31,536
Gain on disposal of tangible capital assets	-	(9,216)	(490)
Proceeds on disposal of tangible capital assets	-	11,344	666
	<u>(118,006)</u>	<u>38,446</u>	<u>28,602</u>
Acquisition of inventories of supplies	(900)	(879)	(952)
Acquisition of prepaid expenses	(1,300)	(1,531)	(1,473)
Consumption of inventories of supplies	900	952	908
Use of prepaid expenses	1,300	1,473	1,282
	<u>-</u>	<u>15</u>	<u>(235)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(118,006)	38,461	28,367
<b>NET FINANCIAL ASSETS, beginning of year</b>	<u>45,185</u>	<u>45,185</u>	<u>16,818</u>
<b>NET FINANCIAL ASSETS, end of year</b>	\$ <u><u>(72,821)</u></u>	\$ <u><u>83,646</u></u>	\$ <u><u>45,185</u></u>

See accompanying Notes to the Consolidated Financial Statements

## Consolidated Statement of Cash Flows

For the year ended December 31, 2016 (in thousands of dollars)

	2016	2015
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 84,731	\$ 68,357
Items not involving cash:		
Amortization of tangible capital assets	33,195	31,536
Gain on disposal of tangible capital assets	(9,216)	(490)
Developer contributed tangible capital assets	(47,159)	(35,422)
Change in non-cash operating working capital:		
Accounts receivable	2,112	(8,346)
Accounts payable and accrued liabilities	1,640	(3,990)
Assets held for sale	2,425	586
Deposits and prepayments	1,429	(697)
Deferred revenue	(104)	(1,397)
Development cost charges	(2,582)	9,660
Inventories of supplies	73	(125)
Prepaid expenses	(58)	(191)
Net change in cash from operating activities	<u>66,486</u>	<u>59,481</u>
<b>CAPITAL ACTIVITIES</b>		
Cash used to acquire tangible capital assets	(37,583)	(36,887)
Proceeds on disposal of tangible capital assets	11,344	666
Net change in cash from capital activities	<u>(26,239)</u>	<u>(36,221)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of debt and agreements payable	5,600	200
Repayment of debt and agreements payable	(5,169)	(3,997)
Net change in cash from financing activities	<u>431</u>	<u>(3,797)</u>
<b>INVESTING ACTIVITIES</b>		
Change in investments	<u>(44,972)</u>	<u>(53,021)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(4,294)</u>	<u>(33,558)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>25,610</u>	<u>59,168</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 21,316</u>	<u>\$ 25,610</u>

See accompanying Notes to the Consolidated Financial Statements

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2016 (*in thousands of dollars*)

The notes to the consolidated financial statements are an integral part of the statements and explain the significant accounting policies and principles underlying the statements. They also provide relevant supplementary information and explanations.

### 1. OPERATIONS

The Corporation of the Township of Langley (the "Township") is incorporated under the Local Government Act of British Columbia. The Township's principal activities include the provision of local government services to residents and businesses in the Township of Langley. These services include administrative, protective, transportation, recreational, parks, library, water, sewer, stormwater, solid waste disposal, and recycling. The general resources and operations of the Township are segregated into operating, capital, and reserve funds. The Community Charter of British Columbia requires revenue and expenses to be in accordance with the five-year financial plan adopted annually by Council. The budget for each year of the plan must be balanced so that annual expenses do not exceed the total of revenue, transfers from reserves and surplus, and proceeds from debt.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township are prepared in accordance with Public Sector Accounting Standards as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

#### a) Basis of Consolidation

The consolidated financial statements are comprised of the Township's Operating, Capital and Reserve Funds consolidated with Langley Facilities Society (the "Society"). The Society, incorporated on March 12, 2009, was formed to operate the Langley Events Centre and is controlled by the Township. Other purposes of the Society include promotion of educational, recreational, heritage, and cultural activities and events within the Township of Langley. Ten Feet Sports and Entertainment Ltd., a wholly-owned subsidiary of the Society, operates the Langley Events Centre. Interfund and inter-entity transactions, fund balances, and activities have been eliminated on consolidation.

#### Budget Reporting

The budget information presented in the consolidated financial statements reflects the 2016 budget component of the Township's 2016 – 2020 Five-Year Financial Plan adopted by Council Bylaw No. 5186 on February 29th, 2016. The Society and Ten Feet Sports and Entertainment Ltd.'s operating budgets are also reflected in the total budget figures for the year.

#### Operating Funds

These funds include the General, Parks, Transportation, Stormwater, Water, Sewer, and Solid Waste Operating Funds. They are used to record the operating costs of the services provided by the Township.

#### Capital Funds

These funds include the General, Parks, Transportation, Stormwater, Water, and Sewer Capital Funds. They are used to record the acquisition costs of tangible capital assets.

#### Reserve Funds

Under the Community Charter, Township 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 purposes for which the fund was established. If the amount in a reserve is greater than required, Township Council may, by bylaw, transfer all or part of the amount to another reserve.

#### Trust Funds

These funds account for assets which must be administered as directed by agreement or statute for certain beneficiaries. In accordance with PSAB recommendations on financial statement presentation for local governments, trust funds are not included in the Township's consolidated financial statements. Trust funds administered by the Township are presented in Note 19.

#### b) Basis of Accounting

The Township follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

#### c) Cash and Cash Equivalents

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

**d) Investments**

Investments are carried at cost which approximates market value and are comprised of money market investments and bonds issued by Canadian Chartered Banks, Credit Unions, and/or government authorities. Most investments are held to maturity and temporary losses or gains in value are not recognized in the consolidated financial statements. Investments are written down if there is an 'other than temporary' decline in value.

**e) Assets Held for Sale**

Assets held for sale includes properties which are ready and available to be sold and for which there is a market. They are valued at the lower of cost or expected net realizable value.

**f) 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 directly attributable to acquisition, construction, development, or betterment of the asset. The costs of tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

<b>Assets</b>	<b>Useful Life (Years)</b>
Land improvements	20-100
Building and building improvements	10-60
Vehicles	8-25
Machinery and equipment	4-30
Roads infrastructure:	
- Base	75-100
- Surface	20-40
Stormwater infrastructure	40-100
Water infrastructure	15-78
Sewer infrastructure	41-78

Gravel pits are treated as land and as such are not amortized.

Tangible capital assets are amortized in the year the asset is acquired or constructed and/or in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**ii) Contributions of tangible capital assets**

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

**iii) Natural resources**

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

**iv) Works of art and cultural and historic assets**

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

**v) Interest capitalization**

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

**vi) Inventories of supplies**

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

**g) Deferred revenue**

Deferred revenues represent licenses, permits, and other fees collected, but the related services or inspections have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

**h) Government Transfers**

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

**i) Employee Future Benefits**

The Township and its employees contribute to the Municipal Pension Plan. These contributions are expensed as incurred. Sick leave and post-employment benefits accrue to some Township employees. Accrued liabilities related to sick leave benefits are estimated based on actuarial calculations of years of service, retirement ages, and expected future salary and wage increases. These liabilities are accrued based on projected benefits as employees render qualifying years of service. Other post-employment benefits liabilities are recognized as a liability and expense in the period when the event occurs that obligates the Township to provide the benefit.

**j) Debt and Agreements Payable**

Municipal Finance Authority ("MFA") debt is recorded net of related sinking fund balances. Interest on debt is recorded on an accrual basis. Land acquisition agreement debt is valued using a present value calculation of total future payments using a discount percentage that approximates the cost of borrowing through the MFA.

**k) Liability for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- i) An environmental standard exists;
- ii) Contamination exceeds the environmental standards;
- iii) The Township is directly responsible or accepts responsibility;
- iv) It is expected that future economic benefits will be given up and
- v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

**l) Use of Estimates**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect amounts reported, including post-employment benefits, allowance for doubtful receivables, fair value of developer contributions of tangible capital assets, useful lives of tangible capital assets, provision for contingencies, liability for contaminated sites, and future payments under land acquisition agreements. Revised estimates may be required, and adjustments will be made in the period that a change in estimate is made. Actual results could differ from estimates, and adjustments will be made in the year of final determination.

**m) Segment Disclosure**

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. Financial information is presented in segmented format in Note 22.

### 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents are recorded at a cost of \$21,316 (2015 - \$25,610).

Investments with an initial maturity beyond three months are recorded at amortized cost of \$223,274 with a market value of \$220,421 (2015 – amortized cost of \$178,302 with a market value of \$179,357).

Investments maturing within one year of December 31, 2016 have interest rates ranging from 1.10% to 2.53%; within two to four years have interest rates ranging from 1.75% to 3.62%; within five to seven years have interest rates ranging from 1.75% to 3.40% and within eight to ten years have interest rates ranging from 2.50% to 3.37%.

The following amounts are exclusive of Cemetery Funds (Note 19).

	2016	2015
Cash and cash equivalents	\$ 21,316	\$ 25,610
Investments	223,274	178,302
	<u>\$ 244,590</u>	<u>\$ 203,912</u>

### 4. ACCOUNTS RECEIVABLE

	2016	2015
Taxes	\$ 4,634	\$ 5,767
Federal Government	734	643
Provincial Government	155	135
Municipal Finance Authority	502	489
Other local governments	671	3,927
Other accounts	5,546	4,686
Accrued interest and others	2,875	3,173
Recoverable work in progress	1,505	1,278
Receivables secured letters of credit (a)	15,298	14,026
Local Area Service levies receivable (b)	7,024	6,932
	<u>\$ 38,944</u>	<u>\$ 41,056</u>

- a) Receivables secured letters of credit balance represents non-interest bearing securities for Development Cost Charge (“DCC”) amounts due from developers within two years. Monies collected upon negotiation of the letters of credit are restricted and can only be expended for DCC purposes (Note 8).
- b) Local Area Service levies receivable balance represents amounts due from property owners for specific Local Area Service projects in their neighborhood. Amounts realized upon collection of these receivables are restricted for use on local improvement projects.

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade and other liabilities	\$ 29,731	\$ 29,729
Payroll liabilities	5,884	4,000
Employee future benefits (Note 17)	4,616	4,486
Collections for other authorities	669	1,045
	<u>\$ 40,900</u>	<u>\$ 39,260</u>

## 6. DEPOSITS AND PREPAYMENTS

The Township holds cash deposits received from depositors as security to ensure the satisfactory completion of works and other obligations. The Township also encourages the prepayment of property taxes and pays interest at rates prescribed by the provincial government.

	<u>2016</u>	<u>2015</u>
Cash deposits held as security	\$ 11,925	\$ 10,813
Prepaid property tax	<u>13,921</u>	<u>13,604</u>
	<u>\$ 25,846</u>	<u>\$ 24,417</u>

The Township also holds irrevocable letters of credit in the amount of \$49,759 (2015 - \$50,002) received from depositors as security to ensure the satisfactory completion of works within the Township. These letters of credit amounts are not reflected in the consolidated financial statements.

## 7. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Future works deposit	\$ 6,483	\$ 5,973
South Coast British Columbia Transportation Authority	874	1,342
Government grant	35	161
Langley School Board contribution (Note 13)	1,850	2,000
Trinity Western University contribution (Note 13)	2,158	2,333
Other	<u>3,337</u>	<u>3,032</u>
	<u>\$ 14,737</u>	<u>\$ 14,841</u>

## 8. DEVELOPMENT COST CHARGES

DCC are collected from developers to contribute to the capital costs associated with development. In accordance with the Local Government Act, these funds must be deposited into a separate DCC Reserve Fund. DCC amounts collected are deferred and are recognized as revenue in the year that related costs are incurred.

	<u>2016</u>	<u>2015</u>
Roads DCC	\$ 19,219	\$ 17,550
Drainage DCC	3,789	3,903
Park Land/Development/Interest DCC	7,441	13,908
Water DCC	9,191	7,388
Sewer DCC	<u>4,161</u>	<u>3,634</u>
	<u>\$ 43,801</u>	<u>\$ 46,383</u>
DCC, beginning of year	\$ 46,383	\$ 36,723
DCC spent in Operating Funds	(4,813)	(3,208)
DCC spent in Capital Funds	(17,019)	(8,119)
DCC collected (net)	18,545	20,392
Interest allocated	<u>705</u>	<u>595</u>
DCC, end of year	<u>\$ 43,801</u>	<u>\$ 46,383</u>

Investment in DCC consists of restricted investments as well as restricted accounts receivable.

Investments	\$ 28,503	\$ 32,357
Receivables secured letters of credit (Note 4)	<u>15,298</u>	<u>14,026</u>
	<u>\$ 43,801</u>	<u>\$ 46,383</u>

**9. DEBT AND AGREEMENTS PAYABLE**

		<u>2016</u>	<u>2015</u>
MFA debt, net of sinking fund deposits	a) \$	27,923	\$ 29,594
Agreements payable	b)	14,024	17,522
Temporary borrowings	c)	35,300	29,700
	\$	<u>77,247</u>	<u>\$ 76,816</u>

Estimated future payments on debt and agreements payable for the next five years and thereafter are:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>2017</b>	\$ 2,868	\$ 2,544	\$ 5,412
<b>2018</b>	4,114	2,849	6,963
<b>2019</b>	4,088	2,831	6,919
<b>2020</b>	4,217	2,816	7,033
<b>2021</b>	4,256	2,776	7,032
<b>Thereafter</b>	57,704		
	<u>\$ 77,247</u>		

**a) MFA Debt**

The Township obtains debt instruments through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance certain expenditures. Sinking fund balances managed by MFA are netted against related debt.

	Interest Rate	Gross Debt Outstanding	Sinking Fund Balance	Net Debt <b>2016</b>	2015
Stormwater, Bylaw 3420, due 2017	4.55%	\$ 1,675	\$ 1,547	\$ 128	\$ 250
Stormwater, Bylaw 4752, due 2030	4.50%	1,800	401	1,399	1,473
Stormwater, Bylaw 4829, due 2031	4.20%	2,292	417	1,875	1,965
Water, Bylaw 3950, due 2020	2.10%	1,200	864	336	412
General, Bylaw 4455, due 2027	4.82%	3,250	1,155	2,095	2,244
General, Bylaw 4556, due 2027	4.82%	11,000	3,909	7,091	7,596
Sewer, Bylaw 4750, due 2030	4.50%	8,500	1,893	6,607	6,954
Transportation, Bylaw 4751, due 2035	2.20%	8,700	308	8,392	8,700
		<u>\$ 38,417</u>	<u>\$ 10,494</u>	<u>\$ 27,923</u>	<u>\$ 29,594</u>

**b) Agreements payable**

Parkland, due 2016	2.00%	\$ -	\$ 365
Parkland, due 2017	0.00%	-	2,000
Parkland, due 2026	4.00%	1,084	1,217
Recreation facility, due 2029	2.70%	12,940	13,940
		<u>\$ 14,024</u>	<u>\$ 17,522</u>

**c) Temporary borrowings**

As at December 31, 2016, the Township has secured temporary financing of \$35,300 from the MFA for various capital projects to be paid over 20 years pending the issuance of debt instruments through the MFA pursuant to security issuing bylaws in 2017. The variable annual interest rate as at December 31, 2016 was 1.44% (2015 – 1.38%).

**10. TANGIBLE CAPITAL ASSETS**

<b>Cost</b>	Balance at December 31 2015	Additions 'net of transfers)	Disposals and Reclass of Land Held for Resale	Balance at December 31 2016
Land and improvements	\$ 488,119	\$ 31,673	\$ 4,629	\$ 515,163
Building and building improvements	155,789	4,144	339	<b>159,594</b>
Vehicles, machinery and equipment	47,647	7,012	1,067	53,592
Parks infrastructure	74,600	5,728	38	80,290
Information technology	9,275	1,118	256	10,137
Roads	431,264	37,465	-	<b>468,729</b>
Stormwater	229,036	10,374	534	<b>238,876</b>
Sewer	125,061	6,727	113	<b>131,675</b>
Water	174,923	38,004	27	<b>212,900</b>
Assets under construction	74,343	<b>(57,503)</b>		<b>16,840</b>
Total	\$ <u>1,810,057</u>	\$ <u>84,742</u>	\$ <u>7,003</u>	\$ <u><b>1,887,796</b></u>

<b>Accumulated amortization</b>	Balance at December 31 2015	Amortization	Accumulated Amortization on Disposals	Balance at December 31 2016
Land and improvements	\$ 1,636	\$ 109	\$ 21	\$ 1,724
Building and building improvements	60,945	5,229	137	<b>66,037</b>
Vehicles, machinery and equipment	28,110	2,974	1,036	<b>30,048</b>
Parks infrastructure	39,541	3,125	29	<b>42,637</b>
Information technology	7,497	747	254	<b>7,990</b>
Roads	208,448	12,056	-	<b>220,504</b>
Stormwater	67,086	3,656	215	<b>70,527</b>
Sewer	30,902	2,031	33	<b>32,900</b>
Water	64,218	3,268	16	<b>67,470</b>
Total	\$ <u>508,383</u>	\$ <u>33,195</u>	\$ <u>1,741</u>	\$ <u><b>539,837</b></u>

<b>Net book value</b>	Net Book Value December 31 2015	Net Book Value December 31 2016
Land and improvements	\$ 486,483	\$ 513,439
Building and building improvements	94,844	<b>93,557</b>
Vehicles, machinery and equipment	19,537	<b>23,544</b>
Parks infrastructure	35,059	<b>37,653</b>
Information technology	1,778	<b>2,147</b>
Roads	222,816	<b>248,225</b>
Stormwater	161,950	<b>168,349</b>
Sewer	94,159	<b>98,775</b>
Water	110,705	<b>145,430</b>
Assets under construction	74,343	<b>16,840</b>
Total	\$ <u>1,301,674</u>	\$ <u><b>1,347,959</b></u>

<b>Cost</b>	Balance at December 31 2014	Additions (net of transfers)	Disposals and Reclass of Land Held for Resale	Balance at December 31 2015
Land and improvements	\$ 474,379	\$ 14,610	\$ 870	\$ 488,119
Building and building improvements	153,301	2,516	28	155,789
Vehicles, machinery and equipment	45,466	3,213	1,032	47,647
Parks infrastructure	72,639	2,159	198	74,600
Information technology	8,879	518	122	9,275
Roads	416,038	15,421	195	431,264
Stormwater	222,385	6,797	146	229,036
Sewer	121,660	3,407	6	125,061
Water	170,059	4,892	28	174,923
Assets under construction	55,567	18,776	-	74,343
<b>Total</b>	<b>\$ 1,740,373</b>	<b>\$ 72,309</b>	<b>\$ 2,625</b>	<b>\$ 1,810,057</b>

<b>Accumulated amortization</b>	Balance at December 31 2014	Amortization	Accumulated Amortization on Disposals	Balance at December 31 2015
Land and improvements	\$ 1,526	\$ 110	\$ -	\$ 1,636
Building and building improvements	55,773	5,200	28	60,945
Vehicles, machinery and equipment	26,305	2,826	1,021	28,110
Parks infrastructure	36,585	3,154	198	39,541
Information technology	6,764	855	122	7,497
Roads	197,770	10,850	172	208,448
Stormwater	63,546	3,588	48	67,086
Sewer	28,951	1,953	2	30,902
Water	61,234	3,000	16	64,218
<b>Total</b>	<b>\$ 478,454</b>	<b>\$ 31,536</b>	<b>\$ 1,607</b>	<b>\$ 508,383</b>

<b>Net book value</b>	Net Book Value December 31 2014	Net Book Value December 31 2015
Land and improvements	\$ 472,853	\$ 486,483
Building and building improvements	97,528	94,844
Vehicles, machinery and equipment	19,161	19,537
Parks infrastructure	36,054	35,059
Information technology	2,115	1,778
Roads	218,268	222,816
Stormwater	158,839	161,950
Sewer	92,709	94,159
Water	108,825	110,705
Assets under construction	55,567	74,343
<b>Total</b>	<b>\$ 1,261,919</b>	<b>\$ 1,301,674</b>

**a) Assets under construction**

Assets under construction having a value of \$16,840 (2015 - \$74,343) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

**b) Other Developer Contributions**

Other developer contributions include contributed tangible capital assets and non-refundable deposit contributions used to fund capital. Contributed tangible capital assets have been recognized at fair market value at the date of contribution. Other developer contributions received during the year are as follows:

	2016	2015
Land and improvements	\$ 21,219	\$ 9,889
Road infrastructure	15,740	12,305
Parks infrastructure	50	761
Stormwater infrastructure	6,443	5,734
Water infrastructure	2,833	4,375
Sewer infrastructure	1,323	3,215
Equipment	-	37
<b>Total</b>	<b>\$ 47,608</b>	<b>\$ 36,316</b>
Developer contributed tangible capital assets	\$ 47,159	\$ 35,422
Non-refundable deposit contributions to tangible capital assets	449	894
<b>Total</b>	<b>\$ 47,608</b>	<b>\$ 36,316</b>

**c) Works of Art and Historical Treasures**

The Township manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings, and sculptures located at Township sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

**d) Write-down of Tangible Capital Assets**

There was no write-down of tangible capital assets during the year (2015 - nil).

**11. ACCUMULATED SURPLUS**

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

	Operating Funds	Capital Funds	Statutory Reserve Funds (Note 12)	Investment in Tangible Capital Assets (Note 13)	Total
General Fund	\$ 36,280	\$ 6,532	\$ -	\$ 523,986	\$ 566,798
Parks Utility	24,068	943	-	110,985	135,996
Transportation Utility	4,600	4,149	-	260,077	268,826
Stormwater Utility	130	3,432	-	169,523	173,085
Solid Waste	468	88	-	233	789
Sewer Utility	7,361	4,012	-	93,035	104,408
Water Utility	16,101	8,970	-	110,969	136,040
Statutory Reserve Funds	-	-	48,073	-	48,073
<b>Total for 2016</b>	<b>\$ 89,008</b>	<b>\$ 28,126</b>	<b>\$ 48,073</b>	<b>\$ 1,268,808</b>	<b>\$ 1,434,015</b>
Total for 2015	\$ 78,796	\$ 23,802	\$ 23,729	\$ 1,222,957	\$ 1,349,284

**12. STATUTORY RESERVE FUNDS**

The statutory reserve funds are used for the replacement or improvement of tangible capital assets. The Local Area Service Reserve Fund is used to fund the upfront costs of capital improvement projects initiated by property owners or Council and is repayable with interest by the property owners.

	<u>2016</u>	<u>2015</u>
General Capital	\$ 963	\$ 1,059
Stormwater Capital	387	546
Sewer Capital	7,374	6,496
Water Capital	5,857	5,511
Infrastructure Renewal & Replacement	2,316	2,822
Fire Equipment Capital	2,897	1,703
Land Capital Reserve – (deficit)	(2,254)	(12,654)
Parkland Reserve	7,703	-
Tax Sale Land	244	240
Local Area Service	11,717	11,236
Off-Street Parking	13	13
Debt Retirement	<u>10,856</u>	<u>6,757</u>
	\$ <u><b>48,073</b></u>	\$ <u><b>23,729</b></u>
	<u>2016</u>	<u>2015</u>
Reserve funds, beginning of year	\$ 23,729	\$ 9,820
Contribution from operations	10,058	12,313
Other revenue and contributions	19,375	10,248
Interest allocated	868	859
Used for capital and operating expenses	<u>(5,957)</u>	<u>(9,511)</u>
<b>Reserve funds, end of year</b>	\$ <u><b>48,073</b></u>	\$ <u><b>23,729</b></u>

**13. INVESTMENT IN TANGIBLE CAPITAL ASSETS**

	<u>2016</u>	<u>2015</u>
<b>Balance, beginning of year</b>	\$ 1,222,957	\$ 1,179,239
Additions of tangible capital assets	84,742	72,309
Reclassification of land held for sale	(3,134)	(842)
Proceeds on disposal of tangible capital assets	(11,344)	(666)
Gain on disposal of tangible capital assets	9,216	490
Recognition of deferred revenue	325	325
Amortization expense	(33,195)	(31,536)
Cash from issuance of debt and agreements payable	(5,839)	(271)
Repayment of debt and agreements payable	<u>5,080</u>	<u>3,909</u>
<b>Balance, end of year</b>	\$ <u><u>1,268,808</u></u>	\$ <u><u>1,222,957</u></u>

	<u>2016</u>	<u>2015</u>
<b>Net book value of tangible capital assets</b>	\$ 1,347,959	\$ 1,301,674
Less:		
Debt and agreements payable	(77,247)	(76,816)
Deferred revenue – Trinity Western University (Note 7)	(2,158)	(2,333)
Deferred revenue – Langley School Board (Note 7)	(1,850)	(2,000)
Add:		
Debt for non-capital expenses	1,875	1,965
Debt not spent on tangible capital assets	<u>229</u>	<u>467</u>
<b>Investment in tangible capital assets</b>	\$ <u><u>1,268,808</u></u>	\$ <u><u>1,222,957</u></u>

## 14. CONTINGENCIES AND COMMITMENTS

a) Loan agreements with the Greater Vancouver Regional District provide that if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect of such borrowing, the resulting deficiency becomes the joint and several liability of the Township and all other participants of the MFA.

b) Various lawsuits and claims are pending against the Township. Applicable insured claims have been referred to Township insurers. Management believes the resolution of the insured and non-insured claims will not materially affect the financial position of the Township.

c) The Township has significant future contractual commitments for capital acquisitions and completion of capital construction projects in progress.

The Township records capital costs incurred to the end of the year as tangible capital assets. To provide for completion of capital projects in progress, unexpended money is set aside as a capital appropriation.

d) The Township has entered into various agreements and contracts with other governments and businesses that extend beyond one year for the provision of operating services and supplies and facility rentals. Agreements and contracts may provide for annual increases

or additional payments that may arise due to usage levels or other factors. The Township's five-year financial plan, updated and adopted annually by bylaw following public consultation, provides funding for these obligations. Services provided include policing, fire dispatch, emergency communications, library, animal protection and control, sewage disposal, solid waste and recycling, arena operations, planted area maintenance, tourism, economic development, photocopying, environmental, emergency preparedness and education, and Langley Facilities Society (Langley Events Centre) operations management.

e) The Township, as a member of the Greater Vancouver Water District, the Greater Vancouver Sewerage and Drainage District, and the Greater Vancouver Regional District, is directly, jointly, and severally liable with other member municipalities for net capital liabilities of those authorities.

f) The Township is a shareholder of the Emergency Communications for Southwest British Columbia Incorporated ("E-Comm") whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The Township has three Class B shares (a total of 28 Class A shares and 23 Class B shares issued and outstanding as at December 31, 2016). Class B shares secures the Township's future access to the Wide Area Radio network from E-Comm. Class B shareholders are not required to cover E-Comm's financial obligations.

## 15. COLLECTIONS FOR OTHER GOVERNMENTS

The Township collected and remitted the following amounts on behalf of other government organizations. These amounts are not included in the consolidated financial statements.

	<u>2016</u>	<u>2015</u>
School District #35	\$ 65,496	\$ 64,126
Municipal Finance Authority	7	6
B.C. Assessment Authority	1,955	1,925
Greater Vancouver Regional District	1,796	1,796
South Coast British Columbia Transit Authority	<u>12,443</u>	<u>12,433</u>
	<u>\$ 81,697</u>	<u>\$ 80,286</u>

## 16. MUNICIPAL PENSION PLAN

The Township 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 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. As at December 31, 2015, the Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 818 contributors from the Township.

The most recent actuarial valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits. The next valuation will be 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.

The Township paid \$5,406 (2015 - \$5,131) for employer contributions to the Plan, while employees contributed \$4,629 (2015 - \$4,460) to the Plan in fiscal 2016.

## 17. EMPLOYEE FUTURE BENEFITS

The Township provides certain benefits to its employees upon retirement. Sick Leave benefit accrues to eligible employees who retire from service with the Township at the age of 65. Eligible employees shall be paid all their sick leave credit to a maximum of 75 days multiplied by the daily rate of pay at retirement. Employees who retire before the age of 60 shall have their benefit factored by the percentage of full pension awarded by the Municipal Superannuation Commission. Other post-employment benefits accrue to eligible employees as compensation related to additional hours worked beyond their contractual arrangement that are not payable until retirement, resignation or termination.

	<u>2016</u>	<u>2015</u>
Accrued benefit obligation, beginning of year	\$ 3,936	\$ 3,926
Current service cost	319	311
Interest cost	121	120
Long-term disability expense	(49)	29
Actual benefits paid	(223)	(282)
Amortization of actuarial adjustment	<u>(172)</u>	<u>(168)</u>
Accrued benefit obligation, end of year	3,932	3,936
Unamortized actuarial gain	<u>483</u>	<u>344</u>
Accrued sick leave benefit obligation, end of year	4,415	4,280
Other post-employment benefit liability	<u>201</u>	<u>206</u>
<b>Total Employee Future Benefits</b>	<b>\$ <u>4,616</u></b>	<b>\$ <u>4,486</u></b>

The actuarial gain will be amortized over a period of 12 years which is equal to the employee's average remaining service lifetime. The liability is recorded as part of accounts payable and accrued liabilities on the consolidated Statement of Financial Position (Note 5).

Other Post-employment benefit liability is calculated based on hours worked and accrued interest for 2016 at 1.98% (2015 - 2.26%). The Township's Sick Leave accrued liability is supported by a report from an independent actuarial consulting firm. Sick Leave liabilities were calculated as at December 31, 2016. The Actuary report is based on standard assumptions concerning salary scales, mortality rates, retirement age, and withdrawal rates at the following rates:

	<u>2016</u>	<u>2015</u>
Discount rate	3.30%	3.10%
Expected future inflation rate	2.50%	2.50%
Expected wage and salary inflation	2.50%	2.50%
Expected wage and salary increases	2.58% - 4.63%	2.58% - 4.63%

**18. SIGNIFICANT TAXPAYERS**

The Township has a diverse residential, commercial, industrial, and agricultural property tax base and is not significantly reliant upon property tax revenue from any one large taxpayer.

**19. TRUST FUNDS**

The Cemetery Care Trust Fund must be administered in accordance with the Cemetery and Funeral Services Act. In accordance with PSAB recommendations, trust funds are not included in the Township's consolidated financial statements.

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash and investments	\$ 1,923	\$ 1,773
Accrued interest receivable	5	5
	<u>\$ 1,928</u>	<u>\$ 1,778</u>
<b>Equity</b>		
Balance, beginning of year	\$ 1,778	\$ 1,635
Contributions	120	113
Interest revenue	30	30
<b>Balance, end of year</b>	<u>\$ 1,928</u>	<u>\$ 1,778</u>

**20. BUDGET DATA**

The budget data presented in these consolidated financial statements is based upon the 2016 operating and capital budgets approved by Township Council on February 29, 2016. Amortization was not contemplated on development of the budget and, as such, has not been included. Other entities includes the budget for the Society and its subsidiary, excluding inter-company transactions. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

<b>Revenue</b>	<b>2016 Budget</b>
Operating Budget Bylaw	\$ 208,364
Capital Budget Bylaw	203,218
Other entities	3,743
Less:	
Transfer from other funds	(81,026)
Proceeds from new debt	(30,901)
Other	(1)
<b>Total Revenue</b>	<u>\$ 303,397</u>
<b>Expenses</b>	
Operating Budget Bylaw	\$ 208,364
Capital Budget Bylaw	203,218
Other entities	2,399
Less:	
Transfer from other funds	(22,728)
Capital expenditures	(189,746)
Debt principal payments	(5,350)
Other	
<b>Total Expenses</b>	<u>\$ 196,157</u>
<b>Annual Surplus</b>	<u>\$ 107,240</u>

## 21. COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 consolidated financial statement presentation.

## 22. SEGMENTED INFORMATION

The Township is a diversified municipal government that provides a wide range of services to its citizens, including:

- General Government Services
- Protective Services
- Facilities Maintenance Services
- Community Planning and Development Services
- Recreation, Culture, and Parks Services
- Engineering Services

For management reporting purposes, the government's operations and activities are organized and reported by service areas. Service areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions, or limitations.

Township services are provided by departments and their activities are reported in these service areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:

### General Government Services

General Government Services includes Corporate Administration, Legislative Services, Human Resources, and Finance. Corporate Administration is responsible for carrying out the direction, policies, and priorities set by Council and for providing recommendations to Council consistent with the needs of the community. Legislative Services department provides a secretariat for Council and its Committees. Human Resources provide assistance, advice, and guidance to both managers and employees in fulfilling roles and achieving and accomplishing their goals. The Finance Division manages the Township's financial resources and provides expert financial information, advice, and services while complying with the Community Charter and other legislated services.

### Protective Services

Protective Services includes the RCMP and Fire Departments. The RCMP protects and serves the citizens of Langley through the prevention and reduction of crime in partnership with the community.

The Fire Department operates through seven fire halls located throughout the Township. Services are delivered through four main branches of the Fire Service. Professional expertise is provided in the area of fire prevention, emergency operations, fire safety, and emergency planning.

### Facilities Maintenance Services

The Facilities Maintenance Division of Engineering is responsible for maintenance on all Township facilities. Centralization of this function facilitates more effective prioritization of maintenance to protect significant assets critical for service delivery.

### Community Planning and Development Services

The Community Planning and Development Division provides Council, internal divisions, and the general public with professional advice on community planning and development issues. Community Development is also responsible for Bylaw Enforcement.

### Recreation, Culture, and Parks Services

Recreation, Culture, and Parks is responsible for the management and provision of leisure services within the Township.

Revenue and expenses of the Recreation and Culture section include operations of the Langley Facilities Society and Ten Feet Sports and Entertainment Ltd. Langley Facilities Society is a society controlled by the Township. It was formed to operate and provide strategic direction to Ten Feet Sports and Entertainment Ltd; the company who manages the operating the activities of the Langley Events Centre.

### Engineering Services

The Engineering Division delivers municipal transportation, water, sewer, solid waste, and stormwater services. Transportation manages traffic and transportation systems to ensure safe, efficient mobility for pedestrians, cyclists, and vehicles. The Water, Sewer, and Drainage Utilities operate and distribute water and network sewer mains, storm sewers, and pump stations. Solid Waste includes waste management including recycling, collection, and disposal.

## Consolidated Financial Activities - Segmented

For the year ended December 31, 2016 (in thousands of dollars)

	Protective Service			Community
	General	Police	Fire	Planning and
	Government	Protection	Protection	Maintenance
				Development
<b>REVENUE</b>				
Property taxes	\$ 18,790	\$ 27,461	\$ 14,773	\$ 6,852
Fees, rates and service charges	2,699	251	115	-
Grants and grants in lieu of taxes	2,300	1,549	-	-
Service cost recoveries	223	2,822	172	151
Gain on disposal of assets	15,002	-	-	-
Investment income	3,623	-	-	-
Local area service contributions	-	-	-	-
Contribution from development cost charges	-	-	-	-
Other developer contributions	21,211	-	-	-
Other income	(3,661)	2,470	1,328	652
	60,187	34,553	16,388	7,655
				10,815
<b>EXPENSES</b>				
Salaries, wages and benefits	12,764	7,450	13,355	2,644
Service and maintenance contracts	1,116	315	462	2,094
RCMP contract	-	23,137	-	-
Consulting & professional services	1,557	1	22	384
Insurance	922	20	82	-
Material supplies & equipment	564	187	528	712
Information systems maintenance	1,487	1	31	34
Aviation and vehicle fuel	533	302	107	1
Advertising publications	159	2	2	-
Utilities	20	-	-	1,924
Sundry	1,374	81	98	134
Telephone & communications	249	86	67	48
Regional District charges	-	-	-	-
Municipal grants	373	-	-	-
Debt interest payments	7	-	-	-
Fiscal and other debt charges	150	6	1	-
Internal cost recoveries	(59)	59	165	(161)
Amortization	1,744	201	1,145	-
	22,960	31,848	16,065	7,814
				8,581
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 37,227	\$ 2,705	\$ 323	\$ (159)
				\$ 2,234

Recreation, Culture & Parks		Engineering							
Recreation and Culture	Parks	Transportation	Stormwater	Water	Sewer	Solid Waste	Reserve Funds	2016	2015
\$ 13,860	\$ 10,168	\$ 18,986	\$ 6,367	\$ -	\$ -	\$ -	\$ -	\$ 119,092	\$ 112,612
9,145	6,188	1,008	191	20,763	13,908	6,649	-	69,274	64,999
204	80	3,810	165	-	-	(13)	-	8,095	8,928
17	163	536	-	-	-	19	-	4,148	4,262
-	(9)	32	(318)	(11)	(81)	-	-	14,615	9,051
-	182	(59)	135	467	285	34	933	5,600	4,080
-	-	308	3	(58)	85	-	-	338	3,599
-	14,896	5,918	847	143	28	-	-	21,832	11,327
-	58	15,740	6,443	2,833	1,323	-	-	47,608	36,316
2,875	499	120	21	-	-	-	-	4,882	3,528
26,101	32,225	46,399	13,854	24,137	15,548	6,689	933	295,484	258,702
8,946	4,423	8,054	2,239	3,677	1,958	634	-	72,949	67,603
4,979	2,203	9,770	748	790	473	4,918	-	28,254	29,440
-	-	-	-	-	-	-	-	23,137	21,247
2,579	235	5,926	851	560	141	87	-	13,098	6,522
168	-	258	-	15	15	-	-	1,480	1,314
763	1,687	5,188	1,055	1,856	788	91	-	13,619	13,721
29	5	52	4	73	27	34	-	1,788	1,440
-	15	772	24	10	11	-	-	1,785	1,867
46	1	14	1	6	1	5	-	250	238
-	437	944	71	452	146	-	-	3,995	3,404
506	417	1,263	195	172	30	5	-	4,463	2,830
42	32	106	17	29	19	10	-	728	679
3,958	-	-	-	4,877	5,844	-	-	14,679	13,700
328	-	-	-	-	-	-	-	889	848
-	688	191	253	444	383	-	-	1,966	1,963
102	5	-	-	-	-	-	-	264	217
(86)	(170)	(5,722)	(144)	162	169	-	-	(5,786)	(8,224)
4,407	3,186	13,556	3,658	3,268	2,030	-	-	33,195	31,536
26,767	13,164	40,372	8,972	16,391	12,035	5,784	-	210,753	190,345
\$ (666)	\$ 19,061	\$ 6,027	\$ 4,882	\$ 7,746	\$ 3,513	\$ 905	\$ 933	\$ 84,731	\$ 68,357

## Schedule 1

## DEBT AND AGREEMENTS PAYABLE

AS AT DECEMBER 31, 2016 (in thousands of dollars)

## MFA DEBT

By-law	Date of Issue	Issued by	Purpose	Issue	Rate	Maturity
<b>DEBENTURE DEBT</b>						
STORMWATER:						
3420	April 24, 1997	M.F.A.	Drainage	65	4.55%	April 24, 2017
4752	April 8, 2010	M.F.A.	Drainage	110	4.50%	April 8, 2030
4829	April 4, 2011	M.F.A.	Drainage	116	4.20%	April 4, 2031
WATER:						
3950	November 7, 2000	M.F.A.	Langley Water Utility	73	2.10%	December 1, 2020
***4950		M.F.A.	Langley Water Utility			Temporary Borrowing
***4951		M.F.A.	Langley Water Utility			Temporary Borrowing
TRANSPORTATION:						
4751	April 8, 2015	M.F.A.	Transportation	131	2.20%	April 8, 2035
***4785		M.F.A.	Transportation			Temporary Borrowing
SEWER:						
4750	April 8, 2010	M.F.A.	Sewer	110	4.50%	April 8, 2030
PARKS:						
4455	November 2, 2007	M.F.A.	Land Acquisition	102	4.82%	December 1, 2027
4556	November 2, 2007	M.F.A.	Land Acquisition	102	4.82%	December 1, 2027
<b>Total debenture debt</b>						
<b>PROPERTY ACQUISITION AGREEMENTS</b>						
GENERAL CAPITAL FUND:						
*	Langley Facilities Society		Recreation Centre		2.70%	August 7, 2029
	May 1, 2014		Land Acquisition		2.00%	Paid in Full 2016
PARKS UTILITY FUND:						
**	January 3, 2006		Land Acquisition		4.00%	January 3, 2026
	May 1, 2014		Land Acquisition		0.00%	Paid in Full 2016
<b>Total agreements payable</b>						
<b>Total debt and agreements payable</b>						

The Township issues long-term debenture debt instruments through the Municipal Finance Authority (MFA) pursuant to security issuing bylaws. Sinking Fund Reserve balances are managed by the MFA and are used to retire the debt instruments. For reporting purposes, the Township nets Sinking Fund Reserve balances against the related gross debt.

The MFA Debt Reserve is composed of the Cash Reserves and Demand Note Reserves. The MFA retains these reserves in case any municipality defaults on their debt repayment obligations. Upon retirement of the debt and if no municipality has defaulted, the cash will be returned to the Municipality and the demand notes will be cancelled.

\*The Langley Facilities Society holds a BMO bank loan pertaining to the construction of the Langley Events Centre. The bank loan has been refinanced with a fixed rate structure in 2015. The rate will expire in 2018. For estimation purposes, future principal and interest payments assume constant 2015 rates in effect for the duration of the loan.

\*\*Under this agreement, the vendors retained the right to operate the Redwoods Golf Course for 20 years (10 years remain). The vendors must contribute \$100,000 annually to maintain and improve the property. The Township must contribute \$50,000 annually. The Township is also required to make annual repayments at an amount that is variable based on annual property taxes. Interest rates on related debt are approximately 4 to 6%.

\*\*\*As at December 31, 2016, the Township has also secured temporary financing of \$35,300,000 from the MFA for various capital projects to be repaid over 20 years pending the issuance of long term debenture securities in 2017. The variable annual interest rate as at December 31, 2016 was 1.44%.

Gross Debt	Estimated Sinking Fund Reserve	Net Debt 2016	Net Sinking Fund Earnings 2016	Principal Repayments 2016	Interest Expense 2016	Net Debt 2015
\$ 1,675	\$ 1,547	\$ 128	\$ 71	\$ 51	\$ 76	\$ 250
1,800	401	1,399	13	61	81	1,473
2,292	417	1,875	13	77	96	1,965
<u>5,767</u>	<u>2,365</u>	<u>3,402</u>	<u>97</u>	<u>189</u>	<u>253</u>	<u>3,688</u>
1,200	864	336	36	40	25	412
28,400	-	28,400	-	-	336	23,800
6,900	-	6,900	-	-	83	5,900
<u>36,500</u>	<u>864</u>	<u>35,636</u>	<u>36</u>	<u>40</u>	<u>444</u>	<u>30,112</u>
8,700	-	8,392	-	308	191	8,700
-	-	-	-	-	-	-
<u>8,700</u>	<u>-</u>	<u>8,392</u>	<u>-</u>	<u>308</u>	<u>191</u>	<u>8,700</u>
8,500	1,893	6,607	62	285	383	6,954
<u>8,500</u>	<u>1,893</u>	<u>6,607</u>	<u>62</u>	<u>285</u>	<u>383</u>	<u>6,954</u>
3,250	1,155	2,095	40	109	157	2,244
11,000	3,909	7,091	136	369	530	7,596
14,250	5,064	9,186	176	478	687	9,840
<u>73,717</u>	<u>10,186</u>	<u>63,223</u>	<u>371</u>	<u>1,300</u>	<u>1,958</u>	<u>59,294</u>
		12,940	-	1,000	364	13,940
		-	-	365	7	365
		<u>12,940</u>	<u>-</u>	<u>1,365</u>	<u>371</u>	<u>14,305</u>
		1,084	-	133	1	1,217
		-	-	2,000	-	2,000
		<u>1,084</u>	<u>-</u>	<u>2,133</u>	<u>1</u>	<u>3,217</u>
		14,024	-	3,498	372	17,522
		<u>\$ 77,247</u>	<u>\$ 371</u>	<u>\$ 4,798</u>	<u>\$ 2,330</u>	<u>\$ 76,816</u>

## Schedule 2

## LANGLEY CENTENNIAL MUSEUM

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2016 (in thousands of dollars)

	<u>2016</u>	<u>2015</u>
<b>REVENUE</b>		
Donations, sales and programs	\$ 151	\$ 128
BC Arts Council grant	40	40
Transfer from Museum Reserve	5	3
Transfer from capital surplus	12	1
Federal grants - other	28	29
Provincial grants - other	1	1
Other grants	-	-
Township of Langley funding	<u>561</u>	<u>598</u>
	<u>\$ 799</u>	<u>\$ 799</u>
<b>EXPENSE</b>		
Salaries and benefits	591	598
Program and events	42	34
Exhibit maintenance	21	15
Insurance	23	15
Purchases for resale	17	15
Office supplies and sundry	12	12
Utilities	14	14
Telephone and internet	3	3
Amortization expense	5	5
Grounds maintenance	6	5
Advertising	2	4
Travel	3	2
Building maintenance	39	53
Artifact additions	<u>5</u>	<u>3</u>
Total operating expense	784	778
Transfer to Museum Reserve	<u>14</u>	<u>20</u>
	<u>\$ 798</u>	<u>\$ 799</u>
<b>MUSEUM RESERVE</b>		
Balance, beginning of year	\$ 511	\$ 484
Contribution from Museum operations	24	31
Operating expense funded by the Reserve Fund	(6)	(4)
Capital expenditure funded by the Reserve Fund	<u>(8)</u>	<u>-</u>
Balance, end of year	<u>\$ 521</u>	<u>\$ 511</u>

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# Statistical Information

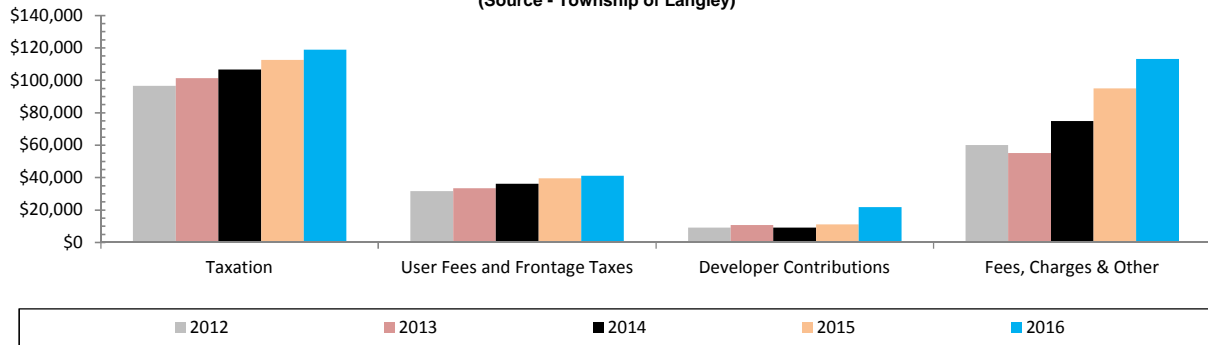
2016

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(Unaudited)

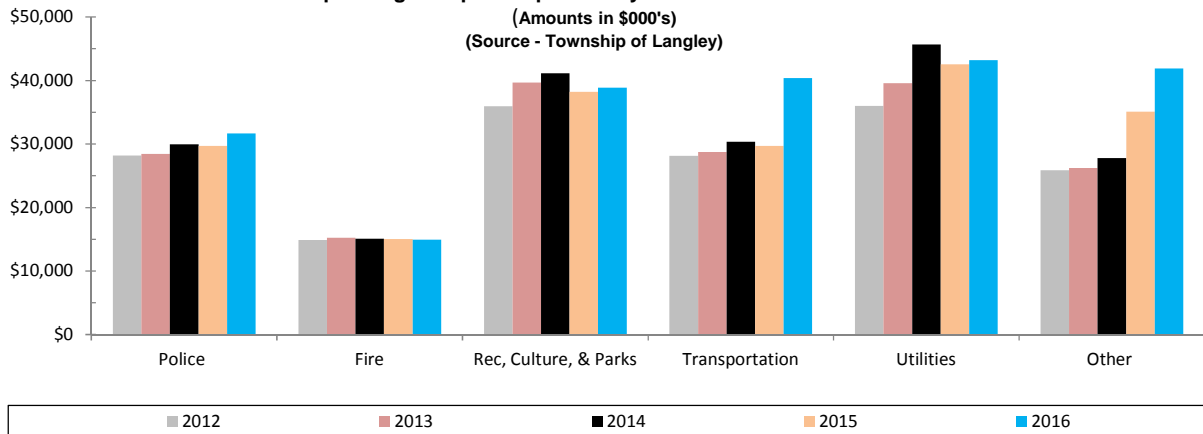
### Operating & Capital Revenue By Source - 2012 to 2016

(Amounts in \$000's)  
(Source - Township of Langley)



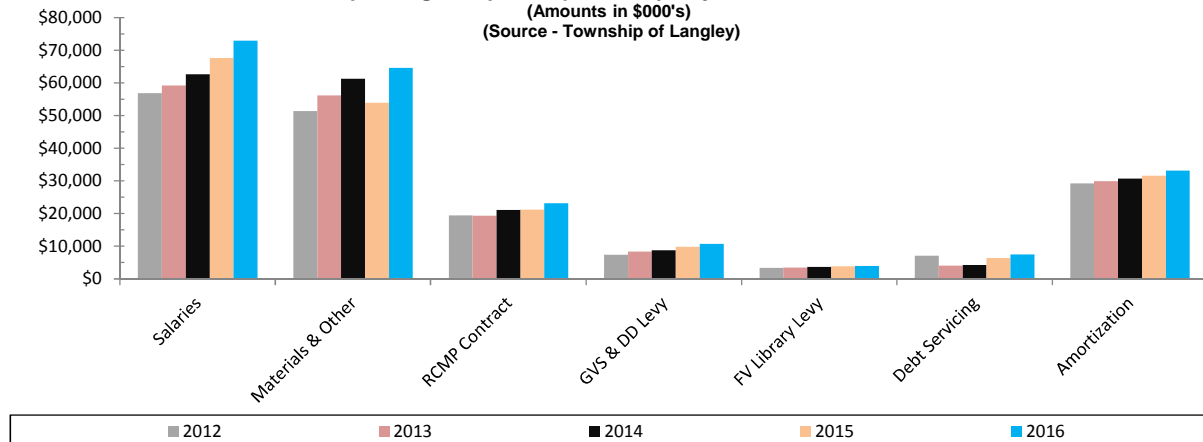
### Operating & Capital Expenses By Function - 2012 to 2016

(Amounts in \$000's)  
(Source - Township of Langley)

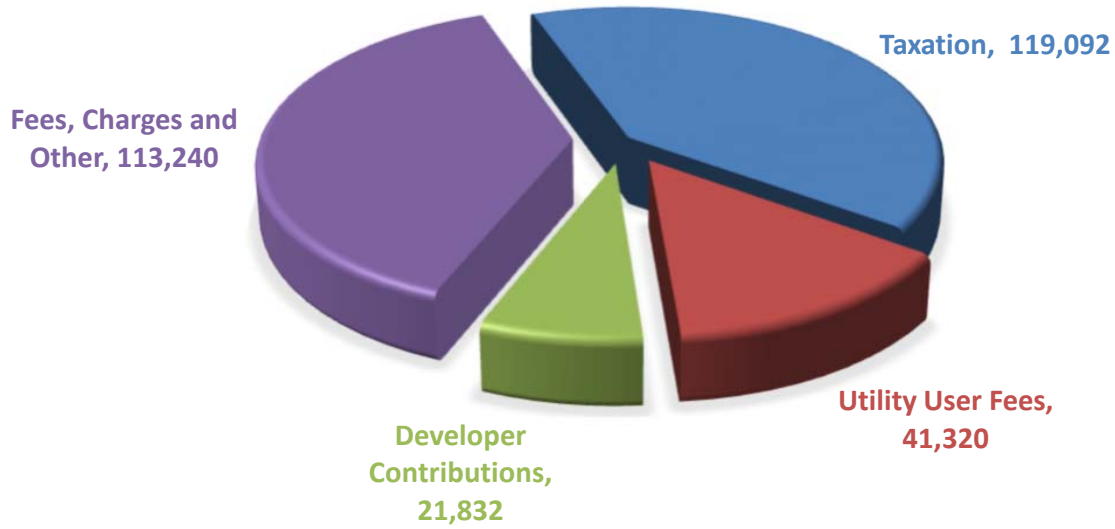


### Operating & Capital Expenses By Object - 2012 to 2016

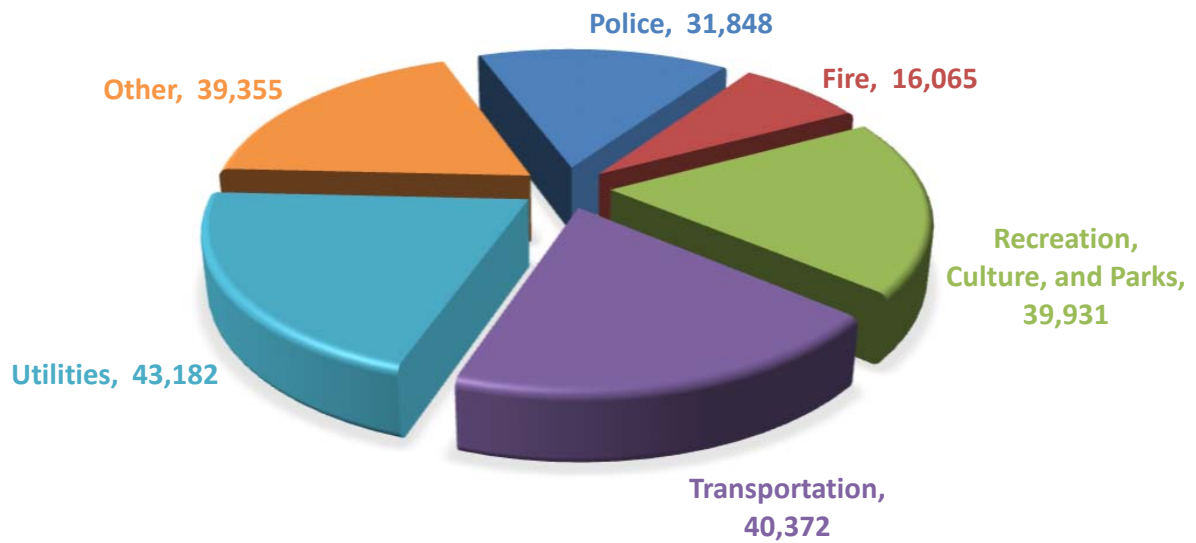
(Amounts in \$000's)  
(Source - Township of Langley)



**2016 TOTAL TOWNSHIP REVENUE**  
(AMOUNTS IN \$000'S)

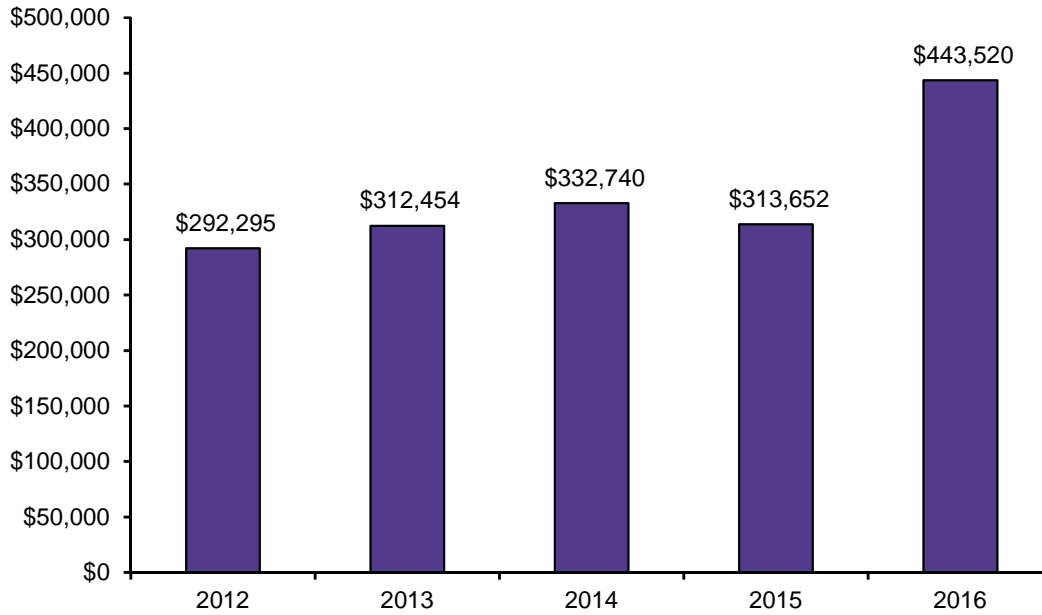


**2016 TOTAL TOWNSHIP EXPENSES**  
(AMOUNTS IN \$000'S)



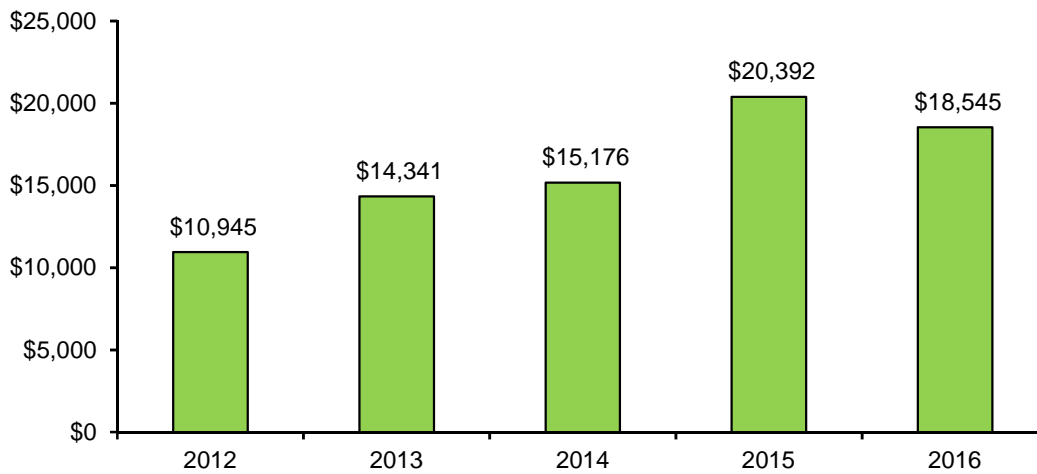
### Building Permit Values - 2012 to 2016

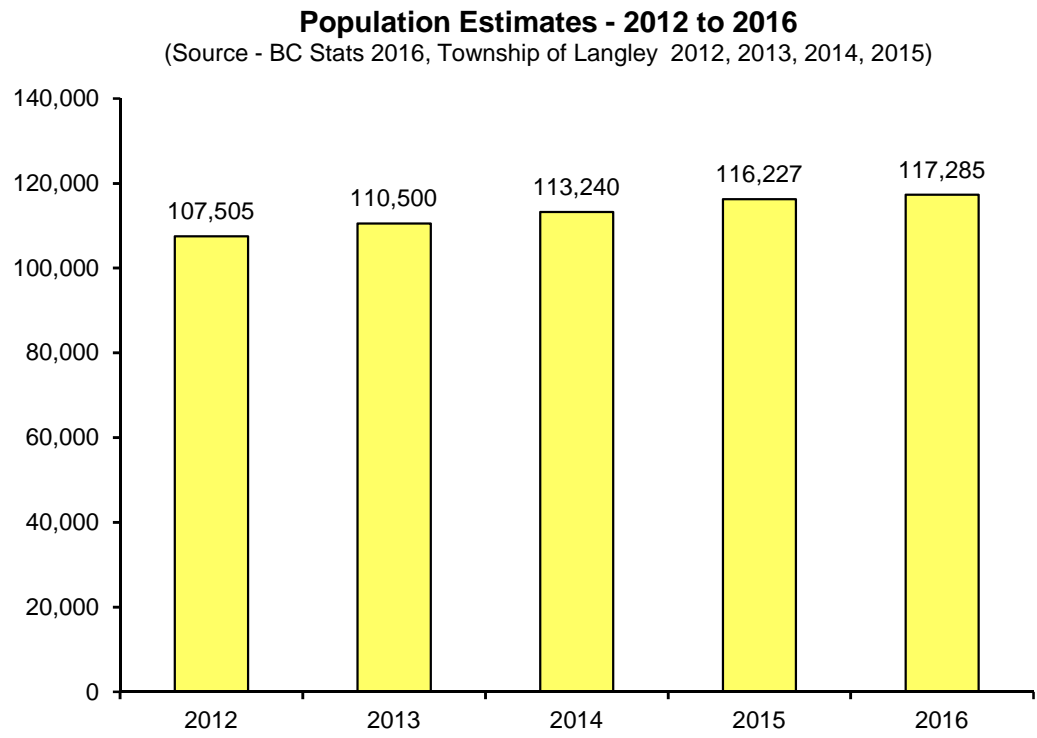
(Amounts in \$000's)  
(Source - Township of Langley)



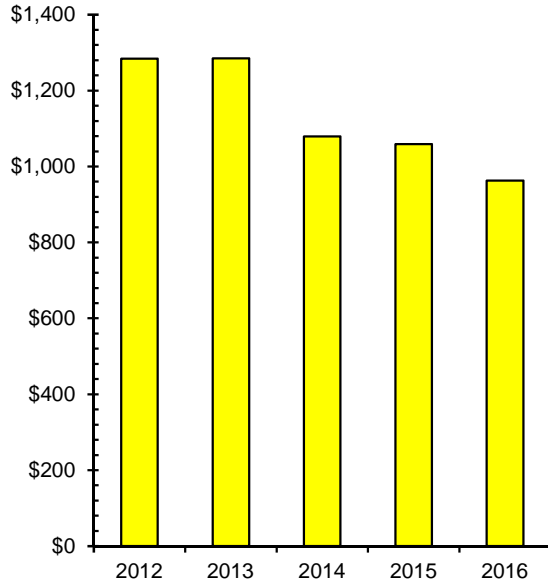
### Net Development Cost Charge Receipts - 2012 to 2016

(Amounts in \$000's)  
(Source - Township of Langley)

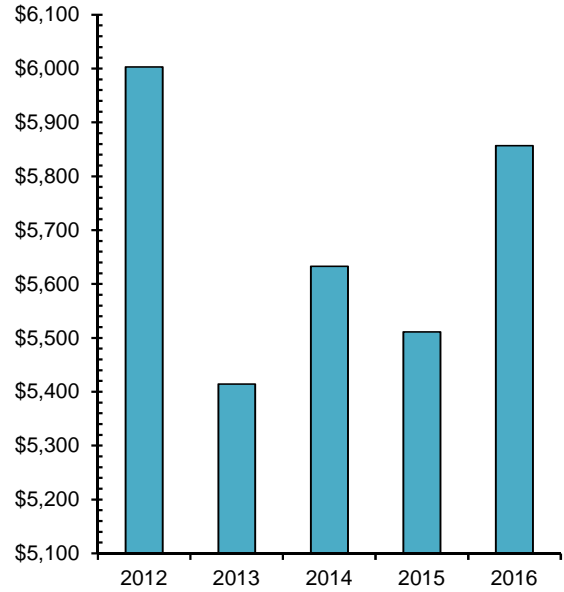




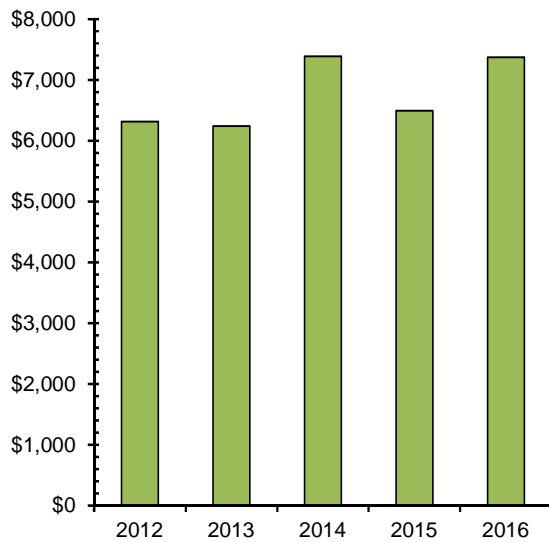
**General Capital Reserve**  
2012 to 2016  
(Amounts in \$000's)



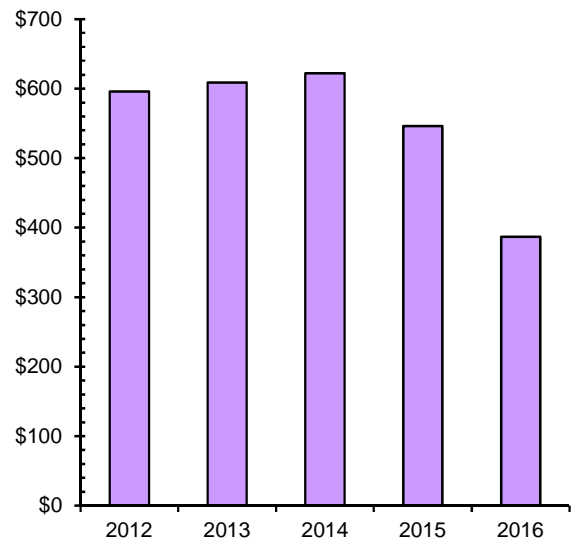
**Water Capital Reserve**  
2012 to 2016  
(Amounts in \$000's)



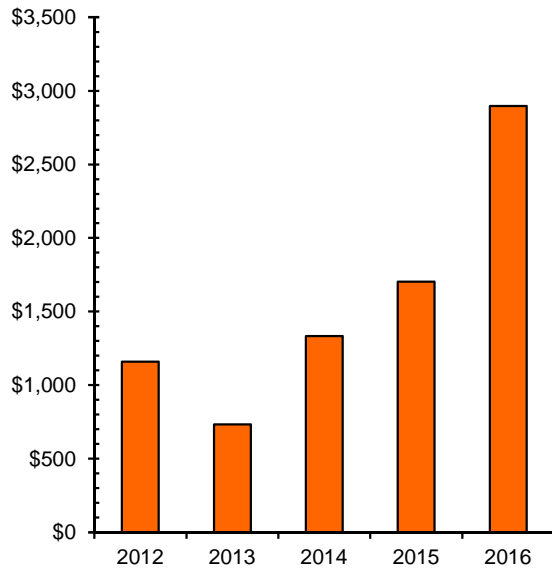
**Sewer Capital Reserve**  
2012 to 2016  
(Amounts in \$000's)



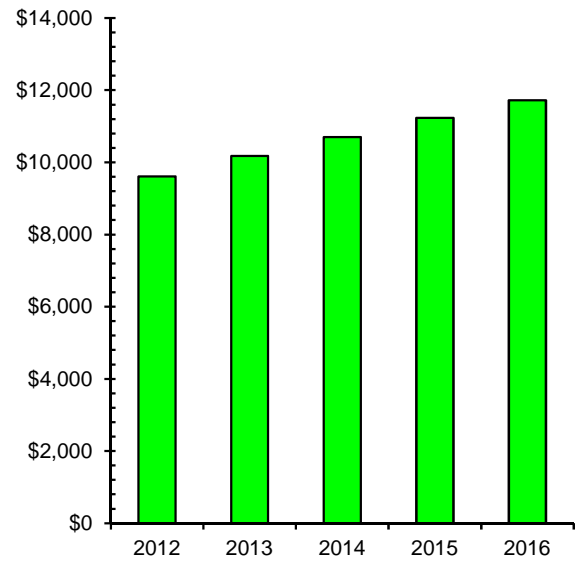
**Stormwater Capital Reserve**  
2012 to 2016  
(Amounts in \$000's)



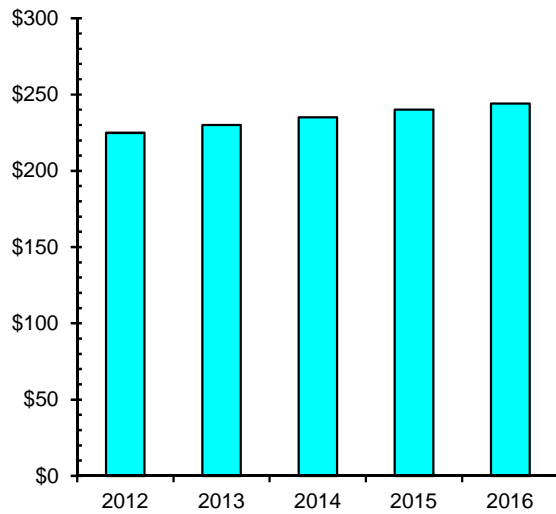
**Fire Capital Reserve**  
2012 to 2016  
(Amounts in \$000's)



**Local Area Service Reserve**  
2012 to 2016  
(Amounts in \$000's)



**Tax Sale Reserve**  
2012 to 2016  
(Amounts in \$000's)



**Debt Reserve**  
2012 to 2016  
(Amounts in \$000's)

