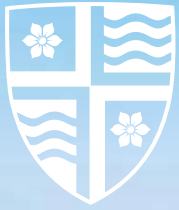


Township of
Langley



Est. 1873

ANNUAL REPORT FINANCIAL SECTION | 2017

For Fiscal Year Ending December 31

TABLE OF CONTENTS

Introduction

Report from the Director of Finance	3
Independent Auditors' Report	4

Financial Statements

Consolidated Statements	8
-------------------------	---

Notes to the Financial Statements

Notes to the Consolidated Financial Statements	14
--	----

Consolidated Financial Activities

Consolidated Financial Activities - Segmented	30
---	----

Schedules

Schedule 1: Debt and Agreements Payable	34
Schedule 2: Langley Centennial Museum	36

Unaudited Statistical Information

Statistical Information	38
-------------------------	----

Report from the Director, Finance Division

To Mayor Jack Froese and Council;

I am pleased to present the 2017 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, 2017, 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 decreased by \$9 million to \$74 million as at December 31, 2017. An increased investment in tangible capital assets was offset by increases in property tax revenue, fees, rates and service charges and grants in lieu of taxes. Also contributing to the change was a decrease in the level of contributed assets taken on by the Township for 2017 along with reduced proceeds from the disposal of tangible capital assets.

Debt and Agreements Payable balance increased by \$30.5 million to \$107.7 million. Debt and Agreements Payable is repayable from a combination of Development Cost Charges, future land sales, utility revenue and operating revenue.

Total Tangible Capital Assets for the Township, at historical cost, net of accumulative amortization expense, amount to \$1.42 billion.

Capital asset additions for 2017 amount to \$109 million. Each year developers construct capital infrastructure that is then contributed to the Township. For 2017, this contribution by developers amounts to \$29.8 million or 27% of total capital asset additions. An additional \$16 million or 15% of capital projects were funded from Development Cost Charge reserves.

Under PSAB requirements, the annual surplus of \$65.2 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 \$1.5 billion (2016 - \$1.43 billion) is comprised of four categories as follows:

- Operating Surplus \$75.87 million (2016 - \$89.01 million)
- Capital Surplus \$18.92 million (2016 - \$28.13 million)
- Statutory Reserve \$69.86 million (2016 - \$48.07 million)
- Investment in Tangible Capital Assets \$1.33 billion (2016 - \$1.27 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



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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, 2017, 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Township of Langley as at December 31, 2017, 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Burnaby, Canada
June 11, 2018

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at December 31, 2017 (in thousands of dollars)

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 46,989	\$ 21,316
Investments (Note 3)	237,372	223,274
Accounts receivable (Note 4)	46,501	38,944
Assets held for sale	483	2,643
	<u>331,345</u>	<u>286,177</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	56,078	40,900
Deposits and prepayments (Note 6)	32,258	25,846
Deferred revenue (Note 7)	14,489	14,737
Development cost charges (Note 8)	46,528	43,801
Debt and agreements payable (Note 9)	107,708	77,247
	<u>257,061</u>	<u>202,531</u>
NET FINANCIAL ASSETS	<u>74,284</u>	<u>83,646</u>
NON-FINANCIAL ASSETS		
Inventories of supplies	1,272	879
Prepaid expenses	1,736	1,531
Tangible capital assets (Note 10)	1,421,885	1,347,959
	<u>1,424,893</u>	<u>1,350,369</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 1,499,177</u>	<u>\$ 1,434,015</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, 2017 (in thousands of dollars)

	Budget 2017 <small>(Note 2(a) and 20)</small>	2017	2016
REVENUE			
Property taxes	\$ 126,280	\$ 125,985	\$ 119,092
Fees, rates and service charges	61,717	72,035	69,274
Grants and grants in lieu of taxes	21,852	14,045	8,095
Service cost recoveries	3,865	4,418	4,148
Gain on disposal of assets	-	969	14,615
Investment income	1,708	5,297	5,600
Local area service contributions	6,719	786	338
Contribution from development cost charges	58,078	19,939	21,832
Other developer contributions (Note 10(b))	35,545	30,197	47,608
Other income	12,908	5,533	4,882
	<u>328,672</u>	<u>279,204</u>	<u>295,484</u>
EXPENSES			
General government	25,427	24,163	22,960
Police protection	35,033	32,727	31,848
Fire protection	15,916	15,156	16,065
Facilities maintenance	10,357	9,228	7,814
Community planning and development	10,353	8,591	8,581
Recreation and culture	21,902	25,465	26,767
Parks	10,454	13,973	13,164
Transportation	21,681	37,065	40,372
Stormwater	5,359	8,979	8,972
Water	17,030	18,141	16,391
Sewer	13,530	14,726	12,035
Solid waste	5,955	5,828	5,784
	<u>192,997</u>	<u>214,042</u>	<u>210,753</u>
ANNUAL SURPLUS	135,675	65,162	84,731
ACCUMULATED SURPLUS, beginning of year	<u>1,434,015</u>	<u>1,434,015</u>	<u>1,349,284</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 1,569,690</u>	<u>\$ 1,499,177</u>	<u>\$ 1,434,015</u>

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2017 (in thousands of dollars)

	Budget 2017 <small>(Note 2(a) and 20)</small>	2017	2016
ANNUAL SURPLUS	\$ 135,675	\$ 65,162	\$ 84,731
Acquisition of tangible capital assets	(284,455)	(79,316)	(37,583)
Developer contributed tangible capital assets	(35,545)	(29,753)	(47,159)
Reclassification of land held for resale	-	188	3,134
Amortization of tangible capital assets	-	33,972	33,195
Gain on disposal of tangible capital assets	-	(582)	(9,216)
Proceeds on disposal of tangible capital assets	-	1,565	11,344
	<u>(184,325)</u>	<u>(8,764)</u>	<u>38,446</u>
Acquisition of inventories of supplies	(900)	(1,272)	(879)
Acquisition of prepaid expenses	(1,300)	(1,736)	(1,531)
Consumption of inventories of supplies	900	879	952
Use of prepaid expenses	1,300	1,531	1,473
	<u>-</u>	<u>(598)</u>	<u>15</u>
CHANGE IN NET FINANCIAL ASSETS	(184,325)	(9,362)	38,461
NET FINANCIAL ASSETS, beginning of year	<u>83,646</u>	<u>83,646</u>	<u>45,185</u>
NET FINANCIAL ASSETS, end of year	\$ <u><u>(100,679)</u></u>	\$ <u><u>74,284</u></u>	\$ <u><u>83,646</u></u>

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Cash Flows

For the year ended December 31, 2017 (in thousands of dollars)

	<u>2017</u>	<u>2016</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	\$ 65,162	\$ 84,731
Items not involving cash:		
Amortization of tangible capital assets	33,972	33,195
Gain on disposal of tangible capital assets	(582)	(9,216)
Developer contributed tangible capital assets	(29,753)	(47,159)
Change in non-cash operating working capital:		
Accounts receivable	(7,557)	2,112
Assets held for sale	2,348	2,425
Accounts payable and accrued liabilities	15,178	1,640
Deposits and prepayments	6,412	1,429
Deferred revenue	(248)	(104)
Development cost charges	2,727	(2,582)
Inventories of supplies	(393)	73
Prepaid expenses	(205)	(58)
Net change in cash from operating activities	<u>87,061</u>	<u>66,486</u>
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(79,316)	(37,583)
Proceeds on disposal of tangible capital assets	<u>1,565</u>	<u>11,344</u>
Net change in cash from capital activities	<u>(77,751)</u>	<u>(26,239)</u>
FINANCING ACTIVITIES		
Issuance of debt and agreements payable	33,329	5,600
Repayment of debt and agreements payable	<u>(2,868)</u>	<u>(5,169)</u>
Net change in cash from financing activities	<u>30,461</u>	<u>431</u>
INVESTING ACTIVITIES		
Change in investments	<u>(14,098)</u>	<u>(44,972)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	25,673	(4,294)
CASH AND CASH EQUIVALENTS, beginning of year	<u>21,316</u>	<u>25,610</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 46,989</u>	<u>\$ 21,316</u>

See accompanying Notes to the Consolidated Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017 (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, which is controlled by the Township, was incorporated on March 12, 2009, was formed to operate the Langley Events Centre and other Township facilities. Other purposes of the Society include promotion and/or sponsorship of educational, recreational, heritage, cultural, airport operations and assisted housing 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 2017 budget component of the Township’s 2017 – 2021 Five-Year Financial Plan adopted by Council Bylaw No. 5259 on March 6, 2017. 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:

Assets	Useful Life (Years)
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 and development 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 \$46,989 (2016 - \$21,316).

Investments with an initial maturity beyond three months are recorded at amortized cost \$237,372 with a market value of \$237,684 (2016 – amortized cost of \$223,274 with a market value of \$220,421).

Investments maturing within one year of December 31, 2017 have interest rates ranging from 1.43% to 3.62%; within two to four years have interest rates ranging from 1.75% to 3.40%; within five to seven years have interest rates ranging from 1.97% to 3.37% and within eight to ten years have interest rates ranging from 2.50% to 2.87%

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

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 46,989	\$ 21,316
Investments	<u>237,372</u>	<u>223,274</u>
	<u>\$ 284,361</u>	<u>\$ 244,590</u>

4. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Taxes	\$ 4,992	\$ 4,634
Federal Government	7,835	734
Provincial Government	126	155
Municipal Finance Authority	1,133	502
Other local governments	125	671
Other accounts	4,863	5,546
Accrued interest and others	4,761	2,875
Recoverable work in progress	1,630	1,505
Receivables secured letters of credit (a)	13,873	15,298
Local Area Service levies receivable (b)	<u>7,163</u>	<u>7,024</u>
	<u>\$ 46,501</u>	<u>\$ 38,944</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

	<u>2017</u>	<u>2016</u>
Trade and other liabilities	\$ 44,848	\$ 29,619
Payroll liabilities	5,573	5,996
Employee future benefits (Note 17)	4,956	4,616
Collections for other authorities	<u>701</u>	<u>669</u>
	<u>\$ 56,078</u>	<u>\$ 40,900</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>2017</u>	<u>2016</u>
Cash deposits held as security	\$ 17,382	\$ 11,925
Prepaid property tax	14,876	13,921
	<u>\$ 32,258</u>	<u>\$ 25,846</u>

The Township also holds irrevocable letters of credit in the amount of \$74,012 (2016 - \$49,759) 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>2017</u>	<u>2016</u>
Future works deposit	\$ 6,756	\$ 6,483
South Coast British Columbia Transportation Authority	-	874
Government grant	102	35
Langley School Board contribution	1,700	1,850
Trinity Western University contribution	1,983	2,158
Other	3,948	3,337
	<u>\$ 14,489</u>	<u>\$ 14,737</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>2017</u>	<u>2016</u>
Roads	\$ 22,832	\$ 19,219
Drainage	4,246	3,789
Park Land/Development	4,254	7,441
Water	11,279	9,191
Sewer	3,917	4,161
	<u>\$ 46,528</u>	<u>\$ 43,801</u>
Beginning of year	\$ 43,801	\$ 46,383
Expenditures in Operating	(3,908)	(4,813)
Expenditures in Capital	(16,031)	(17,019)
Receipts	22,038	18,545
Interest	628	705
End of year	<u>\$ 46,528</u>	<u>\$ 43,801</u>

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

Investments	\$ 32,655	\$ 28,503
Receivables secured letters of credit (Note 4)	13,873	15,298
	<u>\$ 46,528</u>	<u>\$ 43,801</u>

9. DEBT AND AGREEMENTS PAYABLE

		<u>2017</u>		<u>2016</u>
MFA debt, net of sinking fund deposits	a)	\$ 92,196	\$	27,923
Agreements payable	b)	15,262		14,024
Temporary borrowings	c)	250		35,300
		<u>\$ 107,708</u>	\$	<u>77,247</u>

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

	Principal	Interest	Total
2018	7,214	3,948	11,162
2019	5,364	3,839	9,203
2020	5,537	3,815	9,352
2021	5,623	3,765	9,388
2022	5,808	3,736	9,544
Thereafter	<u>78,162</u>		
	<u>\$ 107,708</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 2017	2016
Stormwater, Bylaw 3420, due 2017	4.55%	\$ -	\$ -	\$ -	\$ 128
Stormwater, Bylaw 4752, due 2030	4.50%	1,800	477	1,323	1,399
Stormwater, Bylaw 4829, due 2031	4.20%	2,292	511	1,781	1,875
Water, Bylaw 3950, due 2020	2.10%	1,200	943	257	336
Water, Bylaw 4919, due 2037	2.80%	33,535	-	33,535	-
Water, Bylaw 4920, due 2037	2.80%	7,015	-	7,015	-
General, Bylaw 4455, due 2027	4.82%	3,250	1,310	1,940	2,095
General, Bylaw 4556, due 2027	4.82%	11,000	4,435	6,565	7,091
Sewer, Bylaw 4750, due 2030	4.50%	8,500	2,254	6,246	6,607
Transportation, Bylaw 4751, due 2035	2.20%	8,700	626	8,074	8,392
Transportation, Bylaw 5232, due 2037	3.15%	11,716	-	11,716	-
Transportation, Bylaw 5233, due 2037	3.15%	13,744	-	13,744	-
		<u>\$ 102,752</u>	<u>\$ 10,556</u>	<u>\$ 92,196</u>	<u>\$ 27,923</u>

b) Agreements payable

Parkland, due 2026	954	1,084
Parkland, due 2018	1,868	-
Recreation facility, due 2029	11,940	12,940
Recreation facility, due 2022	500	-
	<u>\$ 15,262</u>	<u>\$ 14,024</u>

c) Temporary borrowings

As at December 31, 2017, the Township has secured temporary financing of \$250 (2016 - \$35,300) from the MFA for transportation capital projects to be paid over 20 years pending the issuance of debt instruments through the MFA pursuant to security issuing bylaws in 2018. The variable annual interest rate as at December 31, 2017 was 1.94% (2016 – 1.44%).

10. TANGIBLE CAPITAL ASSETS

Cost	Balance at December 31 2016	Additions (net of transfers)	Disposals and Reclass of Land Held for Resale	Balance at December 31 2017
Land and improvements	\$ 515,163	\$ 25,447	\$ 440	\$ 540,170
Building and building improvements	159,594	3,879	645	162,828
Vehicles, machinery and equipment	53,592	1,993	495	55,090
Parks infrastructure	80,290	6,772	-	87,062
Information technology	10,137	2,428	21	12,544
Roads	468,729	12,130	-	480,859
Stormwater	238,876	10,641	385	249,132
Sewer	131,675	2,562	27	134,210
Water	212,900	4,139	287	216,752
Assets under construction	16,840	39,078	-	55,918
Total	\$ 1,887,796	\$ 109,069	\$ 2,300	\$ 1,994,565

Accumulated amortization	Balance at December 31 2016	Amortization	Accumulated Amortization on Disposals	Balance at December 31 2017
Land and improvements	\$ 1,724	\$ 118	\$ 7	\$ 1,835
Building and building improvements	66,037	5,112	221	70,928
Vehicles, machinery and equipment	30,048	3,293	496	32,845
Parks infrastructure	42,637	3,345	-	45,982
Information technology	7,990	784	21	8,753
Roads	220,504	11,792	-	232,296
Stormwater	70,527	3,799	150	74,176
Sewer	32,900	2,081	17	34,964
Water	67,470	3,648	217	70,901
Total	\$ 539,837	\$ 33,972	\$ 1,129	\$ 572,680

Net book value	Net Book Value December 31 2016	Net Book Value December 31 2017
Land and improvements	\$ 513,439	\$ 538,335
Building and building improvements	93,557	91,900
Vehicles, machinery and equipment	23,544	22,245
Parks infrastructure	37,653	41,080
Information technology	2,147	3,791
Roads	248,225	248,563
Stormwater	168,349	174,956
Sewer	98,775	99,246
Water	145,430	145,851
Assets under construction	16,840	55,918
Total	\$ 1,347,959	\$ 1,421,885

Cost	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	159,594
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	-	468,729
Stormwater	229,036	10,374	534	238,876
Sewer	125,061	6,727	113	131,675
Water	174,923	38,004	27	212,900
Assets under construction	74,343	(57,503)	-	16,840
Total	\$ 1,810,057	\$ 84,742	\$ 7,003	\$ 1,887,796

Accumulated amortization	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	66,037
Vehicles, machinery and equipment	28,110	2,974	1,036	30,048
Parks infrastructure	39,541	3,125	29	42,637
Information technology	7,497	747	254	7,990
Roads	208,448	12,056	-	220,504
Stormwater	67,086	3,656	215	70,527
Sewer	30,902	2,031	33	32,900
Water	64,218	3,268	16	67,470
Total	\$ 508,383	\$ 33,195	\$ 1,741	\$ 539,837

Net book value	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	93,557
Vehicles, machinery and equipment	19,537	23,544
Parks infrastructure	35,059	37,653
Information technology	1,778	2,147
Roads	222,816	248,225
Stormwater	161,950	168,349
Sewer	94,159	98,775
Water	110,705	145,430
Assets under construction	74,343	16,840
Total	\$ 1,301,674	\$ 1,347,959

a) Assets under construction

Assets under construction having a value of \$55,918 (2016 - \$16,840) 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:

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 11,560	\$ 21,219
Road infrastructure	10,029	15,740
Parks infrastructure	150	50
Stormwater infrastructure	4,306	6,443
Water infrastructure	1,948	2,833
Sewer infrastructure	2,204	1,323
Total	\$ 30,197	\$ 47,608
Developer contributed tangible capital assets	\$ 29,753	\$ 47,159
Non-refundable deposit contributions to tangible capital assets	444	449
Total	\$ 30,197	\$ 47,608

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 (2016 - nil).

11. ACCUMULATED SURPLUS

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

	<u>Operating Funds</u>	<u>Capital Funds</u>	<u>Statutory Reserve Funds (Note 12)</u>	<u>Investment in Tangible Capital Assets (Note 13)</u>	<u>Total</u>
General Fund	\$ 33,060	\$ 5,956	\$ -	\$ 567,553	\$ 606,569
Parks Utility	28,758	1,349	-	123,723	153,830
Transportation Utility	7,245	1,863	-	263,791	272,899
Stormwater Utility	593	3,207	-	173,719	177,519
Solid Waste	932	29	-	205	1,166
Sewer Utility	2,367	1,030	-	94,143	97,540
Water Utility	2,919	5,485	-	111,394	119,798
Statutory Reserve Funds	-	-	69,856	-	69,856
Total for 2017	\$ 75,874	\$ 18,919	\$ 69,856	\$ 1,334,528	\$ 1,499,177
Total for 2016	\$ 89,008	\$ 28,126	\$ 48,073	\$ 1,268,808	\$ 1,434,015

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>2017</u>	<u>2016</u>
General Capital	\$ 605	\$ 963
Stormwater Capital	311	387
Sewer Capital	17,603	7,374
Water Capital	25,500	5,857
Infrastructure Renewal & Replacement	1,916	2,316
Fire Equipment Capital	5,237	2,897
Land Capital Reserve – (deficit)	(17,562)	(2,254)
Parkland Reserve	7,994	7,703
Tax Sale Land	248	244
Local Area Service	12,329	11,717
Off-Street Parking	13	13
Debt Retirement	15,662	10,856
	<u>\$ 69,856</u>	<u>\$ 48,073</u>
Reserve funds, beginning of year	\$ 48,073	\$ 23,729
Contribution from operations	41,722	10,058
Other revenue and contributions	6,302	19,375
Interest allocated	1,096	868
Used for capital and operating expenses	(27,337)	(5,957)
Reserve funds, end of year	<u><u>\$ 69,856</u></u>	<u><u>\$ 48,073</u></u>

13. INVESTMENT IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,268,808	\$ 1,222,957
Additions of tangible capital assets	109,069	84,742
Reclassification of land held for sale	(188)	(3,134)
Proceeds on disposal of tangible capital assets	(1,565)	(11,344)
Gain on disposal of tangible capital assets	582	9,216
Recognition of deferred revenue	325	325
Amortization expense	(33,972)	(33,195)
Cash from issuance of debt and agreements payable	(11,305)	(5,839)
Repayment of debt and agreements payable	2,774	5,080
Balance, end of year	\$ 1,334,528	\$ 1,268,808

	<u>2017</u>	<u>2016</u>
Net book value of tangible capital assets	\$ 1,421,885	\$ 1,347,959
Less:		
Debt and agreements payable	(107,708)	(77,247)
Deferred revenue – Trinity Western University	(1,983)	(2,158)
Deferred revenue – Langley School Board	(1,700)	(1,850)
Add:		
Debt for non-capital expenses	1,781	1,875
Debt not spent on tangible capital assets	22,253	229
Investment in tangible capital assets	\$ 1,334,528	\$ 1,268,808

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 (of the total of 28 Class A shares and 23 Class B shares issued and outstanding as at December 31, 2017). 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. The Township will be converting one Class B share to Class A upon go live of the E-Comm Wide Area Radio system mid 2018.

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>2017</u>	<u>2016</u>
School District #35	\$ 68,711	\$ 65,496
Municipal Finance Authority	9	7
B.C. Assessment Authority	2,077	1,955
Greater Vancouver Regional District	1,886	1,796
South Coast British Columbia Transit Authority	<u>12,801</u>	<u>12,443</u>
	<u>\$ 85,484</u>	<u>\$ 81,697</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, 2016, the Plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 941 contributors from the Township.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The most recent actuarial valuation for the Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. 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 \$5,262 (2016 - \$5,406) for employer contributions to the Plan, while employees contributed \$4,959 (2016 - \$4,629) to the Plan in fiscal 2017.

17. EMPLOYEE FUTURE BENEFITS

The Township provides certain benefits to its employees upon retirement. Sick Leave benefit accrue 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>2017</u>	<u>2016</u>
Accrued benefit obligation, beginning of year	\$ 3,932	\$ 3,936
Current service cost	320	319
Interest cost	130	121
Long-term disability expense	134	(49)
Actual benefits paid	(206)	(223)
Amortization of actuarial adjustment	175	(172)
Accrued benefit obligation, end of year	<u>4,485</u>	<u>3,932</u>
Unamortized actuarial gain	260	483
Accrued sick leave benefit obligation, end of year	<u>4,745</u>	<u>4,415</u>
Other post-employment benefit liability	<u>211</u>	<u>201</u>
Total Employee Future Benefits	\$ <u>4,956</u>	\$ <u>4,616</u>

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 2017 at 1.95% (2016 – 1.98%). 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, 2017. The Actuary report is based on standard assumptions concerning salary scales, mortality rates, retirement age, and withdrawal rates at the following rates:

	<u>2017</u>	<u>2016</u>
Discount rate	2.90%	3.30%
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.

Assets	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 2,070	\$ 1,923
Accrued interest receivable	<u>7</u>	<u>5</u>
	<u>\$ 2,077</u>	<u>\$ 1,928</u>
Equity		
Balance, beginning of year	\$ 1,928	\$ 1,778
Contributions	117	120
Interest revenue	<u>32</u>	<u>30</u>
Balance, end of year	<u>\$ 2,077</u>	<u>\$ 1,928</u>

20. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2017 operating and capital budgets approved by Township Council on March 6, 2017. 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.

Revenue	<u>2017 Budget</u>
Operating Budget Bylaw	\$ 218,638
Capital Budget Bylaw	287,646
Other entities	3,822
Less:	
Transfer from other funds	(150,008)
Proceeds from new debt	(31,425)
Other	<u>(1)</u>
Total Revenue	<u>328,672</u>
Expenses	
Operating Budget Bylaw	218,638
Capital Budget Bylaw	287,646
Other entities	592
Less:	
Transfer from other funds	(24,797)
Capital expenditures	(284,456)
Debt principal payments	<u>(4,626)</u>
Total Expenses	<u>192,997</u>
Annual Surplus	<u>\$ 135,675</u>

21. COMPARATIVE FIGURES

Certain 2016 figures have been reclassified to conform to the 2017 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

Consolidated Financial Activities - Segmented

For the year ended December 31, 2017 (in thousands of dollars)

	<u>Protective Service</u>				Community Planning and Development
	General Government	Police Protection	Fire Protection	Facilities Maintenance	
REVENUE					
Property taxes	\$ 19,351	\$ 28,217	\$ 15,284	\$ 9,368	\$ 1,959
Fees, rates and service charges	2,790	288	113	9	9,690
Grants and grants in lieu of taxes	7,708	1,350	-	-	-
Service cost recoveries	242	2,843	570	129	56
Gain on disposal of assets	1,254	-	-	-	-
Investment income	3,180	-	-	-	-
Local area service contributions	-	-	-	-	-
Contribution from development cost charges	-	-	-	-	-
Other developer contributions	11,558	-	-	-	-
Other income	(3,631)	2,566	1,380	676	441
	<u>42,452</u>	<u>35,264</u>	<u>17,347</u>	<u>10,182</u>	<u>12,146</u>
EXPENSES					
Salaries, wages and benefits	13,213	7,492	13,409	3,258	7,171
Service and maintenance contracts	1,085	308	450	2,270	392
RCMP contract	-	23,056	-	-	-
Consulting & professional services	1,627	34	19	657	552
Insurance	939	20	67	-	-
Material supplies & equipment	618	175	554	694	232
Information systems maintenance	1,539	4	16	58	32
Aviation and vehicle fuel	572	353	128	5	9
Advertising publications	151	1	1	-	5
Utilities	24	-	-	2,073	1
Sundry	1,633	45	110	155	163
Telephone & communications	339	86	65	51	35
Regional District charges	-	-	-	-	-
Municipal grants	430	-	-	-	10
Debt interest payments	-	-	-	-	-
Fiscal and other debt charges	159	6	1	-	-
Internal cost recoveries	(1)	22	147	7	(11)
Amortization	1,835	1,125	189	-	-
	<u>24,163</u>	<u>32,727</u>	<u>15,156</u>	<u>9,228</u>	<u>8,591</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 18,289</u>	<u>\$ 2,537</u>	<u>\$ 2,191</u>	<u>\$ 954</u>	<u>\$ 3,555</u>

Recreation, Culture & Parks		Engineering							2017	2016
Recreation and Culture	Parks	Transportation	Stormwater	Water	Sewer	Solid Waste	Reserve Funds			
\$ 13,717	\$ 10,882	\$ 20,635	\$ 6,572	\$ -	\$ -	\$ -	\$ -	\$ 125,985	\$ 119,092	
9,868	4,261	690	132	22,025	15,524	6,645	-	72,035	69,274	
126	303	3,820	728	2	8	-	-	14,045	8,095	
17	27	487	-	30	3	14	-	4,418	4,148	
-	-	31	(234)	(71)	(11)	-	-	969	14,615	
-	209	(44)	111	586	308	14	933	5,297	5,600	
-	-	15	-	745	26	-	-	786	338	
-	11,782	6,042	1,044	193	878	-	-	19,939	21,832	
-	153	10,029	4,305	1,948	2,204	-	-	30,197	47,608	
2,735	1,163	198	1	-	-	4	-	5,533	4,882	
26,463	28,780	41,903	12,659	25,458	18,940	6,677	933	279,204	295,484	
9,573	4,841	9,762	2,481	3,907	2,175	690	-	77,972	72,949	
5,973	2,189	9,283	737	760	275	5,076	-	28,798	28,254	
-	-	-	-	-	-	-	-	23,056	23,137	
218	266	1,476	458	286	1,526	4	-	7,123	13,098	
155	-	265	-	15	15	-	-	1,476	1,480	
(17)	1,566	6,256	1,137	1,883	1,115	20	-	14,233	13,619	
16	19	29	6	21	17	16	-	1,773	1,788	
-	11	1,009	21	5	7	-	-	2,120	1,785	
55	-	17	1	17	-	2	-	250	250	
-	500	958	84	492	158	-	-	4,290	3,995	
513	280	399	51	118	127	11	-	3,605	4,463	
47	33	77	14	32	20	8	-	807	728	
4,081	-	-	-	5,873	6,757	-	-	16,711	14,679	
342	-	-	-	-	-	-	-	782	889	
-	660	386	201	989	383	-	-	2,619	1,966	
104	5	-	-	-	-	-	-	275	264	
(33)	195	(6,301)	(11)	95	70	1	-	(5,820)	(5,786)	
4,438	3,408	13,449	3,799	3,648	2,081	-	-	33,972	33,195	
25,465	13,973	37,065	8,979	18,141	14,726	5,828	-	214,042	210,753	
\$ 998	\$ 14,807	\$ 4,838	\$ 3,680	\$ 7,317	\$ 4,214	\$ 849	\$ 933	\$ 65,162	\$ 84,731	

SCHEDULES

Schedule 1

DEBT AND AGREEMENTS PAYABLE

For the year ended December 31, 2017 (in thousands of dollars)

MFA DEBT

By-law	Date of Issue	Issued by	Purpose	Issue	Rate	Maturity
DEBENTURE DEBT						
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
4919	April 7, 2017	M.F.A.	Langley Water Utility	141	2.80%	April 7, 2037
4920	April 7, 2017	M.F.A.	Langley Water Utility	141	2.80%	April 7, 2037
TRANSPORTATION:						
4751	April 8, 2015	M.F.A.	Transportation	131	2.20%	April 8, 2035
5232	October 4, 2017	M.F.A.	Transportation	142	3.15%	October 4, 2037
5233	October 4, 2017	M.F.A.	Transportation	142	3.15%	October 4, 2037
***4953		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
Total debenture debt						
PROPERTY ACQUISITION AGREEMENTS						
GENERAL CAPITAL FUND:						
*	Langley Facilities Society		Recreation Centre			August 7, 2029
	Langley Facilities Society		Recreation Centre			November 1, 2022
	February 6, 2017		Land Acquisition			February 6, 2018
PARKS UTILITY FUND:						
**	January 3, 2006		Land Acquisition			January 3, 2026
Total agreements payable						
Total debt and agreements payable						

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 related gross debt.

The MFA Debt Reserve is composed of 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 was 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 (8 years remain). The vendors must contribute \$100 annually to maintain and improve the property. The Township must contribute \$50 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, 2017, the Township has also secured temporary financing of \$250 from the MFA for various capital projects to be repaid over 20 years pending the issuance of long term debenture securities in 2018. The variable annual interest rate as at December 31, 2017 was 1.94%.

Gross Debt	Estimated Sinking Fund Reserve	Net Debt 2017	Net Sinking Fund Earnings 2017	Principal Repayments 2017	Interest Expense 2017	Net Debt 2016
\$ -	\$ -	\$ -	\$ 77	\$ 51	\$ 24	\$ 128
1,800	477	1,323	16	60	81	1,399
<u>2,292</u>	<u>511</u>	<u>1,781</u>	<u>17</u>	<u>77</u>	<u>96</u>	<u>1,875</u>
4,092	988	3,104	110	188	201	3,402
1,200	943	257	39	40	25	336
-	-	-	-	-	106	28,400
-	-	-	-	-	26	6,900
33,535	-	33,535	-	-	688	-
7,015	-	7,015	-	-	144	-
<u>41,750</u>	<u>943</u>	<u>40,807</u>	<u>39</u>	<u>40</u>	<u>989</u>	<u>35,636</u>
8,700	626	8,074	10	308	191	8,392
11,716	-	11,716	-	-	89	-
13,744	-	13,744	-	-	105	-
250	-	250	-	-	1	-
<u>34,410</u>	<u>626</u>	<u>33,784</u>	<u>10</u>	<u>308</u>	<u>386</u>	<u>8,392</u>
8,500	2,254	6,246	76	285	383	6,607
<u>8,500</u>	<u>2,254</u>	<u>6,246</u>	<u>76</u>	<u>285</u>	<u>383</u>	<u>6,607</u>
3,250	1,310	1,940	47	109	150	2,095
11,000	4,435	6,565	157	369	509	7,091
<u>14,250</u>	<u>5,745</u>	<u>8,505</u>	<u>204</u>	<u>478</u>	<u>659</u>	<u>9,186</u>
<u>103,002</u>	<u>10,556</u>	<u>92,446</u>	<u>439</u>	<u>1,299</u>	<u>2,618</u>	<u>63,223</u>
		11,940	-	1,000	364	12,940
		500	-	-	-	-
		1,868	-	-	-	-
		<u>14,308</u>	<u>-</u>	<u>1,000</u>	<u>364</u>	<u>12,940</u>
		954	-	130	1	1,084
		<u>954</u>	<u>-</u>	<u>130</u>	<u>1</u>	<u>1,084</u>
		<u>15,262</u>	<u>-</u>	<u>1,130</u>	<u>365</u>	<u>14,024</u>
		<u>\$ 107,708</u>	<u>\$ 439</u>	<u>\$ 2,429</u>	<u>\$ 2,983</u>	<u>\$ 77,247</u>

Schedule 2

LANGLEY CENTENNIAL MUSEUM

STATEMENT OF FINANCIAL ACTIVITIES

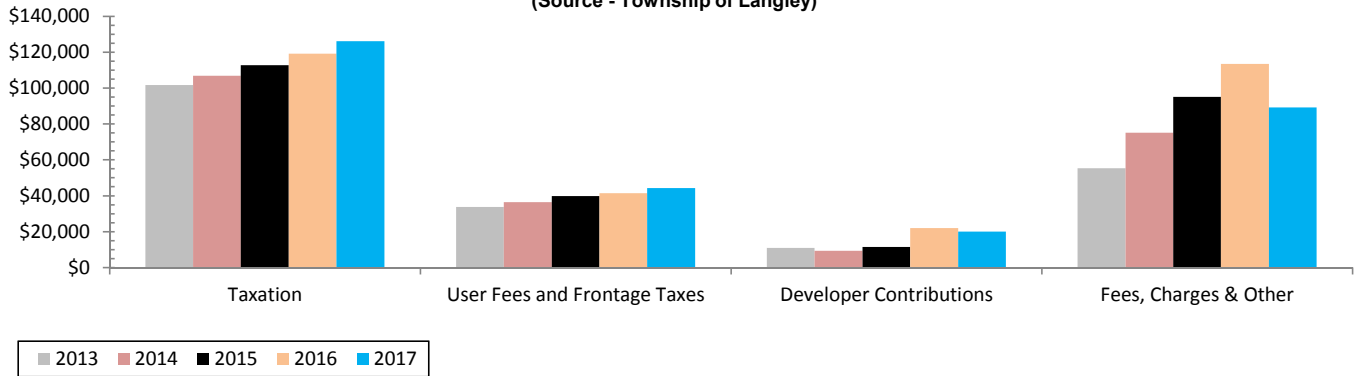
For the year ended December 31, 2017 (in thousands of dollars)

	<u>2017</u>	<u>2016</u>
REVENUE		
Donations, sales and programs	\$ 151	\$ 151
BC Arts Council grant	40	40
Transfer from Museum Reserve	1	5
Transfer from capital surplus	33	12
Federal grants - other	19	28
Provincial grants - other	1	1
Other grants	-	-
Township of Langley funding	<u>663</u>	<u>561</u>
	<u>\$ 908</u>	<u>\$ 798</u>
EXPENSE		
Salaries and benefits	654	591
Program and events	62	42
Exhibit maintenance	24	21
Insurance	15	23
Purchases for resale	20	17
Office supplies and sundry	15	12
Utilities	19	14
Telephone and internet	3	3
Amortization expense	10	6
Grounds maintenance	8	6
Advertising	1	2
Travel	3	3
Building maintenance	51	39
Artifact additions	1	5
Total operating expense	<u>886</u>	<u>784</u>
Transfer to Museum Reserve	<u>22</u>	<u>14</u>
	<u>\$ 908</u>	<u>\$ 798</u>
MUSEUM RESERVE		
Balance, beginning of year	\$ 521	\$ 511
Contribution from Museum operations	33	24
Operating expense funded by the Reserve Fund	(3)	(6)
Capital expenditure funded by the Reserve Fund	<u>(22)</u>	<u>(8)</u>
Balance, end of year	<u>\$ 529</u>	<u>\$ 521</u>

UNAUDITED STATISTICAL INFORMATION

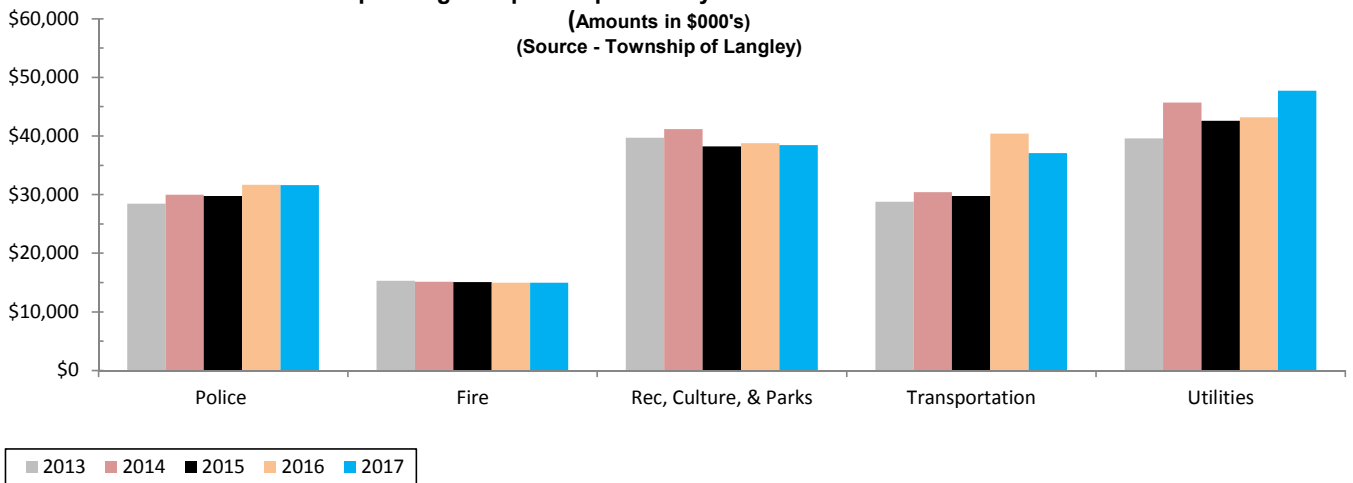
Operating & Capital Revenue By Source - 2013 to 2017

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



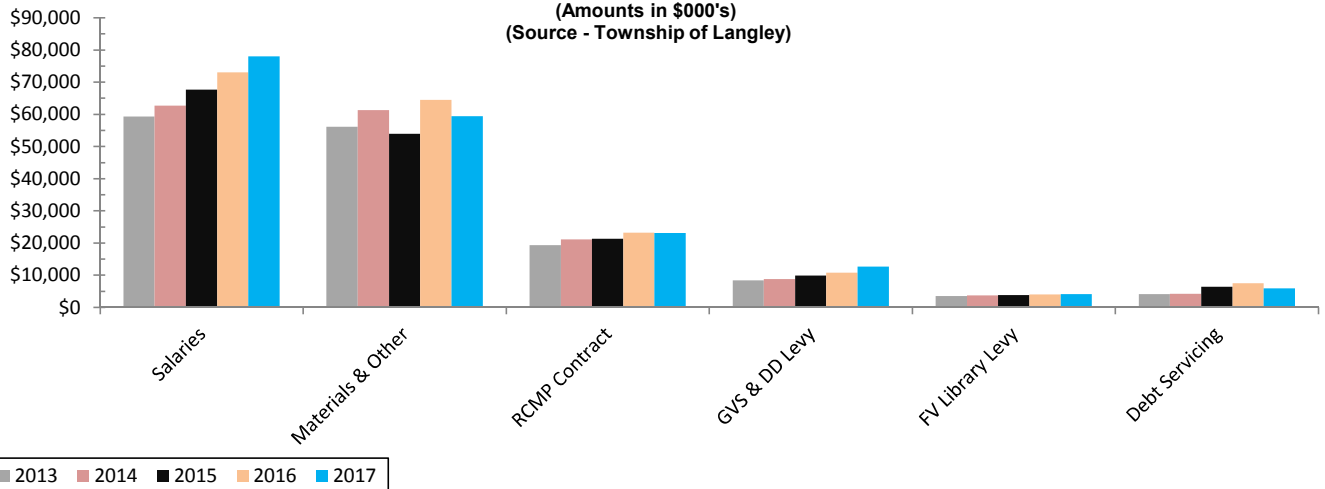
Operating & Capital Expenses By Function - 2013 to 2017

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

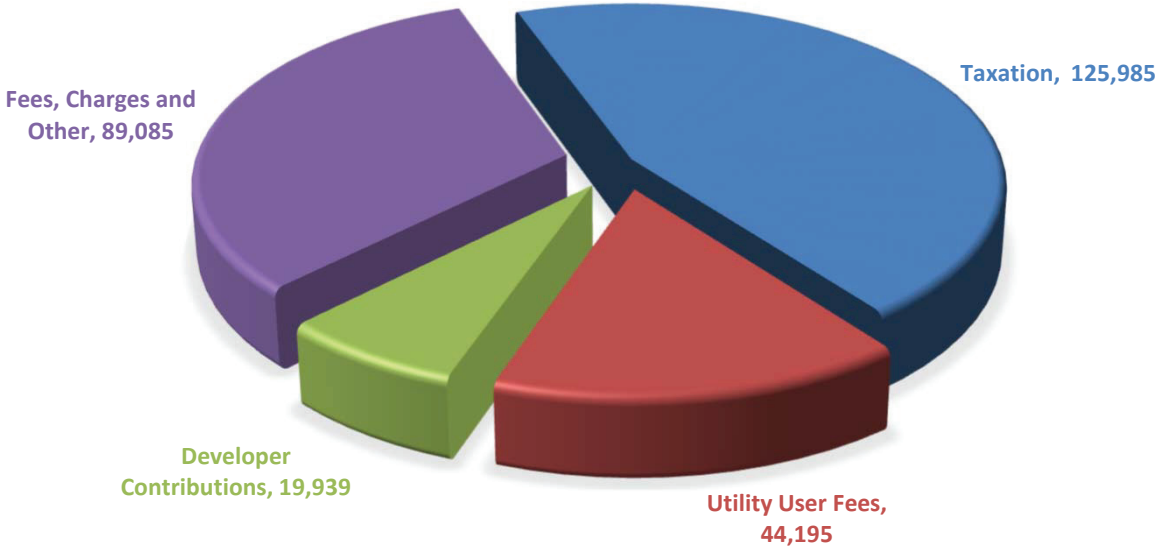


Operating & Capital Expenses By Object - 2013 to 2017

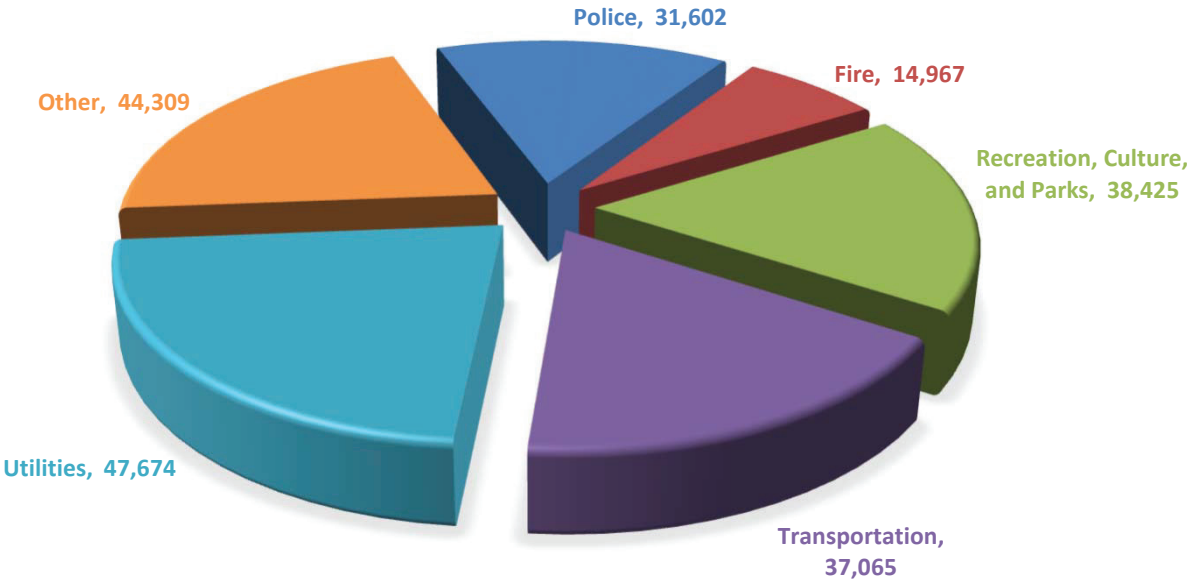
(Amounts in \$000's)
(Source - Township of Langley)



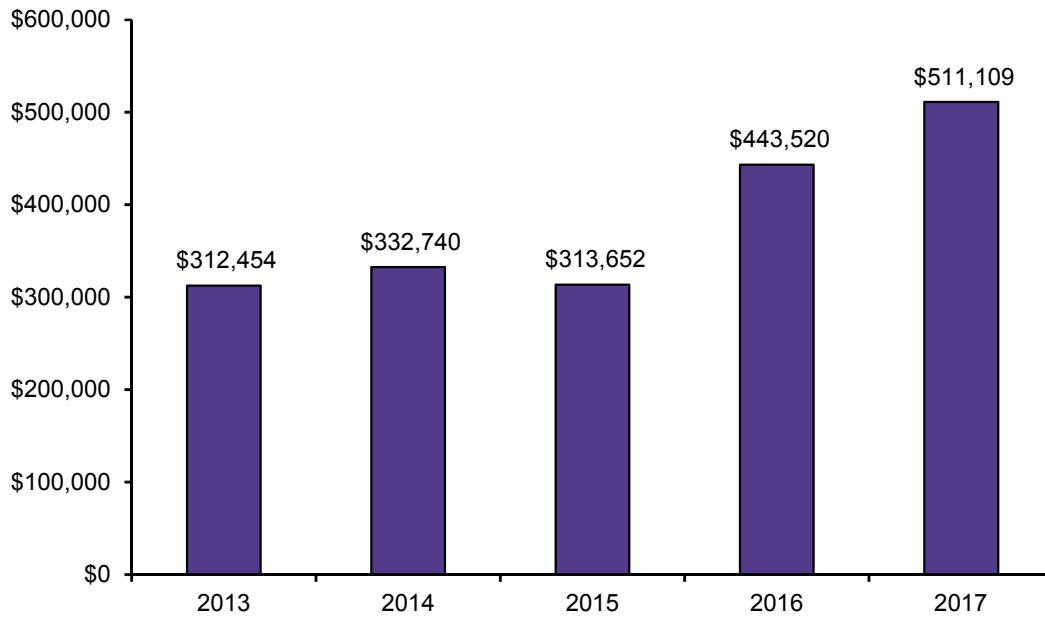
**2017 TOTAL TOWNSHIP REVENUE
(AMOUNTS IN \$000'S)
(SOURCE - TOWNSHIP OF LANGLEY)**



**2017 TOTAL TOWNSHIP EXPENSES
(AMOUNTS IN \$000'S)
(SOURCE - TOWNSHIP OF LANGLEY)**

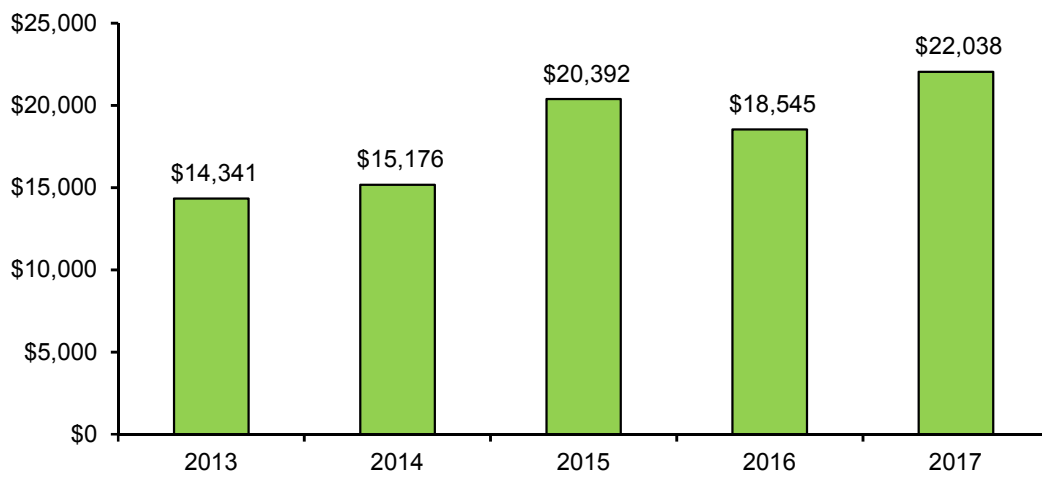


Building Permit Values - 2013 to 2017
 (Amounts in \$000's)
 (Source - Township of Langley)

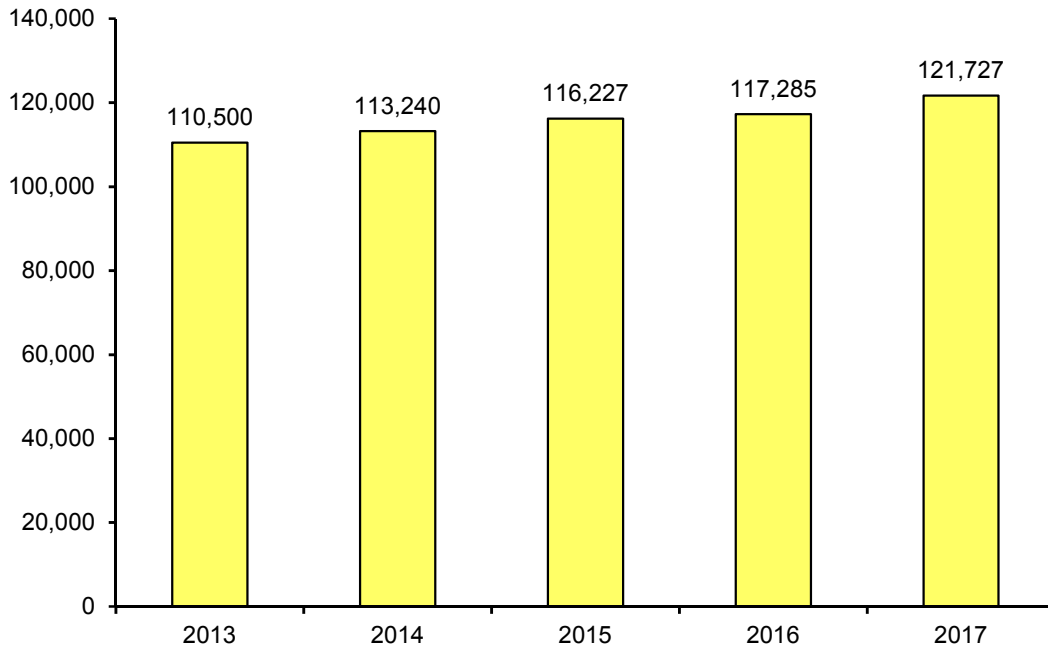


diane

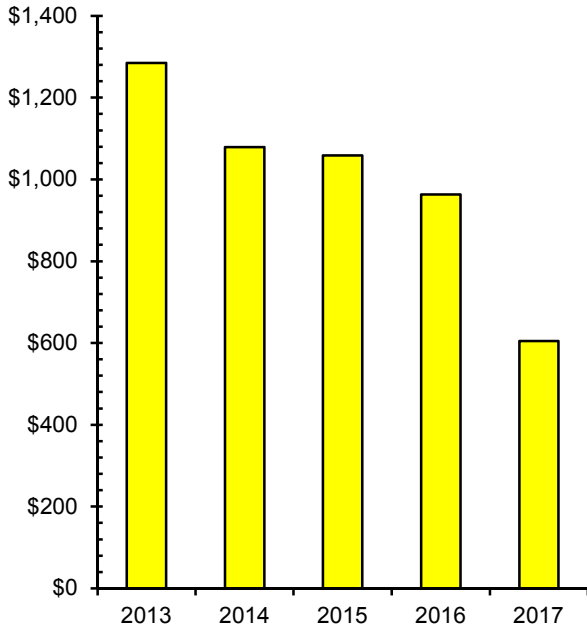
Net Development Cost Charge Receipts - 2013 to 2017
 (Amounts in \$000's)
 (Source - Township of Langley)



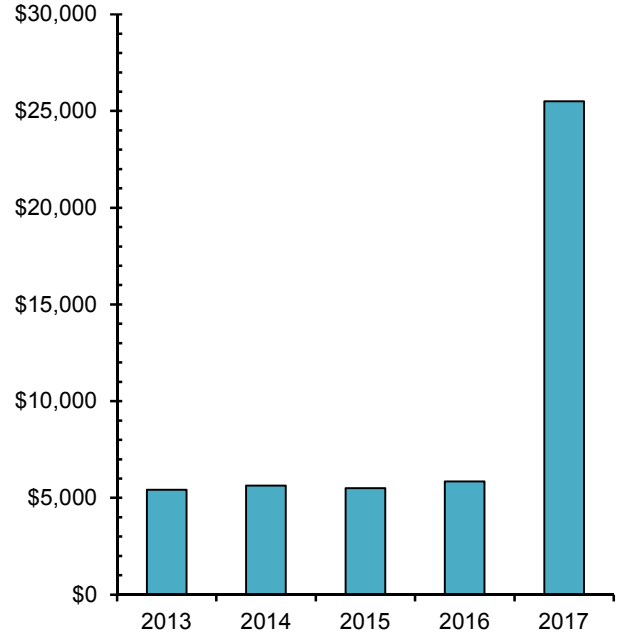
Population Estimates - 2013 to 2017
(Source - BC Stats 2017, Township of Langley 2013, 2014, 2015, 2016)



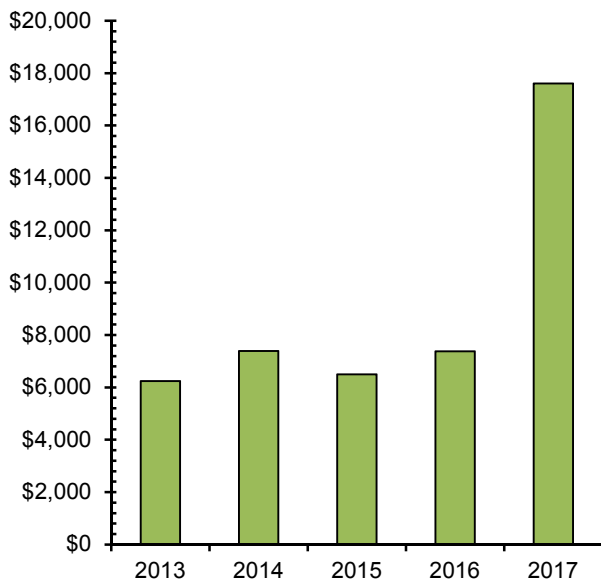
General Capital Reserve
2013 to 2017
(Amounts in \$000's)



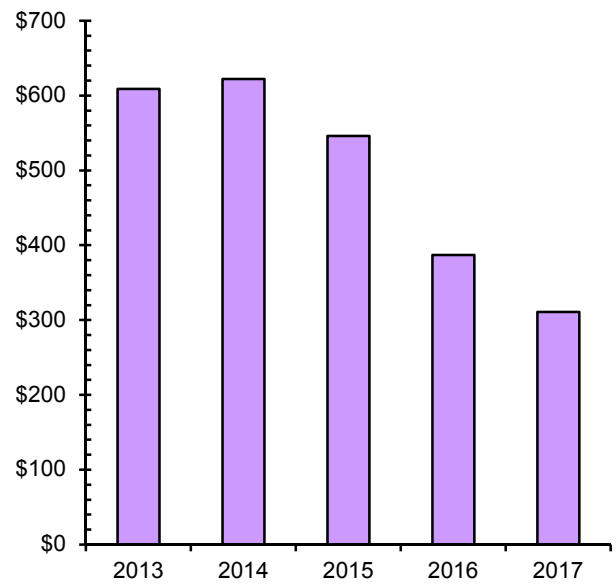
Water Capital Reserve
2013 to 2017
(Amounts in \$000's)



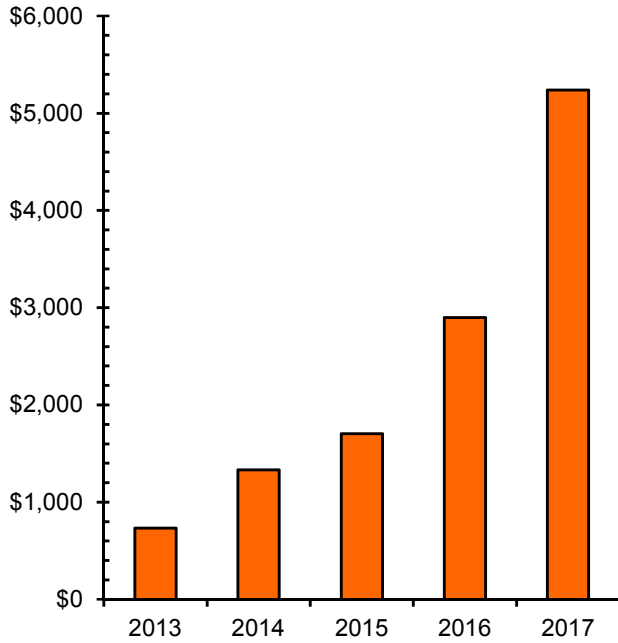
Sewer Capital Reserve
2013 to 2017
(Amounts in \$000's)



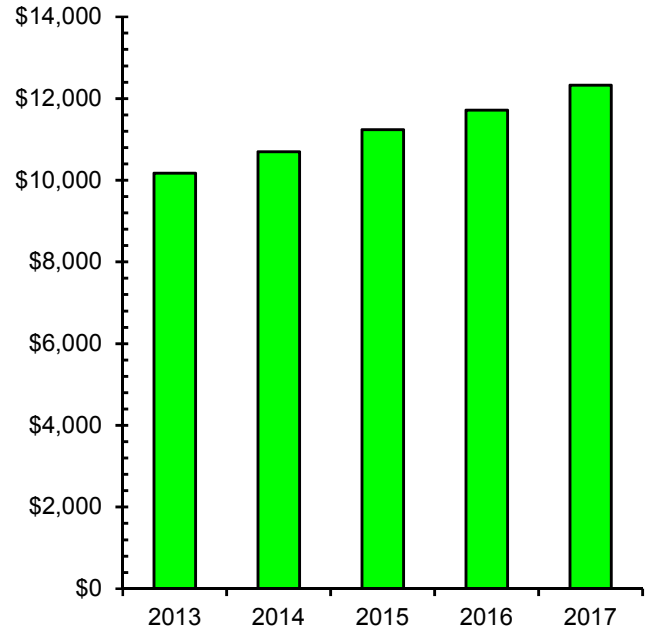
Stormwater Capital Reserve
2013 to 2017
(Amounts in \$000's)



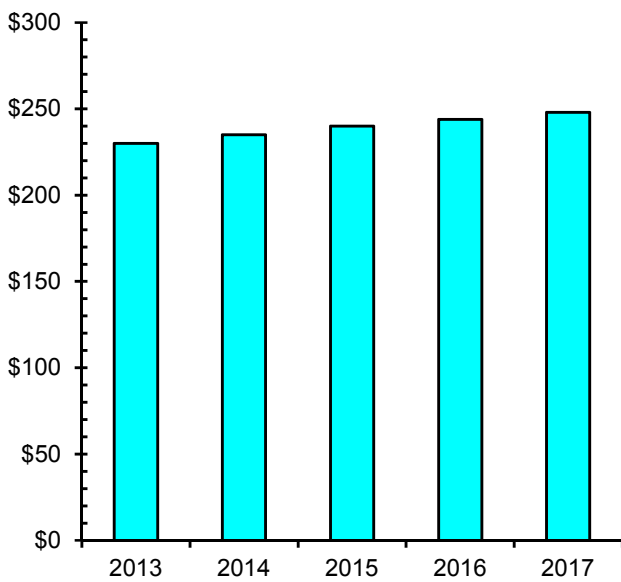
Fire Capital Reserve
2013 to 2017
(Amounts in \$000's)



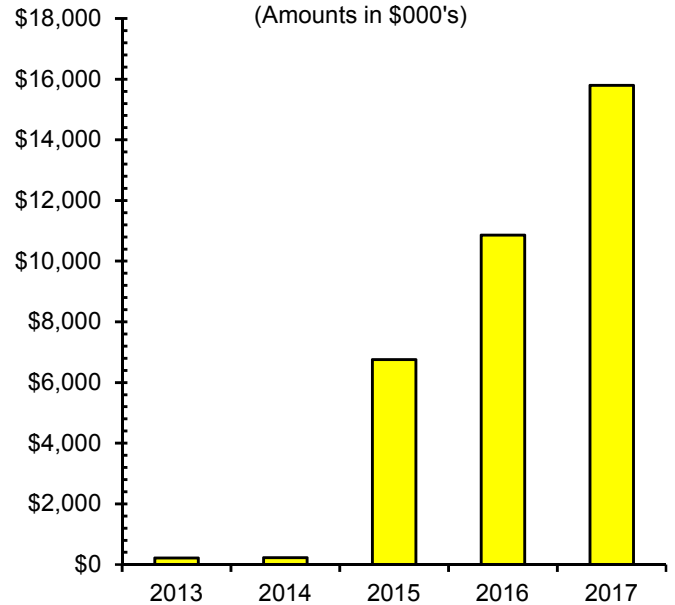
Local Area Service Reserve
2013 to 2017
(Amounts in \$000's)



Tax Sale Reserve
2013 to 2017
(Amounts in \$000's)



Debt Reserve
2013 to 2017
(Amounts in \$000's)





CA18-182

Township of Langley

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