



DISTRICT OF HUDSON'S HOPE

Annual Municipal Report

2018

Fiscal Year Ending December 31, 2018





2018 Annual Municipal Report

Fiscal Year Ending December 31, 2018

Phone: 250-783-9901

Fax: 250-783-5741

9904 Dudley Drive, Hudson's Hope, BC V0C 1V0

www.hudsonshope.ca

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Message from the Mayor

On behalf of Council, I am pleased to present the 2018 Annual Report for the District of Hudson's Hope. For those who may not be aware, the preparation and communication of the Annual Report is a requirement under the Community Charter which is basically the Rule Book that all municipal governments in BC are required to follow.

As your newly elected Mayor since November of last year, I want to start my message by recognizing past members on Council in particular former mayor Gwen Johansson for their service to the community. Thank you for your significant contributions.

2018 was a busy year for the District.

- We completed work on the 500 kilowatt solar generating project. The project received two awards at the annual UBCM Conference in September and will help the District lower utility costs over the coming years.
- Work on the Lucas Subdivision was completed in 2018. This twenty-seven (27) lot subdivision was developed in cooperation with BC Hydro. One of the lots in the subdivision is currently being developed and will become an Essential Services Home that available to health care professionals or other individuals with needed skills in the District.
- We continue to meet with BC Hydro representatives regarding the Site C project as Hudson's Hope is the most impacted community in the region.
- In December 2018, Council and senior administration met to lay out the strategic objective over our four-year term. These three priority areas include:
 1. Providing quality infrastructure services in a sustainable manner.
 2. Providing quality recreational and cultural opportunities in an affordable manner.
 3. Encouraging economic growth and development in the area.

Lastly, I would personally thank all of the residents and businesses that choose to make Hudson's Hope – Playground of the Peace their home.

Dave Heiberg
Mayor



Responsibilities of the Mayor and Council

Mayor and Council were elected on October 20, 2018 for a four-year term. The role of Council is spelled out in the Community Charter with every member of Council having the following responsibilities:

- to consider the well-being and interests of the municipality and its community;
- to contribute to the development and evaluation of the policies and programs of the municipality respecting its services and other activities;
- to participate in council meetings, committee meetings and meetings of other bodies to which the member is appointed;
- to carry out other duties assigned by the council;
- to carry out other duties assigned under this or any other Act.

Council general meets two times per month (second and fourth Monday). Meetings are held at the Council Chambers at the District Office starting at 6:00 p.m. unless otherwise noted. Meetings are open to the public.



Left to Right: Councillor Quibell, Councillor Markin, Councillor Gibbs, Mayor Heiberg, Councillor Paice, Councillor Miller, Councillor Summer.

Mayor and Council



Mayor Dave Heiberg

Mayor Heiberg was elected as Mayor in October of 2018 following a By Election.

Contact Information:

Email mayor@hudsonshope.ca

Work: 250.783.9901

Cell: 250.783.0816



Councillor Travous Quibell

travous@hudsonshope.ca

Cell: 250.783.0812



Councillor Valerie Paice

valerie@hudsonshope.ca

Cell: 250.783.0746



Councillor Kelly Miller

kelly@hudsonshope.ca

Cell: 250.783.0819



Councillor Mattias Gibbs

mattias@hudsonshope.ca

Cell: 778.204.6878



Councillor Pat Markin

Patricia@hudsonshope.ca

Cell: 250.783.0769



Councillor Leigh Summer

Leigh@hudsonshope.ca

Cell: 250.783.0758

Message from the Chief Administrative Officer

The Chief Administrative Officer is Council's lone employee and acts as the liaison between the Mayor and District Council and staff.

Many changes took place during 2018, including myself being hired as interim CAO in July. Other significant staffing changes included the hiring of a Director of Public Works in December 2018. Our Bylaw Enforcement/Safety Officer resigned in August and funding for the position was transferred to the Public Works Department to hire a Public Works Manager who started in early January 2019. Bylaw Enforcement was transferred back to the Protective Services Department. Due to these staffing challenges, the District was not able to implement some of our capital works programs including upgrades to the Beattie Street Lift Station and replacement of water main valves. These projects have been approved through the 2019 budget process and planning work is currently underway.

In terms of our workforce, the District has twenty-one permanent employees. In the summer, our staffing numbers generally increase by ten to fifteen seasonal and temporary employees who are brought on to work at our swimming pool, visitor centre, recreation programs, campgrounds, and to cut grass and maintain our public spaces. For being a small municipality with a large footprint (boundary), our staff do an amazing job and I am truly appreciative of the dedication of the men and women who choose to work for the District.

Chris Cvik
Interim CAO



Description of Municipal Services

Some of the services provided by the District of Hudson's Hope.

PUBLIC WORKS DEPARTMENT	
Water System	Provide potable water distribution and treatment, and fire hydrants for fire protection.
Sewer System	Provide Wastewater collection and treatment system including operations and maintenance of sewer lift stations.
Road Maintenance	Includes snow removal, road paving and patching, crack repair, street sweeping, maintaining storm pipes and ditches, culverts, and sidewalks, curb and gutters maintenance.
Solid Waste Collection	Provide residential and commercial solid waste (garbage) collection and disposal through contracted service.
Recycling	Provide centralized recycling through a contracted service.
Parks and Recreation Facilities	Maintain District owned campgrounds, parks and facilities including Arena, Outdoor Swimming Pool, Curling Rink, and Community Hall.
Cemetery Services	Provide burial and cremation internments.
Airdrome	Maintain the airstrip and surrounding green space.
PROTECTIVE SERVICES DEPARTMENT	
Animal Control	Provision of animal control services.
Bylaw Enforcement	Bylaw enforcement is mandated to promote and enforce overall compliance with the District's bylaws that pertain to health, safety and welfare of the community.

Emergency Management	The District's municipal Emergency Program guides the District's actions to prepare for, respond to and recovery from major emergencies. The program includes the development, maintenance, and updating of the District's Emergency Plan as well as coordinating the physical locations for Emergency Operations Center.
Fire Department	Hudson's Hope Fire and Rescue Service protects life, property, and the environment through the provision of fire prevention/life safety education, emergency preparedness, fire suppression, first responder medical response and rescue services to the citizens of, and visitors to the District of Hudson's Hope.
ADMINISTRATION	
Building Inspection	Provide building inspection services in compliance with Provincial building, plumbing and fire code regulations.
Planning & Development (Zoning and Land Use)	Administer the Official Community Plan and ensure land use development is in compliance with approved zoning and subdivision development regulations.
Tourism	Operate the Visitor Centre and promote Hudson's Hope as the 'Playground of the Peace'.
Recreation Centre and Programs	Provide recreational facilities and programs to residents in the District and surrounding areas within the Peace River Regional District.

2018 Municipal Objectives and Progress Measures

DEPARTMENT	OBJECTIVE	STRATEGIES	MEASURES	PROGRESS
Government and Administration	Chief Administrative Officer Position	Hire Interim CAO; Hire a CAO for the indeterminate position	Advertise for 1 full-time.	Hired Interim CAO in July for a one-year contract.
	By law Enforcement	Implement enforcement through Bylaw Adjudication System	Priority Regulatory Bylaws enforced through adjudication	Bylaw Officer Resigned, funding moved to Public Works. Bylaw handled by Protective Services.
	Purchase SUV, Trade in Prius	Advertise tender offers in spring	Award tender in summer	No activity undertaken in 2018. Expected to be actioned in 2019.
	Ensure Water & Sewer utility rates cover the cost of delivery.	To assess rates and develop a financial revenues plan to recover costs, over time.	Implement this plan in 2017 over five to ten years until surplus is realized.	No action taken in 2018. Opportunity to bench mark other municipal rates for comparison.
Planning and Development	Coal Industry	Continue to work closely with the four proposed mines to ensure their impacts on the community are positive and that in- community housing is realized	Mines to operate in a standard acceptable to the community and the workforce and their families to be residents of the community	No activity in 2018. No anticipated mineral activity in the District in 2019.
	Use District owned lands to create new housing opportunities	To engage public and developers for their comments.	To target and identify corporations that this strategy can benefit them.	Twenty-seven (27) lot Lucas Sub-division completed. Provided land to Hudson's Hope Health Care & Housing Society for future expansion.
	Secondary Industry	Look for opportunities to attract secondary industries to diversify the economy from extraction activities only	Contracted Integrated Economic Solutions to assist in this project. Have four interested developers to acquire properties in the District of Hudson's Hope.	No action undertaken in 2018. Council approved updated report on costs to develop Light-Industrial sub-division in 2019.
	Prepare a communications strategy that includes public engagement methods, social media, community satisfaction surveys and media relations	Obtain assistance from consultants	To have strategy finalized by end of 2016	No action taken in 2018.

Tourism	Partnerships and Promotional Material	Continue expanding facility signage Develop a regional marketing plan Prepare trade show booths targeting tourism and economic opportunities Implement the agreement with the West Moberly First Nation and start discussions with the Sauleau First Nation.	Marketing Plan adopted Panels for trade booth competed. Regular meetings established with WMFN and Sauleau FN Discussions with NDIT and applying for grants to assist local business.	Starting to meet with WMFN and Sauleau in regards to TLE and TLA land settlement and impacts within the municipal boundaries.
	ATV Campgrounds	Plan to develop two ATV campgrounds around the Dinosaur Campground area.	Received License of Occupation and Offer of Tenure from FLNRO for one ATV campground area. To approve and sign.	No action taken in 2018. Council approved \$100,000 funding in 2019 Capital Budget for development.
	Advance construction of ATV park.	Access grant funding.	ATV Park Deferred.	No action taken in 2018.
	Sidewalks and Trails		Resubmit applications in 2017/18.	No action taken in 2018.
	Curling Rink Light Replacement	Tender for bids summer of 2018	Award tender summer 2018.	No action taken in 2018.
	Facilities Signage	Access NDIT Trails program	Additional facility signs to be ordered for the New Public Works Shop, water treatment facility sign, lagoons	No action taken in 2018.
	Skateboard Park	Tender for skateboard park design	Award design tender. Construct in 2019.	No action taken in 2018.
	Improve Existing Recreation Facilities	Minor Pool upgrades: water slide, pool cover, wall awnings, break room, dish tub sink, patio heater, boiler	Installation of upgrades to be completed by fall of 2018.	Minor upgrades to pool completed in 2018 and 2019
Economic Development	Develop a marketing strategy to help stimulate population growth in the community, including downtown improvements	Create strategy to communicate and market Atkinson residential property, airstrip and Light Industrial Area to bring in large business to make use of these areas	To identify and target corporations that this strategy can benefit and to have discussion on this matter by end of 2018.	No action taken in 2018.
	Meet with resource companies to encourage locating resource-based housing for their staff within the District of Hudson's Hope boundaries where services exist (action led by Mayor and CAO)	Create strategy to communicate and market Atkinson residential property and other privately-owned properties for subdivision development.	To identify and target developers and industry to develop aforementioned areas.	No action taken in 2018.

	Participate in discussion promoting additional air carriers at Fort St John Airport (action led by Council)	Continue to maintain a Councillor / Representative on the North Peace Airport Society representing Council and its concerns	Increasing new carriers and or more flights at FSJ airport	Continued to attend meetings and participate on the North Peace Airport Society Committee in 2018.
Taxation	Fairness and Equity	Continue negotiations with province on GIL Tax ratio issues	To realize increased GIL revenues.	No property tax increase in 2018 and 2019. Opportunity to bench mark other municipal rates for comparison.
	Meet with the Province to discuss continuation of provincial grants in lieu of District of Hudson's Hope.	Build a business case to present to Province that underlines the need for sustainable tax revenue outside of increasing of property tax – due to low population.	To realize increased GIL revenues.	No action taken in 2018.
	Work with BCH and BC Assessment in regards to newly exempted GIL properties for Site C.	To increase one time payment BCH is offering	To resolve by end of 2017	Continuing to meet regarding the Partnership Relationship Agreement.
Operational Priorities	Vehicle/Heavy Operating Replacement Project	Purchase, Gravel Truck; 1- ton recycling flat bed Truck, 2 ¾ ton pick-up trucks, Fire Department rescue truck, prius trade in	Purchase of assets to be completed by end of 2018	Did not purchase equipment in 2018. Loader purchased & admin vehicle lease approved through the 2019 budget.
	Assess need for 3-way vacuum truck	If required assess design during the year.	To advertise tender offers in 2019.	Did not purchase equipment in 2018. Not in 2019 budget. Rent as required.
	Downtown Enhancements	Access NDI facade program	Complete by 2018.	No action taken in 2018.
	Beattie Sewer lift station upgrade	To secure funding through the Strategic Priorities Fund	Scope of work to be developed and RFP to be sent out by August of 2018	No action taken in 2018. Approved in 2019 Capital budget.
	Water Main Replacement Program 2013 to 2023	To apply for BCF grant for 2014/15 intake to replace water and sewer mains; consultations with public through draft borrowing bylaw – deferred to later date.		No action taken in 2018. Water Valve Replacement project approved in 2019 Capital budget.
	Develop a road management plan as part of the asset management plan	To apply for Federal Gas Tax – Strategic Priorities Funding for Capacity Building to complete an Asset Management Plan including training. Intend to train an individual regardless of receiving funding as per staffing plan.	Have the road management plan competed by 2016. To research EK35 product in 2016 for inclusion in 2017 budget.	No action taken in 2018. 2019 budget has \$10,000 for capital equipment to assist with asset inventory. Summer employee hired in 2019 to work on inventory.

	Ensure that there is a replacement plan for all new infrastructure and consider operating costs in developing that plan	To apply for Federal Gas Tax – Strategic Priorities Funding for Capacity Building to complete an Asset Management Plan including training. Intend to train an individual regardless of receiving funding as per staffing plan.	Have all historical data of each asset entered in a Works Management software program by 2016 with preventive maintenance schedule complete for each asset	No action taken in 2018. Developed 10-year Capital Plan in conjunction with 2019 budget.
	Beryl Prairie Well Upgrade	Receive quotes by August 2017	Complete work by fall of 2018	No action taken in 2018. Project approved in conjunction with 2019 budget.
	Evaluate cost recovery methods for existing and new infrastructure	To apply for Federal Gas Tax – Strategic Priorities Funding for Capacity Building to complete an Asset Management Plan including training. Intend to train an individual regardless of receiving funding as per staffing plan.	Have all historical data of each asset entered in a Works Management software program by 2016 with preventive maintenance schedule complete for each asset	No action taken in 2018. Developed 10-year Capital Plan in conjunction with 2019 budget.
Protective Services	Wild Fire Protection	Conduct strategic fuel fire treatment project in Beryl Prairie	To complete in 2017.	Project Completed. Submission of final reported to be submitted in 2019.
		Train fire department to BC wildfire SPP-WFF 1 standard	Percentage of department trained to WFF-1 standard	On-going. Estimated 90% completion (85% previously).
		Procure additional wildfire firefighting equipment including approved forestry coveralls and additional structural protection sprinkler kits.	Procure equipment and initiate training.	Completed. On-going.
	Structural Fire Training	Implement lesson plans, qualify in-house instructors, improve training record keeping, deliver approved curriculum.	Percentage of required modules completed	No change. On-going. Estimated 76% completion (76% previously)
	Improve fire department infrastructure	Replace unserviceable and inefficient building services equipment. Address building maintenance issues.	Replace hot water heater downtown, replace space heaters downtown and BP fire halls. Replace current septic field at BP hall. Refinish bay floors downtown hall.	Projects completed except for septic field at PB Firehall. Septic tank replacement project approved in conjunction with 2019 budget.
		Tender work for 2 nd floor addition in downtown Fire Hall	Close tender bidding by end of spring and install before end of fall.	Postponed due to budgeting requirements. Not included in 2019 budget.
	Purchase Fire Department Rescue Truck	Award tender by summer 2018	Purchase by December 31, 2018	Postponed due to budgeting requirements. Investigating option to purchase used

				equipment instead of new.
	Emergency Operations Centre and EOC Training	Apply for funding; continue to identify training opportunities, and train staff for EOC roles	Training level of EOC staff.	On-going
	Warning Sirens – repair/replacement	Research alternatives to current system.		Everbridge mass communication system is now available. Will be bringing a report to Council in 2019 regarded existing towers.

2019 Anticipated Objectives and Measures

DEPARTMENT	OBJECTIVE	STRATEGIES	MEASURES	PROGRESS
Public Works	Provide quality infrastructure services in a sustainable manner.	<ul style="list-style-type: none"> Asset Management – Establish inventory and condition of assets Research asset management software that is compatible with existing financial software. Complete repair work on Beattie Street Lift Station. Complete replacement work on seven remaining water valves and hydrants. 	<ul style="list-style-type: none"> Percentage completion of inventory of municipal assets. Asset management software that is compatible with existing financial software has been identified and will be budgeted for 2020 if necessary. Repair work on Beattie Street Lift Station is completed on time and within budget. Replacement work on seven remaining water valves and hydrants is completed on time and within budget. 	
Government and Administration	Encourage economic growth and development in the area.	<ul style="list-style-type: none"> Complete remediation – Lucas/Atkinson deficiencies. Develop Marketing Plan – how are we going to sell the lots Update costs and apply for grant to assist with development of light industrial sub-division Develop a process to monitor capital spending for Council's consideration (this is during the entire process, planning, during, post). Website Update Promotion – Solar panels, electric cars 	<ul style="list-style-type: none"> Lucas/Atkinson subdivision deficiencies completed within budget Marketing Plan completed Update cost report on development costs for light industrial sub-division completed. Grants applied for. Internal process developed and implemented to monitor capital spending. Website Update completed Promotion activities undertaken to promote Solar Panel Array system, electric cars. 	

<p>Recreation</p>	<p>Provide quality recreational and cultural opportunities in an affordable manner.</p>	<ul style="list-style-type: none"> • Develop a plan and budget for repairs to the Pool that address the pool membrane and hydro chlorination pump systems. This is a short-term solution that will allow the pool to operate in 2019. • Develop recommendation for long term facility replacement – Recreation Committee. Committee to provide Quarterly Reporting to Council. 	<ul style="list-style-type: none"> • Short term repairs approved and completed within budget. • Strategy for long term facility replacement completed. Quarterly Reporting to Council. 	
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2018 Statement of Disqualifications

There were no Councillors disqualified during 2018.

2018 Statement of Tax Exemptions

July 9, 2018 Regular Council Meeting

PERMISSIVE TAX EXEMPTIONS Reference Bylaw No. 834, 2014

The following buildings and land received exemption from taxation for the 2018 taxation year as per sections 220 & 224 of the *Community Charter*.

Roll#	Organization	Class	Assessment	Tax Rate	Total Tax Exempted
01035.000	Double H Saddle Club	6	45,000 (bldg)	17.2698	777.14
		8	77,200 (land)	6.8288	527.18
04303.000	Peace Valley Community Church	8	59,600 (bldg)	6.8288	406.99
		8	43,800 (land)	6.8288	299.10
04304.000		8	30,700 (land)	6.8288	209.64
04955.000	Double H Saddle Club	6	48,900 (bldg)	17.2698	844.49
		8	69,500 (land)	6.8288	474.60
40420.010	Hudson's Hope Historical Society	6	15,300 (bldg)	17.2698	264.23
		8	163,000 (land)	6.8288	1,113.09
40420.020		6	30,400 (bldg)	17.2698	525.00
		8	17,800 (land)	6.8288	121.55
01655.000	Helen Rand Ruxton	6	18,500 (land)	17.2698	319.49
00569.100	Hudson's Hope Evangelical Free Church	6	40,500 (land)	17.2698	699.42
		8	40,400 (land)	6.8288	275.88
		8	258,00Q (bldg)	6.8288	1,761.83
40420.040	The Anglican Synod of the Diocese of Calendonia	8	170,800 (bldg)	6.8288	1,166.36
		8	104,100 (land)	6.8288	710.88
17101.510	Hudson ' s Hope Health Care Housing	6	1,953,000 (bldg)	17.2698	33,727.92
		6	74,400 (land)	17.2698	1,284.87
00594.000	Bullhead Mountain Curling Club	6	1,135,000 (bldg)	17.2698	19,601.22
		6	95,100 (land)	17.2698	1,642.36
00586.000	Hudson ' s Hope Community Hall	6	436,000 (bldg)	17.2698	7,529.63
		6	47,300 (land)	17.2698	816.86
41090.010	Hudson's Hope Rod & Gun Club	6	48,100 (bldg)	17.2698	830.68
		8	50,900 (land)	6.8288	347.58
41091.010		8	108,000 (land)	6.8288	737.51
41027.100	Hudson ' s Hope Ski Association	6	174,000 (land)	17.2698	3,004.95

2018 Audited Financial Statements

Consolidated Financial Statements of



DISTRICT OF HUDSON'S HOPE

Year ended December 31, 2018



**HUDSON'S
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DISTRICT OF HUDSON'S HOPE

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**HUDSON'S
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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the District of Hudson's Hope (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.

Mr. Chris Cvik
Chief Administrative Officer

Mrs. Rhonda Eastman
Deputy Treasurer





KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Tel (250) 563-7151
Fax (250) 563-5693

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of District of Hudson's Hope

Opinion

We have audited the consolidated financial statements of District of Hudson's Hope, (the "District") which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2018 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and those Charged with Governance for the Financial Statements

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



In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

April 16, 2019



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DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents (note 2)	\$ 5,416,404	\$ 3,964,852
Accounts receivable (note 3)	451,813	1,111,607
Deposit - Municipal Finance Authority	497	486
	<u>5,868,714</u>	<u>5,076,945</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 4)	301,942	628,784
Reserve - Municipal Finance Authority	497	486
Deferred revenue (note 5)	528,160	528,160
Debt, net of sinking funds (note 6)	11,538	14,151
	<u>842,137</u>	<u>1,171,581</u>
Net financial assets	5,026,577	3,905,364
Non-financial assets:		
Tangible capital assets (note 7)	21,208,775	23,514,500
Land held for resale	1,354,003	-
Prepaid expenses	78,843	-
	<u>22,641,621</u>	<u>23,514,500</u>
Accumulated Surplus (note 8)	\$ 27,668,198	\$ 27,419,864

Commitments and contingencies (note 9)

See accompanying notes to consolidated financial statements.

 
 Chief Administrative Officer
 
 Mayor



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DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018	2017
Revenue:			
Net taxation revenue (note 11)	\$ 2,045,573	\$ 2,042,293	\$ 2,077,487
Grants in lieu of taxes	1,558,733	1,645,129	1,553,215
Sales of services and user charges (note 12)	914,250	589,984	663,334
Other revenue from own sources	149,250	159,296	139,348
Government transfers: (note 13)			
Provincial	1,474,647	1,496,816	4,960,249
Federal	90,378	193,450	133,719
Total revenue	6,232,831	6,126,968	9,527,352
Expenses:			
General government services and administration (note 14)	1,007,392	2,583,135	1,846,988
Protective services	351,350	276,214	244,916
Public works services	1,184,705	1,190,261	988,639
Environmental and public health services	187,519	176,631	109,536
Environmental development services	52,100	44,356	31,312
Recreation and cultural services	1,207,788	933,610	982,860
Planning, development and bylaw services	291,857	149,991	145,924
Water utility and sanitary sewer systems	523,763	524,436	422,905
Total expenses	4,806,474	5,878,634	4,773,080
Annual surplus	1,426,357	248,334	4,754,272
Accumulated surplus, beginning of year	27,419,864	27,419,864	22,665,592
Accumulated surplus, end of year	\$ 28,846,221	\$ 27,668,198	\$ 27,419,864

See accompanying notes to consolidated financial statements.



DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Change In Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018	2017
Annual surplus	\$ 1,426,357	\$ 248,334	\$ 4,754,272
Acquisition of tangible capital assets	(2,399,876)	(902,486)	(8,134,935)
Amortization of tangible capital assets	-	979,194	795,723
Loss (gain) on sale of tangible capital assets	-	535,293	23,661
Proceeds on sale of tangible capital assets	-	339,721	42,508
	(973,519)	1,200,056	(2,518,771)
Use (acquisition) of prepaid expenses	-	(78,843)	38,880
Change in net financial assets	(973,519)	1,121,213	(2,479,891)
Net financial assets, beginning of year	3,905,364	3,905,364	6,385,255
Net financial assets, end of year	\$ 2,931,845	\$ 5,026,577	\$ 3,905,364

See accompanying notes to consolidated financial statements.



DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 248,334	\$ 4,754,272
Items not involving cash:		
Amortization of tangible capital assets	979,194	795,723
Loss on sale of capital assets	535,293	23,661
Changes in non-cash operating working capital:		
Accounts receivable	659,794	(861,997)
Accounts payable and accrued liabilities	(326,842)	381,654
Unearned revenue	-	528,160
Prepaid expenses	(78,843)	38,880
	<u>2,016,930</u>	<u>5,660,353</u>
Capital activities:		
Proceeds on sale of tangible capital assets	339,721	42,508
Acquisition of tangible capital assets	(902,486)	(8,134,935)
	<u>(562,765)</u>	<u>(8,092,427)</u>
Financing activities:		
Repayment of long term debt	(2,613)	(2,512)
	<u>1,451,552</u>	<u>(2,434,586)</u>
Increase (decrease) in cash and cash equivalents	1,451,552	(2,434,586)
Cash and cash equivalents, beginning of year	3,964,852	6,399,438
Cash and cash equivalents, end of year	<u>\$ 5,416,404</u>	<u>\$ 3,964,852</u>

See accompanying notes to consolidated financial statements.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

Nature of operations:

The District of Hudson's Hope (the "District") was incorporated in 1965 as a District Municipality under the Community Charter, formerly the Municipal Act, a statute of the Province of British Columbia. Its principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water, sanitary sewer and fiscal services.

1. Significant accounting policies:

The consolidated financial statements of the District are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the District and which are owned or controlled by the District.

(ii) Accounting for Region and School Board Transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operation of the Region and the School Board are not reflected in these consolidated financial statements.

(iii) Trust funds:

Trust funds and their related operations administered by the District are not included in these consolidated financial statements.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(b) Basis of accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Revenue recognition:

The District recognizes revenue in accordance with the provisions of the Community Charter. The District is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the District's taxation revenues.

Revenue unearned in the current period is reported on the consolidated statement of financial position as deferred revenue.

(d) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding agency or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(e) Cash and cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(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 that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Building and site improvements	10 - 50
Machinery and equipment	5 - 25
Engineering structures	15 - 40
Water and sanitary sewer infrastructure	15 - 40

Annual amortization is charged in the year that an asset becomes available for productive use and in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are tested annually for any impairment in value, continued usefulness of the assets and related carrying values. Any impairment in carrying value would be recorded in the period that the impairment occurs.

(ii) Contributions to tangible capital assets:

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

(iii) Interest capitalization:

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



**HUDSON'S
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DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Items subject to such estimates and assumptions include the carrying amount of tangible capital assets. Actual results could differ from these estimates.

(h) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the organization is directly responsible or accepts responsibility for the liability;
- iv) future economic benefits will be given up, and
- v) a reasonable estimate of the liability can be made.

(i) Land held for sale:

Land held for sale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

(j) Government transfers:

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statements of operations as stipulations for liabilities are settled.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

2. Cash and cash equivalents:

Cash and cash equivalents is comprised of cash balances and short-term investments held with the Northern Peace Savings and Credit Union as follows:

	2018	2017
Cash	\$ 3,126,311	\$ 1,869,118
Short-term investments	2,290,093	2,095,734
	\$ 5,416,404	\$ 3,964,852

3. Accounts receivable:

	2018	2017
Grants	\$ 251,634	\$ 763,832
Sales tax	32,331	158,243
Other	83,925	136,571
Taxes	83,923	52,961
	\$ 451,813	\$ 1,111,607

4. Accounts payable and accrued liabilities:

	2018	2017
Accounts payable - trade	\$ 130,915	\$ 479,759
Wages and related costs payable	169,910	129,253
Government remittances	-	18,023
Other	1,117	1,749
	\$ 301,942	\$ 628,784



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

5. Deferred revenue:

	2018	2017
Partnering relationship agreement	\$ 528,160	\$ 528,160

6. Debt, net of sinking funds:

The District issues debt instruments through the Municipal Finance Authority of British Columbia ("MFA"), pursuant to security issuing bylaws under authority of Section 178 of the Community Charter, to finance certain capital expenditures.

Purpose	Interest rate	Year of maturity	Debenture debt	Sinking Fund Assets	Net debt 2018	Net debt 2017
General fund:						
711 Local improvements	4.60%	2022	15,926	4,388	11,538	14,151
			\$ 15,926	\$ 4,388	\$ 11,538	\$ 14,151

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

(a) Aggregate repayments of principal over the next five years are estimated as follows:

	Total
2019	\$ 1,765
2020	1,765
2021	1,765
2022	1,765
	7,060
Estimated sinking fund income	4,478
	\$ 11,538



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

6. Debt, net of sinking funds (continued):

(b) The District has the following un-issued loan authorization at December 31, 2018.

Bylaw Number	Date	Purpose	2018
711	January 15, 2008	12 mile road extension	\$ 45,742

(c) Sinking fund instalments are invested by the MFA and earn income which, together with principal payments, are expected to be sufficient to retire the sinking fund debt at maturity. For sinking fund agreements, the MFA has established either a normal sinking fund or a capital repayment equalization fund.

(d) The District has established a \$400,000 operating line of credit, which bears interest at prime and is secured by term deposits and accounts receivable. As at December 31, 2018 borrowing against the operating line of credit was nil (2017 - nil).



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Tangible capital assets:

	2018							Total
	Land	Buildings and site improvements	Machinery and equipment	Engineering structures	Water infrastructure	Sanitary sewer infrastructure		
Cost:								
Balance, beginning of year	\$ 3,496,925	\$ 9,761,029	\$ 6,901,249	\$ 5,775,518	\$ 5,575,190	\$ 3,610,952	\$ 35,120,863	
Additions	59,625	-	217,752	133,599	-	491,510	902,486	
Disposals	(872,884)	-	-	-	-	(5,325)	(878,209)	
Reclass for assets held for sale	(1,354,003)	-	-	-	-	-	(1,354,003)	
Balance, end of year	1,329,663	9,761,029	7,119,001	5,909,117	5,575,190	4,097,137	33,791,137	
Accumulated amortization:								
Balance, beginning of year	-	2,979,284	2,657,111	3,360,582	2,145,981	463,405	11,606,363	
Amortization expense	-	229,594	382,959	132,164	130,667	103,809	979,193	
Disposal	-	-	-	-	-	(3,194)	(3,194)	
Balance, end of year	-	3,208,878	3,040,070	3,492,746	2,276,648	564,020	12,582,362	
Net book value, end of year	\$ 1,329,663	\$ 6,552,151	\$ 4,078,931	\$ 2,416,371	\$ 3,298,542	\$ 3,533,117	\$ 21,208,775	



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Tangible capital assets (continued):

	2017						
	Land	Building and site improvements	Machinery and equipment	Engineering structures	Water infrastructure	Sanitary sewer infrastructure	Total
Cost:							
Balance, beginning of year	\$ 1,424,213	\$ 9,039,526	\$ 5,452,968	\$ 4,295,972	\$ 5,392,995	\$ 1,453,778	\$ 27,059,452
Additions	2,072,712	721,503	1,521,805	1,479,546	182,195	2,157,174	8,134,935
Disposals	-	-	(73,524)	-	-	-	(73,524)
Balance, end of year	3,496,925	9,761,029	6,901,249	5,775,518	5,575,190	3,610,952	35,120,863
Accumulated amortization:							
Balance, beginning of year	-	2,752,323	2,340,065	3,266,510	2,016,633	442,464	10,817,995
Amortization expense	-	226,961	324,401	94,072	129,348	20,941	795,723
Disposal	-	-	(7,355)	-	-	-	(7,355)
Balance, end of year	-	2,979,284	2,657,111	3,360,582	2,145,981	463,405	11,606,363
Net book value, end of year	\$ 3,496,925	\$ 6,781,745	\$ 4,244,138	\$ 2,414,936	\$ 3,429,209	\$ 3,147,547	\$ 23,514,500



**HUDSON'S
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DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

8. Accumulated surplus:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 21,208,775	\$ 23,514,500
General fund	3,469,147	556,833
Water utility fund	419,078	149,498
Sanitary sewer fund	555,887	782,700
	<u>25,652,887</u>	<u>25,003,531</u>
Reserves set aside by Council:		
Water utility fund:		
Unexpended funds:		
MFA debt reserve	142,858	140,386
MFA sinking fund surplus	73,821	72,543
	<u>216,678</u>	<u>212,929</u>
Reserve funds set aside for specific purposes by Council:		
Capital works, machinery and equipment	1,302,080	1,435,377
Water capital works, machinery and equipment	214,043	523,248
Sewer capital works, machinery and equipment	35,047	34,440
Tax sale properties	217,462	210,339
Community hall	30,000	-
	<u>1,798,632</u>	<u>2,203,404</u>
	<u>\$ 27,668,198</u>	<u>\$ 27,419,864</u>



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

9. Commitments and contingencies:

- (a) The District is responsible, as a member of the Peace River Regional District, for its portion of any operating deficits or capital debt related to functions in which it participates. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.
- (b) The District issues debt instruments through the MFA. As a condition of these borrowings, the MFA requires that 1% of gross proceeds are deposited by the District into a debt reserve fund. The District is also required to execute demand notes in connection with each debenture whereby the District may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the accounts. The demand notes issued at December 31, 2018 aggregated \$1,385 (2017 - \$1,385).
- (c) The District and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly-trusted pension plan. The Board of Trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 38,000 contributors from local governments.

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

The most recent 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. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.



**HUDSON'S
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DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

9. Commitments and contingencies (continued):

- (c) The District paid \$122,030 (2017 - \$120,697) for employer contributions to the Plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

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

- (d) The District is obligated to collect and transmit property taxes levied on Hudson's Hope taxpayers in respect of the following bodies:

Ministry of Education, Province of British Columbia
Peace River Regional District
British Columbia Assessment Authority
Municipal Finance Authority
Peace River Regional Hospital District
Royal Canadian Mounted Police

- (e) The District is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claim in excess of premiums received, it is possible that the District, along with other participants, would be required to contribute toward the deficit. Management does not consider external payment under this contingency to be likely and therefore no amounts have been accrued.

10. Trust fund:

The District maintains a cemetery perpetual care fund in accordance with the Cemeteries and Funeral Services Act. As at December 31, 2018, the trust fund balance for both the liability and its corresponding term deposit is \$16,699 (2017 - \$16,386).

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

11. Net taxation revenue:

The District is required to collect taxes on behalf of and transfer these amounts to the government agencies noted below:

	2018	2017
Taxes collected:		
General purposes	\$ 2,048,391	\$ 2,079,281
Collections for other governments	3,147,640	3,216,208
	<u>5,196,031</u>	<u>5,295,489</u>
Less transfers to other governments:		
Province of British Columbia - school taxes	2,640,701	2,677,461
Peace River Regional District	151,129	169,355
Peace River Regional Hospital District	222,936	228,025
Royal Canadian Mounted Police	102,698	106,002
B.C. Assessment Authority	36,199	37,082
Municipal Finance Authority	75	77
	<u>3,153,738</u>	<u>3,218,002</u>
	<u>\$ 2,042,293</u>	<u>\$ 2,077,487</u>

12. Sales of services and user charges:

The District recognizes sales of services and user charges as revenues in the period in which the services are provided. The sales of services and user charges reported on the Consolidated Statement of Operations and Accumulated Surplus are as follows:

	2018	2017
Water utility	\$ 149,573	\$ 146,850
Sewer system	79,302	80,493
General government services	141,499	213,609
Planning, development and bylaw services	11,678	10,023
Environmental and public health services	74,636	74,947
Recreation and cultural services	133,296	137,412
	<u>\$ 589,984</u>	<u>\$ 663,334</u>



**HUDSON'S
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PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

13. Government transfers:

	2018	2017
Revenue:		
Provincial grants:		
Stimulus	\$ 739,418	\$ 637,248
Sanitary sewer grant	-	1,392,892
Unconditional	23,795	290,895
Carip grant	1,503	10,141
BC Hydro (tree program)	2,000	4,000
Northern Development Initiative Trust	40,338	59,200
Small Community grant	292,433	-
Tourism BC grant	10,000	10,936
Union of BC Municipalities	72,181	983,693
Atkinson subdivision grant	315,148	1,567,244
Mobile kiosk	-	4,000
	1,496,816	4,960,249
Federal grants:		
Gas tax	193,450	133,719
	\$ 1,690,266	\$ 5,093,968

14. General government services and administration:

The general government services and administration reported on the Consolidated Statement of Operations and Accumulated Surplus are as follows:

	2018	2017
Legislative	\$ 103,605	\$ 90,162
Grants in aid	14,715	41,510
General government services	2,406,368	1,657,877
ICBC	58,447	57,439
	\$ 2,583,135	\$ 1,846,988



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2018 operating and capital budgets approved by Council on April 23, 2018. Amortization was not contemplated on development of the budget and, as such, has not been included. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Revenues:	
Operating budget	\$ 8,375,376
Capital operations budget	2,399,876
Less:	
Collections for other governments	(3,168,086)
Transfers from other funds	(1,374,335)
	<u>6,232,831</u>
Expenses:	
Operating budget	8,375,376
Capital operations budget	2,399,876
Less:	
Payments to other governments	(3,168,086)
Transfers from other funds	(400,816)
Capital expenditures	(2,399,876)
	<u>4,806,474</u>
	<u>\$ 1,426,357</u>

16. Significant taxpayers:

The District derives a significant portion of its taxation revenue from the utility sector. Any changes in this sector could have an impact on the ongoing operations of the District.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

17. Segmented information:

Segmented information has been identified based upon lines of services provided by the District. District services are provided by the departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of services that have been separately disclosed in the segmented information, are as follows:

(i) General Government and Administration:

The general government operations and administration provides the functions of corporate administration and legislative services and any other functions categorized as non-departmental in the District.

(ii) Protective Services:

Protective services is comprised of the fire department and other community protection costs incurred by the District.

(iii) Public Works Services:

The public works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting in the District.

(iv) Environmental and Public Health Services:

Environmental and public health services is responsible for environmental programs such as waste management, which encompasses garbage collection and recycling. This segment is also responsible for rental of the doctor's office in the District.

(v) Environmental Development Services:

Environmental development services is responsible for community and economic development, in regard to community development projects.

(vi) Planning, Development and Bylaw Services:

Planning, development and bylaw services is responsible for community planning (OCP), zoning, bylaw enforcement, animal control and building inspection in the District.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

17. Segmented information: (continued):

(vii) Recreational and Cultural Services:

Recreational and cultural services provides various recreational and cultural opportunities to the residents and visitors of the District, including the library, pool, arena, community hall, tourism information centre and museum.

(viii) Water Utility and Sanitary Sewer Systems:

The water utility installs and maintains water mains, pump stations and the water treatment plant. The treatment and distribution of water in the District is included in this segment. The sanitary sewer utility installs and maintains sewer mains, lift stations and the sewage treatment facility. The collection and treatment of sewage in the District is included in this segment.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment that generated the revenue. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

17. Segmented information: (continued):

	2018								
	General Government and Administration	Protective Services	Public Works Services	Environmental and Public Health Services	Environmental Development Services	Planning, Development and Bylaw Services	Recreational and Cultural Services	Water Utility and Sanitary Sewer System	Total
Revenue:									
Taxation	\$ 2,042,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,042,293
Government transfers	1,690,266	-	-	-	-	-	-	-	1,690,266
Grants in lieu	1,645,129	-	-	-	-	-	-	-	1,645,129
User charges	141,499	-	-	74,636	-	11,678	133,296	228,875	589,984
Other	159,296	-	-	-	-	-	-	-	159,296
Total revenues	5,678,483	-	-	74,636	-	11,678	133,296	228,875	6,126,968
Expenses:									
Salaries, wages and employee benefits	769,380	88,468	582,937	70,548	36,725	93,011	434,911	143,920	2,219,900
Operating	872,501	151,261	502,204	55,560	7,631	53,136	498,424	155,632	2,296,349
Legislature	100,775	-	-	-	-	-	-	-	100,775
Amortization	754,310	-	-	-	-	-	-	224,884	979,194
Interest	19,291	-	-	-	-	-	-	-	19,291
Insurance	16,006	5,235	105,120	-	-	1,862	275	-	128,498
Professional services	50,872	31,250	-	-	-	1,982	-	-	84,104
Garbage disposal	-	-	-	50,523	-	-	-	-	50,523
Total expenses	2,583,135	276,214	1,190,261	176,631	44,356	149,991	933,610	524,436	5,878,634
Annual surplus (deficit)	\$ 3,095,348	\$ (276,214)	\$ (1,190,261)	\$ (101,995)	\$ (44,356)	\$ (138,313)	\$ (800,314)	\$ (295,561)	\$ 248,334



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

17. Segmented information: (continued):

	2017								
	General Government and Administration	Protective Services	Public Works Services	Environmental and Public Health Services	Environmental Development Services	Planning, Development and Bylaw Services	Recreational and Cultural Services	Water Utility and Sanitary Sewer System	Total
Revenue:									
Taxation	\$ 2,077,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,077,487
Government transfers	5,093,968	-	-	-	-	-	-	-	5,093,968
Grants in lieu	1,553,215	-	-	-	-	-	-	-	1,553,215
User charges	213,609	-	-	74,947	-	10,023	137,412	227,343	663,334
Other	139,348	-	-	-	-	-	-	-	139,348
Total revenue	9,077,627	-	-	74,947	-	10,023	137,412	227,343	9,527,352
Expenses:									
Salaries, wages and employee benefits	739,423	77,174	492,052	66,177	27,591	79,357	399,244	131,101	2,012,119
Operating	279,368	134,988	411,705	11,841	3,721	62,282	582,282	122,330	1,608,517
Legislature	86,840	-	-	-	-	-	-	-	86,840
Amortization	626,249	-	-	-	-	-	-	169,474	795,723
Interest (recovery)	16,881	-	-	-	-	-	1,249	-	18,130
Insurance	25,832	4,803	84,882	-	-	1,828	85	-	117,430
Professional services	72,395	27,951	-	-	-	2,457	-	-	102,803
Garbage disposal	-	-	-	31,518	-	-	-	-	31,518
Total expenses	1,846,988	244,916	988,639	109,536	31,312	145,924	982,860	422,905	4,773,080
Annual surplus (deficit)	\$ 7,230,639	\$ (244,916)	\$ (988,639)	\$ (34,589)	\$ (31,312)	\$ (135,901)	\$ (845,448)	\$ (195,562)	4,754,272



HUDSON'S
HOPE
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

18. Comparative figures:

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. These changes do not affect prior year surplus.