



DISTRICT OF HUDSON'S HOPE
SPECIAL COUNCIL MEETING AGENDA

Council Chambers

Thursday, June 26, 2014 at 5:00 PM

- 1. Call to Order:**
- 2. Adoption of Agenda by Consensus:**
- 3. Declaration of Conflict of Interest:**
- 4. Staff Reports**
 1. Annual Report
 2. Strategic Community Investment Funds
 3. School Busing
 4. NERMC
- 5. Public Inquiries:**
- 6. Adjournment:**

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DISTRICT OF HUDSON'S HOPE

Annual Municipal Report

2014



Fiscal Year Ending December 31, 2013



2014 Annual Municipal Report

Fiscal Year Ending December 31, 2013

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District of Hudson's Hope Council

Mayor's Annual Report for 2013



Mayor Gwen Johansson

Mayor Johansson was elected as Mayor in December of 2012 following a By Election. She has served on Council since 1990.

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Message from the Mayor

On behalf of Hudson's Hope Council, I am pleased to present the 2013 Annual Report, which provides a comprehensive review of the District's financial position as well as a snapshot of the year's activities and accomplishments.

In 2013 Hudson's Hope was pleased to welcome a new Chief Administrative Officer after an extensive period of temporary and part-time administration. As a result, we have been able to initiate an overhaul of office policies, procedures and organizational structure.

While 2012 focused on setting up processes and policies to deal with anticipated industrial activity in and around the municipality, 2013 was concerned primarily with consolidation of projects begun earlier. Upgrades to the arena refrigeration system, a booster station to the water reservoir and upgrades to the water intakes were completed. Much time was devoted to protecting the District's interests should the proposed Site C dam proceed. The District monitored and participated in environmental assessments of three major transmission natural gas lines which are planned in anticipation of Liquid Natural Gas development.

Hudson's Hope Council believes that our financial management, consultation processes, and systematic approach to operating our municipality combine to place the community in a good position to deal with whatever the future has in store for us.

Mayor Gwen Johansson

Sincerely,

A handwritten signature in blue ink that reads "Gwen Johansson". The signature is written in a cursive style with a long horizontal line extending from the end.

Mayor Gwen Johansson

Municipal Objectives and Progress Measures

Council Strategic Plan and Progress Report 2013-2015

Department	Objective	Strategies	Measures	Progress
Administration	Chief Administrative Officer Position	Renew contract with Interim CAO	Position filled	Completed
	Financial Management System	Implement a new Chart of Accounts that is supportive of management planning	Operational	90%
	Collective Agreement Renewal	Negotiate renewal of Collective Agreement	Agreement reached with Local	Completed
	Bylaw Enforcement	Council to adopt a philosophy for administering and enforcing bylaws	Strategy adopted	Completed
	Public Private Partnership	Council review and adopt a policy for P-3s	Policy adopted	Not started
Planning and Development	New Official Community Plan	A new Official Community Plan be put in place to reflect the changing economic situation in the District	Bylaw Adopted	Completed
	New Zoning Bylaw	A new Zoning Bylaw be adopted to reflect the changes in the Official Community Plan	Bylaw adopted	Completed
	Integrated Community Sustainability Plan	A Sustainability Plan to guide the development of the community over the next 10 year timeframe	Plan adopted	75% complete
	Site C Legacy and Related	Options for Legacy Projects to be identified	Legacy Options selected	90% Complete

Municipal Objectives and Progress Measures

Department	Objective	Strategies	Measures	Progress
Government and Administration	Staff Resources Plan	Develop a staff resources plan to ensure adequate staffing levels to meet operational requirements for the next 5 years	Staffing plan adopted by Council	Hired Intern in 2014 through NDIT contract to promote economic development – 1 year placement
	Site C issues including Environmental Assessment	Council to monitor and comment	EA Complete	Ongoing to Sept 2014
	Site C Mitigation Agreement	Negotiate Mitigation Agreement with BC Hydro for matters related to Site C	Discussions started with BCH in June 2014	Expect to be signed by September 2014
Tourism	Increase visits from regional tourists	Promote District as Playground of the Peace	Rebranding with focus on region	Completed
		Develop promotional brochure, new Visitors Guide, facility signage, update website	Website updated, brochures and guides available, facility signage in place	Website 50% complete, Visitor Guide updated for 2014, development panels 90%,
	Enhance museum, promote community living and business opportunities	Work with museum on expansion plans, promote opportunities in region	Museum expansion plans in place, promotion strategy in place	Not started
		Continue partnership with NPEDC/NDIT	Apply on grant opportunities	Internship Program; Grant Writing; Economic Development Capacity Building; Marketing Initiative
Taxation	Secure Grant in Lieu of taxes as per Formula	Meet with Minister of Finance to request correction of existing allocation	Meeting held and adjustment implemented.	Meeting held, not successful. Will be on-going
	Increase revenue from future resource development	Staff to report on impacts of boundary extension to include future resource development in area	Report completed and strategies adopted	Not started
	Increase attractiveness of community for business investment	Review tax ratios, ensure suitable land available for development	Tax rate for commercial reduced and land identified and available for commercial and service industrial	Two steps of tax rate implemented, OCP completed with land identified for future commercial and light industry

Department	Objective	Strategies	Measures	Progress
Advocacy Items	Promote activities that will enhance the social and economic well-being of the community	Utilization of the coal resource, promote locally including community benefits	Coal mines active in the immediate region	Letters of support issued for licenses and bulk sampling
		Natural Gas resource including Liquefied Natural Gas, promote locally including community benefits	Export pipelines and LNG plants constructed	In progress, meetings with proponents on-going and participation in EA
		Enhancement of the agricultural industry and promotion through a regional agricultural plan through the PRRD	Regional Agricultural Plan adopted and promotion of the industry activity.	In Progress 25% complete
		North Peace Airport growth promotion with additional carriers	Additional carriers attracted to airport, promote usage	Completed
		Promote and enhance partnerships with First Nations, PRRD, School District and Resource companies	Partnerships and agreement executed.	Agreements signed with West Moberly First Nation, remainder in-progress
		Encourage in-community housing for resource base company employees	Housing in place and occupied; encourage development in other housing zones	First multi-family dwelling unit in place, development agreement with second parcel completed and on-going discussions with resource companies; encouraging CKD Mines and other developer to develop Atkinson property.
Operational Priorities	Universal Water Metering	Acquire contractor to complete installation in 2014	To have all meters installed in 2014	Contractor as yet not acquired
	Water Valve Replacement	Valve insertion project for 2014	1 st Tenders requested but not satisfactory Retendering invitational tenders for 2 nd tendering and work to be completed in 2014	Two contractors identified, awaiting 2 nd bid from 2 nd contractor
	Booster Station Upgrades			Completed
	Water intakes and high lift pump station upgrades			Completed
	Water Main Replacement Program 2013 to 2023	To apply for BCF grant to replace water and sewer mains		Engineering awarded

Department	Objective	Strategies	Measures	Progress
	Sewage treatment and disposal 2013 to 2018	Consultant developing application for BCF grant in 2014	Submission to and awarding of grant in 2014/15	Plan completed, grant app not successful
	District office renovations (Council Chambers, file storage and meeting room)	To scan all sensitive documentation in office and categorize on server	When able to Hyperlink all documents on server	25% - Ongoing
	Road network (rural drainage and upgrades, urban major maintenance) 2012 to 2022			Inventory completed
	Public Works Shop 2014	Design shop for current needs with ability to expand in future	Acquire consultant to design in 2014 with possible tendering of construction	Design on-going
	Enclosure for outdoor pool			Cost estimate and concept completed, grant denied
	Solid Waste Collection and Disposal Plan including equipment			In Progress
	Subdivision Servicing Bylaw	Tender/RFP	RFP awarded	RFP issued July 2013; 50% complete as of 2014
	Administrative Procedures	Tender/RFP	RFP awarded	Development Procedures Standard and Manual contract awarded; 90% complete
	Arena Upgrading 2013 to 2016			Coolant conversion completed
	Emergency Operations Centre and EOC Training			Emergency Operation Plan Updated, EOC training on-going
	Emergency Social Services			Not started
	Warning Sirens – repair/replacement			Research on-going
	Wild Fire Protection Program	Apply to UBCM Grants for Fuel Fire Treatment Project Lynx Creek	Application for Lynx Creek submitted in 2014	Jamieson project complete; Lynx Creek 10% complete
	Purchase of DPW capital equipment	Use Capital funds for purchase of: Land fill oil containment; Machinery & Equipment; 2 Pick-ups @ \$35K; Power Lift Tail-gate Pick-up; Street Sweeper; Back-up generator Office generator; Garbage Truck; Water Tanker - Beryl Prairie FH	Purchase all equipment in 2014	Items purchased: Garbage truck; Water Tanker FH;

2015 Anticipated Objectives and Measures

DEPARTMENT	OBJECTIVE	STRATEGIES	MEASURES	PROGRESS
Government and Administration	Staff Resources Plan	Develop a staff resources plan to ensure adequate staffing levels to meet operational requirements for the next 5 years	Staffing plan adopted by Council	Hired Intern in 2014 through NDIIT contract to promote economic development – 1 year placement
	Collective Agreement	Negotiate an extension to the Collective Agreement with BCGEU local	Agreement signed	Effective through 2016
	By law Enforcement	Implement enforcement through Bylaw Adjudication System	Priority Regulatory Bylaws enforced through adjudication	On-going
	Increase operational efficiencies through increased Policy Governance	Adopt policies that provide clear direction to staff and elected officials including – Council remuneration, grants to organizations, sponsorships, allocation of Grants including Fair Share, Gas Tax, Small Community, etc.	Policies adopted and updated	On-going
	Medical Services	Through the Medical Services Working Group and Dr. Hubner, complete a plan for additional medical support at the clinic. Initiate an undertaking similar to the Physician Recruiting Program to address the concerns with ambulance service in the District	Second physician or NP at the Clinic Improved ambulance service; alternately acquire Xray Technician and/or Lab Technician	Discussions with CEO of Northern Health and Doctor to focus on hiring a Lab Technician
Planning and Development	Ensure sustainability of existing infrastructure	Complete an Asset Management Plan for all municipal infrastructure existing and future	Asset Management Plan adopted	90% completion through consultant
	Site C – Environmental Assessment and Mitigation Agreement	Continue to participate in the EA to ensure local issues and concerns address. Complete a Mitigation Agreement with BC Hydro prior to June 2014	Have contacted BCH and have hired lawyers to negotiate	Mitigation and compensation discussions started and EA response on-going.
	Natural Gas industry expansion	Participate in the Environmental Assessments for the proposed TransCanada and Spectra pipelines and the proposed Talisman Natural Gas Processing Plant to ensure community interests are addressed	EAs completed	Awaiting further info from industry as issued

DEPARTMENT	OBJECTIVES	STRATEGIES	MEASURES	PROGRESS
	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 operating in a standard acceptable to the community and the workforce and their families are residents of the community	
	Secondary Industry	Look for opportunities to attract secondary industries to diversify the economy from extraction activities only	Hire personnel to task this opportunity	Hired Economic Development Officer to implement 2010 EDP
	To acquire Provincial Crown lands for Light Industrial Use	Discussion with Public through Public Hearings; have FLNRO to assist in acquiring land	Discussions started with FLNRO and informal discussions with public	10% complete, identified area north of Hwy 29 east of town: 1.5km by 150 meter area; If ratified by Public, completion by August 2015
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 FN	Marketing Plan adopted Panels for trade booth competed. Regular meetings established with WMFN and Sauleau FN Discussions with NDI and applying for grants to assist local business	
	ATV Campgrounds	To develop two ATV campgrounds around the Dinosaur Campground area.	Received Licence of Occupation and Offer of Tenure from FLNRO for one ATV campground area;	In the process of acquiring a 2 nd ATV campground area: to be completed by 2015
Taxation	Fairness and Equity	Continue negotiations with province on GIL Tax ratio issues		
Operational Priorities 2014	Resurface airstrip Advance construction of ATV park Construct Public Works Shop Access issues District Office Landscape Plan Downtown Enhancements			

	Sidewalks and Trails Water Main Replacement Reservation Systems for Campgrounds Recycling Program Enhancements Facilities Signage Lynx Creek Fuel Fire Treatment			
	Public Works Shop 2014	Design shop for current needs with ability to expand in future	Acquire consultant to design in 2014 with possible tendering of construction; construction in 2015	Consultant acquired – awaiting design
	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;		Engineering awarded

Statement of Tax Exemptions

PERMISSIVE TAX EXEMPTIONS

Reference Bylaw No. 754, 2008

The following buildings and land received exemption from taxation for the 2013 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	10,300 (bldg)	19.6350	202.24
		8	37,900 (land)	7.7952	295.44
04303.000	Peace Valley Community Church	8	89,700 (bldg)	8.1856	734.25
		8	22,400 (land)	7.7952	174.61
04304.000		8	9,900 (land)	7.7952	77.17
04955.000	Double H Saddle Club	6	51,900 (bldg)	19.6350	1,019.56
		8	33,300 (land)	7.7952	259.58
40420.010	Hudson's Hope Historical Society	6	15,900 (bldg)	19.6350	312.20
		8	83,600 (land)	7.7952	651.68
40420.020		6	57,000 (bldg)	19.6350	1,119.20
		8	13,500 (land)	7.7952	105.24
01655.000	Helen Rand Ruxton	6	8,500 (land)	18.6784	158.77
00568.000	Hudson's Hope Evangelical Free Church	8	400 (bldg)	8.1856	3.27
		8	19,700 (land)	7.7952	153.56
00569.100		8	59,600 (bldg)	8.1856	487.86
		8	41,500 (land)	7.7952	323.50
00571.000		8	21,700 (land)	7.7952	169.15
40420.040	The Anglican Synod of the Diocese of Calendonía	8	208,000 (bldg)	8.1856	170.26
		8	53,700 (land)	7.7952	418.60
17101.510	Hudson's Hope Health Care Housing	6	2,188,000 (bldg)	19.6350	42,961.38
		6	41,600 (land)	18.6784	777.02
00594.000	Bullhead Mountain Curling Club	6	1,140,000 (bldg)	19.6350	22,383.90
		6	48,700 (land)	18.6784	909.64
00586.000	Hudson's Hope Community Hall	6	264,000 (bldg)	19.6350	5,183.64
		6	24,300 (land)	18.6784	453.88
41090.010	Hudson's Hope Rod & Gun Club	6	44,700 (bldg)	19.6350	877.68
		8	42,700 (land)	7.7952	332.85
41091.010		8	72,600 (land)	7.7952	565.93
41027.100	Hudson's Hope Ski Association	6	136,000 (land)	18.6784	2,540.26

2013 Statement of Disqualifications

There were no Councillors disqualified during 2013.

2013 Audited Financial Statements

There were audited Financial Statements for 2013.

Consolidated Financial Statements of the



DISTRICT OF HUDSON'S HOPE

Year ended December 31, 2013



DISTRICT OF HUDSON'S HOPE

Consolidated Financial Statements

Year ended December 31, 2013

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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 The Canadian Institute of Chartered Professional Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of 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.


Mrs. Gwen Johansson
Mayor


Mrs. Rhonda Eastman
Deputy Treasurer





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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council

Report on Financial Statements

We have audited the accompanying consolidated financial statements of the District of Hudson's Hope (the "District"), which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of financial activities and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 an 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 the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the District of Hudson's Hope as at December 31, 2013, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the Schedule of Federal Gas Tax Receipts and Disbursement is presented for additional analysis and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

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

Chartered Accountants

May 7, 2014

Prince George, Canada



DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
Financial assets:		
Cash and cash equivalents	\$ 6,891,865	\$ 6,821,887
Accounts receivable (note 2)	702,088	467,656
Deposit - Municipal Finance Authority	2,271	2,166
	<u>7,596,224</u>	<u>7,291,709</u>
Financial liabilities:		
Accounts payable and accrued liabilities	402,961	474,356
Unearned revenue	280,330	203,636
Reserve - Municipal Finance Authority	2,271	2,166
Long-term debt (note 3)	40,305	47,489
Obligations under capital lease (note 4)	48,024	58,668
	<u>773,891</u>	<u>786,315</u>
Net financial assets	6,822,333	6,505,394
Non-financial assets:		
Tangible capital assets (note 5)	12,118,066	11,394,316
Prepaid expenses	10,221	10,221
	<u>12,128,287</u>	<u>11,404,537</u>
Accumulated surplus (note 6)	\$ 18,950,620	\$ 17,909,931

Commitments and contingencies (note 7)

The accompanying notes are an integral part of these consolidated financial statements.



Mayor



Deputy Treasurer



DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Financial Activities and Accumulated Surplus

Year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012
Revenue:			
Net taxation revenue (note 9)	\$ 1,888,002	\$ 1,895,779	\$ 1,482,683
Grants in lieu of taxes	1,352,088	1,350,972	1,292,202
Sales of services and user charges	579,026	546,275	533,403
Other revenue from own sources	318,106	353,445	526,053
Government transfers (note 10):			
Provincial	1,044,688	838,019	1,877,618
Federal	-	562,308	330,000
Total revenue	5,181,910	5,546,798	6,041,959
Expenses:			
General government services and administration	1,293,373	1,506,270	1,433,354
Protective services	332,750	279,621	250,464
Transportation services	625,500	486,059	501,926
Environmental health services	138,120	126,769	122,855
Environmental development services	492,000	865,622	223,780
Public health services	36,500	42,374	5,421
Recreation and cultural services	882,149	848,919	785,228
Maintenance and operations of water utility and sanitary sewer systems	370,000	350,475	341,233
Total expenses	4,170,392	4,506,109	3,664,261
Annual surplus	1,011,518	1,040,689	2,377,698
Accumulated surplus, beginning of year	17,909,931	17,909,931	15,532,233
Accumulated surplus, end of year	\$ 18,921,449	\$ 18,950,620	\$ 17,909,931

The accompanying notes are an integral part of these consolidated financial statements.



DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012
Annual surplus	\$ 1,942,575	\$ 1,040,689	\$ 2,377,698
Acquisition of tangible capital assets	-	(1,274,105)	(2,202,813)
Amortization of tangible capital assets	-	550,355	489,402
Gain on sale of tangible capital assets	-	-	(110,510)
Proceeds on sale of tangible capital assets	-	-	122,330
	1,942,575	316,939	676,107
Acquisition of prepaid expenses	-	(10,221)	(10,221)
Use of prepaid expenses	-	10,221	13,864
	-	-	3,643
Change in net financial assets	1,942,575	316,939	679,750
Net financial assets, beginning of year	6,505,394	6,505,394	5,825,644
Net financial assets, end of year	\$ 8,447,969	\$ 6,822,333	\$ 6,505,394

The accompanying notes are an integral part of these consolidated financial statements.



DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,040,689	\$ 2,377,698
Items not involving cash:		
Amortization of tangible capital assets	550,355	489,402
Gain on sale of tangible capital assets	-	(110,510)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(234,432)	92,113
Accounts payable and accrued liabilities	(71,395)	192,971
Unearned revenue	76,694	(158,734)
Prepaid expenses	-	3,643
	1,361,911	2,886,583
Capital activities:		
Proceeds on sale of tangible capital assets	-	122,330
Acquisition of tangible capital assets	(1,274,105)	(2,202,813)
Net change in cash from capital activities	(1,274,105)	(2,080,483)
Financing activities:		
Repayment of long-term debt	(7,184)	(51,071)
Repayment of obligations under capital lease	(10,644)	-
Net change in cash from financing activities	(17,828)	(51,071)
Increase in cash position	69,978	755,029
Cash and cash equivalents, beginning of year	6,821,887	6,066,858
Cash and cash equivalents, end of year	\$ 6,891,865	\$ 6,821,887

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

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 Canadian Institute of Chartered Accountants. 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 operations 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

Year ended December 31, 2013

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:

Taxation and user fee revenues are recognized 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 statement of financial position as deferred revenue or deposits.

(d) Investment income:

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

(e) Cash equivalents:

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

(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.

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(i) Tangible 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
Buildings and site improvements	10-50
Machinery and equipment	10-20
Water and sewer infrastructure	20-40
Engineering structures	30
Assets under capital lease	20

Annual amortization is charged in the year of acquisition and in the year of disposal.

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 of 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.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of 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 revenues and expenses during the period. Items subject to such estimates and assumptions include the carrying values of tangible capital assets. Actual results could differ from these estimates.

2. Accounts receivable:

	2013	2012
Grants	\$ 482,073	\$ -
Sales tax	119,238	348,417
Other	48,998	80,911
Taxes	51,779	38,328
	\$ 702,088	\$ 467,656

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

3. Long-term debt:

- a) 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.

Bylaw Number	Purpose	Rate %	Maturity Date	Debt	Sinking Fund Assets	Net debt 2013	Net debt 2012
General fund: Local 711 improvements	4.60 %	2022	\$ 24,751	\$ 1,117	\$ 23,634	\$ 25,782	
Sewer fund: Local 539 improvements	7.75 %	2016	34,308	17,637	16,671	21,707	
				\$ 59,059	\$ 18,754	\$ 40,305	\$ 47,489

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

	General Fund	Sewer Fund	Total
2014	\$ 2,233	\$ 5,288	\$ 7,521
2015	2,323	5,553	7,876
2016	2,416	5,830	8,246
2017	2,512	-	2,512
2018 and onward	14,150	-	14,150
	\$ 23,634	\$ 16,671	\$ 40,305



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

3. Long-term debt (continued):

b) The District has the following un-issued loan authorizations at December 31, 2013.

Bylaw Number	Date	Purpose	2013
539	June 7, 1996	Sewer extension	\$ 44,910
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, 2013 borrowing against the operating line was nil (2012 - nil).

4. Obligations under capital lease:

	2013	2012
General fund:		
Year ending December 31:		
2013	\$ -	\$ 10,934
2014	49,716	49,716
Total minimum lease payments	49,716	60,650
Less amount representing interest (at rates ranging from 1.25% to 2%)	1,692	1,982
Present value of net minimum capital lease payments	\$ 48,024	\$ 58,668



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

5. Tangible capital assets:

2013

	Land improvements	Building and site improvements	Machinery and equipment	Engineering structures	Water infrastructure	Sewer infrastructure	Assets under capital lease	Total
Cost:								
Balance, beginning of year	\$ 809,367	\$ 6,622,555	\$ 3,554,037	\$ 3,783,310	\$ 4,202,234	\$ 672,078	\$ 189,590	\$ 19,833,171
Additions	198,066	343,138	55,587	52,689	562,469	62,155	-	1,274,104
Balance, end of year	1,007,433	6,965,693	3,609,624	3,835,999	4,764,703	734,233	189,590	21,107,275
Accumulated amortization:								
Balance, beginning of year	-	2,118,622	1,372,335	2,947,646	1,556,154	351,706	92,393	8,438,856
Amortization	-	139,175	199,353	87,507	98,023	17,459	8,836	550,353
Balance, end of year	-	2,257,797	1,571,688	3,035,153	1,654,177	369,165	101,229	8,989,209
Net book value, end of year	\$ 1,007,433	\$ 4,707,896	\$ 2,037,936	\$ 800,846	\$ 3,110,526	\$ 365,068	\$ 88,361	\$ 12,118,066



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

5. Tangible capital assets (continued):

		2012						
		Land improvements	Building and site improvements	Machinery and equipment	Engineering structures	Water infrastructure	Sewer infrastructure	Assets under capital lease
								Total
Cost:								
Balance, beginning of year	\$	802,471	\$ 6,515,837	\$ 3,157,688	\$ 3,783,310	\$ 2,383,150	\$ 647,852	\$ 351,870
Additions		18,716	106,718	234,069	-	1,819,084	24,226	-
Disposals		(11,820)	-	-	-	-	-	-
Purchase of assets under capital lease		-	-	162,280	-	-	-	(162,280)
Balance, end of year		809,367	6,622,555	3,554,037	3,783,310	4,202,234	672,078	189,590
								19,833,171
Accumulated amortization:								
Balance, beginning of year		-	1,985,580	1,175,668	2,860,154	1,508,088	336,407	83,556
Amortization expense		-	133,042	196,667	87,492	48,066	15,299	8,836
Purchase of assets under capital lease		-	-	33,084	-	-	-	(33,084)
Balance, end of year		-	2,118,622	1,405,419	2,947,646	1,556,154	351,706	59,308
								8,438,855
Net book value, end of year	\$	809,367	\$ 4,503,933	\$ 2,148,618	\$ 835,664	\$ 2,646,080	\$ 320,372	\$ 130,282
								\$ 11,394,316

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

6. Accumulated surplus:

	2013	2012
Surplus:		
Invested in tangible capital assets	\$ 12,053,371	\$ 11,313,941
General fund	2,592,400	1,622,615
Water utility fund	319,044	646,477
Sanitary sewer fund	110,078	110,611
	<u>15,074,893</u>	<u>13,693,644</u>
Reserves set aside by Council:		
General fund:		
Boat ramp - unexpended funds	1,009	998
General operating	132,877	200,000
	<u>133,886</u>	<u>200,998</u>
Water utility fund:		
Unexpended funds:		
MFA debt reserve	113,806	112,582
MFA sinking fund surplus	68,807	68,067
	<u>182,613</u>	<u>180,649</u>
Reserve funds set aside for specific purposes by Council:		
Capital works, machinery and equipment	1,822,022	1,850,202
Water capital works, machinery and equipment	915,793	1,127,191
Sewer capital works, machinery and equipment	510,196	549,378
Tax sale properties	199,506	194,692
Land sale properties	111,711	113,177
	<u>3,559,228</u>	<u>3,834,640</u>
	<u>\$ 18,950,620</u>	<u>\$ 17,909,931</u>

7. 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.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

7. Commitments and contingencies (continued):

- (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, 2013 totaled \$4,732 (2012 – \$4,732).
- (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 overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 19 contributors from the District.

The most recent valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The District paid \$78,740 (2012 - \$75,065) for employer contributions to the Plan in fiscal 2013.

- (d) In addition to the capital lease, the District is leasing various other pieces of equipment with total monthly lease payments of \$2,411 with the last lease expiring in 2015.

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

7. Commitments and contingencies (continued):

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

Ministry of Finance, Province of B.C.
Peace River Regional District
B.C. Assessment Authority
Municipal Finance Authority
Peace River Hospital District
Royal Canadian Mounted Police

- (f) The District is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the District, along with the other participants, would be required to contribute towards the deficit. Management does not consider external payment under this contingency to be likely and therefore no amounts have been accrued.
- (g) The District, as a member of the North Peace Airport Society and the Peace River Regional District, has guaranteed debt incurred by the Society to build a new airport terminal. The terminal was completed February 2007. If the Society cannot meet the repayment obligations, the District will be liable for the debt payments proportionately with the other members of the Society. In the event that the members become liable for their share of the debt, they will continue to collect airport improvement fees until the debt is repaid. As at December 31, 2013, \$2,799,418 is owed by the Society under this agreement. The District's proportionate share is estimated at 6.4%. Management does not consider external payment under this contingency to be likely and therefore no amounts have been accrued.

8. Trust fund:

The District maintains a cemetery perpetual care fund in accordance with the Cemeteries and Funeral Services Act. As at December 31, 2013 the trust fund balance for both the fund and its corresponding term deposit is \$14,989 (2012 - \$14,709).

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

9. Net taxation revenue:

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

	2013	2012
Taxes collected:		
General purposes	\$ 1,883,752	\$ 1,485,072
Collections for other governments	3,244,729	2,873,895
Frontage taxes	7,223	7,223
	5,135,704	4,366,190
Less transfers to other governments:		
Province of British Columbia - school taxes	2,708,447	2,452,377
Peace River Regional District	175,823	153,385
Peace River Hospital District	215,678	169,420
Royal Canadian Mounted Police	101,746	78,485
B.C. Assessment Authority	38,162	29,782
Municipal Finance Authority	69	58
	3,239,925	2,883,507
	\$ 1,895,779	\$ 1,482,683

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

10. Government transfers:

The District recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Statement of Financial Activities and Accumulated Surplus are as follows:

	2013	2012
Revenue:		
Provincial grants:		
Stimulus	\$ 555,702	\$ 563,732
Tourism	6,250	13,750
Unconditional	202,365	432,981
Water infrastructure	-	845,580
Miscellaneous	73,702	21,575
	838,019	1,877,618
Federal grant:		
Mountain pine beetle	562,308	-
Gas tax	-	330,000
	562,308	330,000
Total revenue	\$ 1,400,327	\$ 2,207,618



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

11. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2013 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Revenues:	
Operating budget	\$ 11,647,756
Less:	
Collections for other governments	(3,304,838)
Transfers from other funds	(3,161,008)
	5,181,910
Expenses:	
Operating budget	\$ 11,647,756
Less:	
Payments to other governments	(3,304,838)
Transfers	(600,818)
Capital expenditures	(3,567,636)
Debt repayments	(4,072)
	4,170,392
	\$ 1,011,518

12. Significant tax payers:

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

13. Segmented information:

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



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2013

13. Segmented information (continued):

	2013									
	General Government	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Public Health Services	Recreation and Cultural Services	Maintenance and Operations of Water Utility and Sanitary Sewer System	Total	
Expenses:										
Salaries, wages and employee benefits \$	575,827	160,446	248,448	79,674	14,870	-	363,511	42,129	1,484,905	
Operating	229,960	119,175	237,611	-	850,752	42,374	485,408	183,711	2,148,991	
Legislature	100,375	-	-	-	-	-	-	-	100,375	
Amortization	425,278	-	-	-	-	-	-	125,075	550,353	
Interest	-	-	-	-	-	-	-	-	-	
(recovered)	9,205	-	-	-	-	-	-	(440)	8,765	
Insurance	91,705	-	-	-	-	-	-	-	91,705	
Professional services	73,920	-	-	-	-	-	-	-	73,920	
Garbage disposal	-	-	-	47,095	-	-	-	-	47,095	
Total expenses \$	1,506,270	279,621	486,059	126,769	865,622	42,374	848,919	350,475	4,506,109	



PLAYGROUND OF THE PEACE

Year ended December 31, 2013

2012

Expenses:

- Salaries, wages and employee benefits \$
- Operating
- Legislature
- Amortization
- Interest
- Insurance
- Professional services
- Garbage disposal

Total expenses	\$	1,433,354	\$	250,464	\$	501,926	\$	122,855	\$	223,780	\$	5,421	\$	785,228	\$	341,233	\$	3,664,261
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DISTRICT OF HUDSON'S HOPE

Schedule of Federal Gas Tax Funds Statement of Receipts and Disbursements

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Unspent funds, beginning of year	\$ 116,007	\$ 350,354
Add: Amount received during the year	90,795	90,795
Interest earned	2,055	4,858
	92,850	95,653
Less: Amount spent during the year	-	(330,000)
Unspent funds, end of year	\$ 208,857	\$ 116,007

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the District and the Union of British Columbia Municipalities. Gas Tax funding may be used toward designated public transit, community energy, water, sewer, solid waste and capacity building projects, as specified in the funding agreements.

THE DISTRICT OF HUDSON'S HOPE

REPORT TO: District of Hudson's Hope Council
DATE: June 19, 2014
FROM: Tom Matus, CAO
SUBJECT: Strategic Community Investment Funds


For Information:

The District of Hudson's Hope received \$202,365 in 2013 for Strategic Community Investment (SCI).

The 2013 SCI total amount was expensed to the Booster Station Project where a total of \$440,120.00 was expensed in 2013 for this project.

The 2014 SCI total grant amount of \$202,265 will be used for the Water Valve Replacement project which includes expenses for the valves and their insertion, and the open cut earth work required of which \$250,000 has been budgeted for this work in 2014.

This project is part of an overall investment by the District to continually improve the water system including the source, pumping, treatment and storage and distribution including replacement of existing facilities, piping, hydrants and upgrades as required. The District continual investment in its infrastructure is a large program of which the treatment plant is a part.



Tom Matus, CAO