

Consolidated Financial Statements of the



DISTRICT OF HUDSON'S HOPE

Year ended December 31, 2015



DISTRICT OF HUDSON'S HOPE

Consolidated Financial Statements

Year ended December 31, 2015

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**HUDSON'S
HOPE**

PLAYGROUND OF THE PEACE

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 Consolidated 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, 2015 and the consolidated statements of operations 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 Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform 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, 2015, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

April 11, 2016

Prince George, Canada



DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash and cash equivalents	\$ 7,542,255	\$ 7,479,513
Accounts receivable (note 3)	252,512	530,854
Deposit - Municipal Finance Authority	2,397	2,337
	<u>7,797,164</u>	<u>8,012,704</u>
Financial liabilities:		
Accounts payable and accrued liabilities	284,319	255,457
Unearned revenue	1,841	38,278
Reserve - Municipal Finance Authority	2,397	2,337
Long-term debt (note 4)	24,908	32,784
	<u>313,465</u>	<u>328,856</u>
Net financial assets	7,483,699	7,683,848
Non-financial assets:		
Tangible capital assets (note 5)	13,714,286	12,466,689
Prepaid expenses	-	14,580
	<u>13,714,286</u>	<u>12,481,269</u>
Accumulated surplus (note 6)	\$ 21,197,985	\$ 20,165,117

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 Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Revenue:			
Net taxation revenue (note 9)	\$ 2,084,313	\$ 2,081,515	\$ 2,049,954
Grants in lieu of taxes	1,439,375	1,434,699	1,409,516
Sales of services and user charges (note 10)	1,429,138	611,576	719,673
Other revenue from own sources	150,250	141,047	124,176
Government transfers (note 11):			
Provincial	2,571,422	1,003,812	995,472
Federal	350,000	382,167	387,909
Total revenue	8,024,498	5,654,816	5,686,700
Expenses:			
General government services and administration (note 12)	1,186,327	1,604,115	1,792,889
Protective services	293,426	262,135	294,473
Public works services	813,122	706,086	666,035
Environmental and public health services	250,557	604,040	281,288
Environmental development services	55,367	24,795	41,007
Recreation and cultural services	758,387	885,251	779,996
Planning, development and bylaw services	229,931	84,372	170,470
Water utility and sanitary sewer systems	307,062	451,154	446,045
Total expenses	3,894,179	4,621,948	4,472,203
Annual surplus	4,130,319	1,032,868	1,214,497
Accumulated surplus, beginning of year	20,165,117	20,165,117	18,950,620
Accumulated surplus, end of year	\$ 24,295,436	\$ 21,197,985	\$ 20,165,117

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, 2015, with comparative information for 2014

	Budget	2015	2014
Annual surplus	\$ 4,130,319	\$ 1,032,868	\$ 1,214,497
Acquisition of tangible capital assets	(7,896,336)	(1,887,445)	(951,001)
Amortization of tangible capital assets	-	629,274	602,378
Loss on sale of tangible capital assets	-	111	-
Proceeds on sale of tangible capital assets	-	10,463	-
	(3,766,017)	(214,729)	865,874
Acquisition of prepaid expenses	-	-	(14,580)
Use of prepaid expenses	-	14,580	10,221
	-	14,580	(4,359)
Change in net financial assets	(3,766,017)	(200,149)	861,515
Net financial assets, beginning of year	7,683,848	7,683,848	6,822,333
Net financial assets, end of year	\$ 3,917,831	\$ 7,483,699	\$ 7,683,848

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, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,032,868	\$ 1,214,497
Item not involving cash:		
Amortization of tangible capital assets	629,274	602,378
Loss on sale of tangible capital assets	111	-
Change in non-cash operating assets and liabilities:		
Accounts receivable	278,342	171,234
Accounts payable and accrued liabilities	28,862	(147,504)
Unearned revenue	(36,437)	(242,052)
Prepaid expenses	14,580	(4,359)
	<u>1,947,600</u>	<u>1,594,194</u>
Capital activities:		
Proceeds on sale of tangible capital assets	10,463	-
Acquisition of tangible capital assets	(1,887,445)	(951,001)
Net change in cash from capital activities	(1,876,982)	(951,001)
Financing activities:		
Repayment of long-term debt	(7,876)	(7,521)
Repayment of obligations under capital lease	-	(48,024)
Net change in cash from financing activities	(7,876)	(55,545)
Increase in cash and cash equivalents	62,742	587,648
Cash and cash equivalents, beginning of year	7,479,513	6,891,865
Cash and cash equivalents, end of year	<u>\$ 7,542,255</u>	<u>\$ 7,479,513</u>

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, 2015

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 Professional 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, 2015

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 statement of financial position as unearned 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.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

(f) 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:

- (a) an environmental standard exists,
- (b) contamination exceeds the environmental standard,
- (c) the organization is directly responsible or accepts responsibility for the liability,
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

(g) 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
Buildings and site improvements	10-50
Machinery and equipment	5-25
Water and sewer infrastructure	10-50
Engineering structures	15-40
Assets under capital lease	20

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



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(i) Tangible capital assets (continued):

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 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.

(h) 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.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

2. Adoption of new accounting policy:

The District adopted Public Sector Accounting Board Standard PS 3260 Liability for Contaminated Sites effective January 1, 2015. Under PS 3260, 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. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The District adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

3. Accounts receivable:

	2015	2014
Grants	\$ 92,229	\$ 184,430
Sales tax	3,270	181,976
Other	149,074	157,421
Taxes	57,286	53,027
	301,859	576,854
Less: provision for doubtful accounts	49,347	46,000
	\$ 252,512	\$ 530,854



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

4. Long-term debt:

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	Debenture Debt	Sinking Fund Assets	Net debt 2015	Net debt 2014
General fund: 711	Local improvements	4.60 %	2022	\$ 21,221	\$ 2,143	\$ 19,078	\$ 21,401
Sewer fund: 539	Local improvements	7.75 %	2016	32,453	26,623	5,830	11,383
				\$ 53,674	\$ 28,766	\$ 24,908	\$ 32,784

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

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

	General Fund	Sewer Fund	Total
2016	\$ 1,765	\$ 2,307	\$ 4,072
2017	1,765	-	1,765
2018	1,765	-	1,765
2019	1,765	-	1,765
2020	1,765	-	1,765
Onward	3,530	-	3,530
	12,355	2,307	\$ 14,662
Estimated sinking fund income	6,723	3,523	10,246
	\$ 19,078	\$ 5,830	\$ 24,908



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

4. Long-term debt (continued):

b) The District has the following un-issued loan authorizations at December 31, 2015.

Bylaw Number	Date	Purpose	2015
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, 2015 borrowing against the operating line was nil (2014 - nil).



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

5. Tangible capital assets:

	2015						Total
	Land improvements	Building and site improvements	Machinery and equipment	Engineering structures	Water infrastructure	Sewer infrastructure	
Cost:							
Balance, beginning of year	\$ 1,019,411	\$ 7,237,203	\$ 4,152,614	\$ 3,835,999	\$ 4,831,732	\$ 981,318	\$ 22,058,277
Additions	211,092	98,203	611,103	459,973	463,317	43,757	1,887,445
Disposals	-	-	(50,534)	-	-	-	(50,534)
Balance, end of year	1,230,503	7,335,406	4,713,183	4,295,972	5,295,049	1,025,075	23,895,188
Accumulated amortization:							
Balance, beginning of year	-	2,420,768	1,896,640	3,114,148	1,767,752	392,280	9,591,588
Amortization expense	-	170,670	244,930	71,797	122,422	19,455	629,274
Disposals	-	-	(39,960)	-	-	-	(39,960)
Balance, end of year	-	2,591,438	2,101,610	3,185,945	1,890,174	411,735	10,180,902
Net book value, end of year	\$ 1,230,503	\$ 4,743,968	\$ 2,611,573	\$ 1,110,027	\$ 3,404,875	\$ 613,340	\$ 13,714,286



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

5. Tangible capital assets (continued):

	2014							Total
	Land improvements	Building and site improvements	Machinery and equipment	Engineering structures	Water infrastructure	Sewer infrastructure	Assets under capital lease	
Cost:								
Balance, beginning of year	\$ 1,007,433	\$ 6,965,694	\$ 3,609,624	\$ 3,835,999	\$ 4,764,703	\$ 734,233	\$ 189,590	\$ 21,107,276
Additions	11,978	271,509	353,400	-	67,029	247,085	-	951,001
Purchase of assets under capital lease	-	-	189,590	-	-	-	(189,590)	-
Balance, end of year	1,019,411	7,237,203	4,152,614	3,835,999	4,831,732	981,318	-	22,058,277
Accumulated amortization:								
Balance, beginning of year	-	2,257,798	1,571,688	3,035,153	1,654,177	369,165	101,229	8,989,210
Amortization expense	-	162,970	223,723	78,995	113,575	23,115	-	602,378
Disposals	-	-	101,229	-	-	-	(101,229)	-
Balance, end of year	-	2,420,768	1,896,640	3,114,148	1,767,752	392,280	-	9,591,588
Net book value, end of year	\$ 1,019,411	\$ 4,816,435	\$ 2,255,974	\$ 721,851	\$ 3,063,980	\$ 589,038	\$ -	\$ 12,466,689



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

6. Accumulated surplus:

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 13,708,458	\$ 12,455,307
General fund	333,781	3,717,896
Water utility fund	316,593	410,755
Sanitary sewer fund	104,559	104,315
	14,463,391	16,688,273
Reserves set aside by Council:		
General fund:		
Boat ramp - unexpended funds	1,036	1,020
General operating	132,285	-
	133,321	1,020
Water utility fund:		
Unexpended funds:		
MFA debt reserve	116,650	115,046
MFA sinking fund surplus	70,526	69,556
	187,176	184,602
Reserve funds set aside for specific purposes by Council:		
Capital works, machinery and equipment	4,457,555	1,791,696
Water capital works, machinery and equipment	776,212	925,767
Sewer capital works, machinery and equipment	861,335	259,152
Tax sale properties	204,492	201,679
Land sale properties	114,503	112,928
	6,414,097	3,291,222
	\$ 21,197,985	\$ 20,165,117

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, 2015

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, 2015 totaled \$4,732 (2014 – \$4,732).
- (c) The District and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly trustee pension plan. The Board of Trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2014, the Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 19 contributors from the District.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The District paid \$111,240 (2014 - \$100,390) for employer contributions to the Plan in fiscal 2015.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

7. Commitments and contingencies (continued):

- (d) The District leases one piece of equipment with total monthly lease payments of \$496 with the lease expiring in 2016.
- (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.

8. Trust fund:

The District maintains a cemetery perpetual care fund in accordance with the Cemeteries and Funeral Services Act. As at December 31, 2015 the trust fund balance for both the fund and its corresponding term deposit is \$15,388 (2014 - \$15,162).



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

9. Net taxation revenue:

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

	2015	2014
Taxes collected:		
General purposes	\$ 2,081,463	\$ 2,053,145
Collections for other governments	3,284,982	3,229,997
	5,366,445	5,283,142
Less transfers to other governments:		
Province of British Columbia - school taxes	2,720,583	2,682,417
Peace River Regional District	187,238	178,505
Peace River Hospital District	224,472	221,694
Royal Canadian Mounted Police	113,076	110,363
B.C. Assessment Authority	39,485	40,135
Municipal Finance Authority	76	75
	3,284,930	3,233,189
	\$ 2,081,515	\$ 2,049,953

10. 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 Statement of Operations and Accumulated Surplus are as follows:

	2015	2014
Water utility	\$ 151,685	\$ 163,838
Sewer system	76,161	76,920
General government services	192,433	245,546
Planning, development and bylaw services	12,891	65,244
Environmental and public health services	71,938	74,908
Recreation and cultural services	106,468	93,217
	\$ 611,576	\$ 719,673



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

11. 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 Operations and Accumulated Surplus are as follows:

	2015	2014
Revenue:		
Provincial grants:		
Stimulus	\$ 634,658	\$ 581,578
Unconditional	305,264	201,105
Site C	-	125,000
Miscellaneous	63,890	87,789
	1,003,812	995,472
Federal grant:		
Mountain pine beetle	281,860	87,059
Gas tax	94,307	300,850
Miscellaneous	6,000	-
	382,167	387,909
	\$ 1,385,979	\$ 1,383,381

12. General government services and administration:

The District recognizes government services and administration as expenses in the period in which the services are provided. The general government services and administration reported on the Statement of Operations and Accumulated Surplus are as follows:

	2015	2014
Legislative	\$ 86,112	\$ 94,323
Grants in aid	108,801	20,706
General government services	1,339,931	1,581,925
ICBC	69,271	5,951
Contracts	-	89,984
	\$ 1,604,115	\$ 1,792,889



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

13. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial presentation adopted per the current year.

14. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2015 operating and capital budgets approved by Council on May 12, 2015. 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
Revenue:	
Operating budget	\$ 9,289,679
Capital operations budget	7,896,336
Less:	
Collections for other governments	(3,165,514)
Transfers from other funds	(5,798,537)
Proceeds on borrowing	(197,466)
	8,024,498
Expenses:	
Operating budget	\$ 9,289,679
Capital operations budget	7,896,336
Less:	
Payments to other governments	(3,165,514)
Transfers from other funds	(2,229,986)
Capital expenditures	(7,896,336)
	3,894,179
	\$ 4,130,319



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Significant tax payers:

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.

16. 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:

(i) General Government:

The general government operations provides the functions of corporate administration and legislative services, along with 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 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.



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

16. Segmented information (continued):

(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.

(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 Sewer System:

The water utility installs and maintains water mains, pump stations and the water treatment plan. The treatment and distribution of water in the District is included in this segment. The 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. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. 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

Year ended December 31, 2015

16. Segmented information (continued):

	2015								
	General Government	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 Sewer System	Total
Revenues:									
Taxation	\$ 2,081,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,081,515
Government transfers	1,385,979	-	-	-	-	-	-	-	1,385,979
Grants in lieu	1,434,699	-	-	-	-	-	-	-	1,434,699
User charges	192,433	-	-	71,938	-	12,891	106,468	227,846	611,576
Other	141,047	-	-	-	-	-	-	-	141,047
Total revenues	5,235,673	-	-	71,938	-	12,891	106,468	227,846	5,654,816
Expenses:									
Salaries, wages and employee benefits	561,841	96,578	426,927	104,406	12,895	31,330	391,071	140,505	1,765,553
Operating	365,188	136,239	240,080	461,125	11,900	24,296	492,694	158,662	1,890,184
Legislature	86,112	-	-	-	-	-	-	-	86,112
Amortization	477,803	-	-	-	-	-	-	151,471	629,274
Interest	11,470	-	-	-	-	-	-	516	11,986
Insurance	46,644	12,247	39,079	36	-	1,681	1,248	-	100,935
Professional services	55,057	17,071	-	-	-	27,065	238	-	99,431
Garbage disposal	-	-	-	38,473	-	-	-	-	38,473
Total expenses	1,604,115	262,135	706,086	604,040	24,795	84,372	885,251	451,154	4,621,948
Annual surplus (deficit)	\$ 3,631,558	\$ (262,135)	\$ (706,086)	\$ (532,102)	\$ (24,795)	\$ (71,481)	\$ (778,783)	\$ (223,308)	\$ 1,032,868



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2015

16. Segmented information (continued):

		2014								
		General Government	Protective Services	Public Works Services	Environmental and Public Health Services	Environmental Development Services	Planning Development and Bylaw Services	Recreational and Cultural Services	Utility and Sewer System	Total
Revenues:										
Taxation	\$ 2,049,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,049,954
Government transfers	1,383,381	-	-	-	-	-	-	-	-	1,383,381
Grants in lieu	1,409,516	-	-	-	-	-	-	-	-	1,409,516
User charges	245,546	-	-	-	74,908	-	65,244	93,217	240,758	719,673
Other	124,176	-	-	-	-	-	-	-	-	124,176
Total revenues	5,212,573	-	-	-	74,908	-	65,244	93,217	240,758	5,686,700
Expenses:										
Salaries, wages and employee benefits										
Operating	580,147	107,566	407,899	87,716	24,202	4,221	307,840	124,118	1,643,709	
Legislature	652,297	40,534	254,039	155,634	16,805	166,249	472,156	173,720	1,931,434	
Amortization	94,323	-	-	-	-	-	-	-	94,323	
Interest	456,096	-	-	-	-	-	-	146,282	602,378	
Insurance	10,026	-	4,097	-	-	-	-	1,925	16,048	
Professional services	-	93,400	-	-	-	-	-	-	93,400	
Garbage disposal	-	52,973	-	-	-	-	-	-	52,973	
	-	-	-	37,938	-	-	-	-	37,938	
Total expenses	1,792,889	294,473	666,035	281,288	41,007	170,470	779,996	446,045	4,472,203	
Annual surplus (deficit)	\$ 3,419,684	\$ (294,473)	\$ (666,035)	\$ (206,380)	\$ (41,007)	\$ (105,226)	\$ (686,779)	\$ (205,287)	\$ 1,214,497	