

Consolidated Financial Statements of



DISTRICT OF HUDSON'S HOPE

Year ended December 31, 2017



HUDSON'S
HOPE
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Table of Contents

	Page
Consolidated Financial Statements	
Management Responsibility for the Consolidated Financial Statements	
Independent Auditor's Report	
Financial Statements:	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Statement of Change in Net Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 24



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 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. Tom Matus
Chief Administrative Officer

Mrs. Rhonda Eastman
Deputy Treasurer





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INDEPENDENT AUDITORS' REPORT

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

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, 2017, the consolidated statements of operations and accumulated surplus, changes 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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.



Page 2

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District of Hudson's Hope as at December 31, 2017, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

April 25, 2018



**HUDSON'S
HOPE**
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

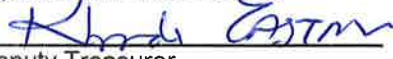
	2017	2016
Financial assets:		
Cash and cash equivalents	\$ 3,964,852	\$ 6,399,438
Accounts receivable (note 2)	1,111,607	249,610
Deposit - Municipal Finance Authority	486	477
	<u>\$ 5,076,945</u>	<u>\$ 6,649,525</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 628,784	\$ 247,130
Reserve - Municipal Finance Authority	486	477
Deferred revenue (note 4)	528,160	-
Long-term debt, net of sinking funds (note 5)	14,151	16,663
	<u>1,171,581</u>	<u>264,270</u>
Net financial assets	3,905,364	6,385,255
Non-financial assets:		
Tangible capital assets (note 6)	23,514,500	16,241,457
Prepaid expenses	-	38,880
	<u>23,514,500</u>	<u>16,280,337</u>
Accumulated Surplus (note 7)	<u>\$ 27,419,864</u>	<u>\$ 22,665,592</u>

Commitments and contingencies (note 8)

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



Chief Administrative Officer



Deputy Treasurer



**HUDSON'S
HOPE**
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
Revenue:			
Net taxation revenue (note 10)	\$ 2,122,677	\$ 2,077,487	\$ 2,119,042
Grants in lieu of taxes	1,498,141	1,553,215	1,507,397
Sales of services and user charges (note 11)	891,152	663,334	659,168
Other revenue from own sources	149,250	139,348	150,671
Government transfers: (note 12)			
Provincial	6,417,606	4,960,249	1,278,090
Federal	90,376	133,719	93,419
Total revenue	11,169,202	9,527,352	5,807,787
Expenses:			
General government services and administration (note 13)	947,377	1,846,988	1,547,306
Protective services	352,742	244,916	233,194
Public works services	1,047,813	988,639	777,547
Environmental and public health services	158,464	109,536	306,190
Environmental development services	59,200	31,312	15,538
Recreation and cultural services	972,002	982,860	885,170
Planning, development and bylaw services	164,492	145,924	93,702
Water utility and sanitary sewer systems	393,819	422,905	481,533
Total expenses	4,095,909	4,773,080	4,340,180
Annual surplus	7,073,293	4,754,272	1,467,607
Accumulated surplus, beginning of year	22,665,592	22,665,592	21,197,985
Accumulated surplus, end of year	\$ 29,738,885	\$ 27,419,864	\$ 22,665,592

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



DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Changes In Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
Annual surplus	\$ 7,073,293	\$ 4,754,272	\$ 1,467,607
Acquisition of tangible capital assets	(8,223,914)	(8,134,935)	(3,225,960)
Amortization of tangible capital assets	-	795,723	690,960
Loss (gain) on sale of tangible capital assets	-	23,661	(19,448)
Proceeds on sale of tangible capital assets	-	42,508	27,277
	(1,150,621)	(2,518,771)	(1,059,564)
Use (acquisition) of prepaid expenses	-	38,880	(38,880)
Change in net financial assets	(1,150,621)	(2,479,891)	(1,098,444)
Net financial assets, beginning of year	6,385,225	6,385,255	7,483,699
Net financial assets (debt), end of year	\$ 5,234,604	\$ 3,905,364	\$ 6,385,255

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, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,754,272	\$ 1,467,607
Items not involving cash:		
Amortization of tangible capital assets	795,723	690,960
Loss (gain) loss on sale of tangible capital assets	23,661	(19,448)
Changes in non-cash operating working capital:		
Accounts receivable	(861,997)	2,902
Accounts payable and accrued liabilities	381,654	(37,189)
Unearned revenue	528,160	(1,841)
Prepaid expenses	38,880	(38,880)
	<u>5,660,353</u>	<u>2,064,111</u>
Capital activities:		
Proceeds on sale of tangible capital assets	42,508	27,277
Acquisition of tangible capital assets	(8,134,935)	(3,225,960)
	<u>(8,092,427)</u>	<u>(3,198,683)</u>
Financing activities:		
Repayment of long term debt	(2,512)	(8,245)
	<u>(2,434,586)</u>	<u>(1,142,817)</u>
Decrease in cash and cash equivalents	(2,434,586)	(1,142,817)
Cash and cash equivalents, beginning of year	6,399,438	7,542,255
Cash and cash equivalents, end of year	<u>\$ 3,964,852</u>	<u>\$ 6,399,438</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, 2017

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 Village 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.



HUDSON'S
HOPE
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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 unearned 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 unearned revenue is added to the investment and forms part of the unearned 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.



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 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
HOPE**
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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:

- (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.

2. Accounts receivable:

	2017	2016
Grants	\$ 763,832	\$ -
Sales tax	158,243	82,259
Other	136,571	73,218
Taxes	52,961	97,203
	1,111,607	252,680
Less: provision for doubtful accounts	-	3,070
	\$ 1,111,607	\$ 249,610



**HUDSON'S
HOPE**
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

3. Accounts payable and accrued liabilities:

	2017	2016
Accounts payable - trade	\$ 479,759	\$ 103,862
Wages and related costs payable	129,253	124,351
Government remittances	18,023	17,939
Other	1,749	978
	<hr/> \$ 628,784	<hr/> \$ 247,130

4. Deferred revenue:

	2017	2016
Partnering relationship agreement	\$ 528,160	\$ -



**HUDSON'S
HOPE**
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

5. Long-term 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 2017	Net debt 2016
General fund:							
711	Local improvements	4.60%	2022	17,691	3,540	14,151	16,663
				\$ 17,691	\$ 3,540	\$ 14,151	\$ 16,663

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
2018	\$ 1,765
2019	1,765
2020	1,765
2021	1,765
2022	1,765
	8,825
Estimated sinking fund income	5,326
	\$ 14,151



HUDSON'S
HOPE
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

5. Long-term debt, net of sinking funds (continued):

(b) The District has the following un-issued loan authorization at December 31, 2017.

Bylaw Number	Date	Purpose	2017
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, 2017 borrowing against the operating line of credit was Nil (2016 - Nil).



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

6. Tangible capital assets:

	2017							
	Land	Buildings and site improvements	Machinery and equipment	Engineering structures	Water infrastructure	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



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

6. Tangible capital assets (continued):

	2016							
	Land	Building and site improvements	Machinery and equipment	Engineering structures	Water infrastructure	Sewer infrastructure		Total
Cost:								
Balance, beginning of year	\$ 1,230,503	\$ 7,335,406	\$ 4,713,183	\$ 4,295,972	\$ 5,295,049	\$ 1,025,075		\$ 23,895,188
Additions	193,710	1,704,120	801,481	-	97,946	428,703		3,225,960
Disposals	-	-	(61,696)	-	-	-		(61,696)
Balance, end of year	1,424,213	9,039,526	5,452,968	4,295,972	5,392,995	1,453,778		27,059,452
Accumulated amortization:								
Balance, beginning of year	-	2,591,438	2,101,610	3,185,945	1,890,174	411,735		10,180,902
Amortization expense	-	160,885	292,322	80,565	126,459	30,729		690,960
Disposal	-	-	(53,867)	-	-	-		(53,867)
Balance, end of year	-	2,752,323	2,340,065	3,266,510	2,016,633	442,464		10,817,995
Net book value, end of year	\$ 1,424,213	\$ 6,287,203	\$ 3,112,903	\$ 1,029,462	\$ 3,376,362	\$ 1,011,314		\$ 16,241,457



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

7. Accumulated surplus:

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 23,514,500	\$ 16,241,457
General fund	556,833	1,681,146
Water utility fund	149,498	200,240
Sanitary sewer fund	782,700	203,669
	<u>25,003,531</u>	<u>18,326,512</u>
Reserves set aside by Council:		
Water utility fund:		
Unexpended funds:		
MFA debt reserve	140,386	118,178
MFA sinking fund surplus	72,543	71,450
	<u>212,929</u>	<u>189,628</u>
Reserve funds set aside for specific purposes by Council:		
Capital works, machinery and equipment	1,435,377	2,617,497
Water capital works, machinery and equipment	523,248	688,433
Sewer capital works, machinery and equipment	34,440	636,353
Tax sale properties	210,339	207,169
	<u>2,203,404</u>	<u>4,149,452</u>
	<u>\$ 27,419,864</u>	<u>\$ 22,665,592</u>



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. 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, 2017 aggregated \$1,385 (2016 - \$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 193,000 active members and approximately 90,000 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
HOPE
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Commitments and contingencies (continued):

(c) (continued)

The District paid \$120,697 (2016 - \$109,929) for employer contributions to the Plan in fiscal 2017.

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.

9. Trust fund:

The District maintains a cemetery perpetual care fund in accordance with the Cemeteries and Funeral Services Act. As at December 31, 2017, the trust fund balance for both the liability and its corresponding term deposit is \$16,386 (2016 - \$15,373).

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Net taxation revenue:

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

	2017	2016
Taxes collected:		
General purposes	\$ 2,079,281	\$ 2,112,060
Collections for other governments	3,216,208	3,271,178
	<u>5,295,489</u>	<u>5,383,238</u>
Less transfers to other governments:		
Province of British Columbia - school taxes	2,677,461	2,695,296
Peace River Regional District	169,355	186,049
Peace River Regional Hospital District	228,025	228,938
Royal Canadian Mounted Police	106,002	114,537
B.C. Assessment Authority	37,082	39,298
Municipal Finance Authority	77	78
	<u>3,218,002</u>	<u>3,264,196</u>
	<u>\$ 2,077,487</u>	<u>\$ 2,119,042</u>

11. 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:

	2017	2016
Water utility	\$ 146,850	\$ 155,934
Sewer system	80,493	83,598
General government services	213,609	202,383
Planning, development and bylaw services	10,023	11,097
Environmental and public health services	74,947	76,188
Recreation and cultural services	137,412	129,968
	<u>\$ 663,334</u>	<u>\$ 659,168</u>



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

12. 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 Consolidated Statement of Operations and Accumulated Surplus are:

	2017	2016
Revenue:		
Provincial grants:		
Stimulus	\$ 637,248	\$ 691,434
Sewer grant	1,392,892	192,440
Unconditional	290,895	288,101
Carip grant	10,141	-
BC Hydro (tree program)	4,000	-
NDIT/Comm	59,200	35,896
NDIT zamboni	-	30,000
Tourism BC grant	10,936	11,063
UBCM grant	983,693	29,156
Atkinson subdivision grant	1,567,244	-
Mobile kiosk	4,000	-
	4,960,249	1,278,090
Federal grants:		
Gas tax	133,719	93,419
	133,719	93,419
	\$ 5,093,968	\$ 1,371,509



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

13. 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 Consolidated Statement of Operations and Accumulated Surplus are as follows:

	2017	2016
Legislative	\$ 90,162	\$ 90,564
Grants in aid	41,510	30,500
General government services	1,657,877	1,374,063
ICBC	57,439	52,179
	\$ 1,846,988	\$ 1,547,306

14. 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.



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2017 operating and capital budgets approved by Council on February 27, 2017. 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	\$ 8,799,917
Capital operations budget	8,223,914
Less:	
Collections for other governments	(3,153,148)
Transfers from other funds	(2,701,481)
	11,169,202
Expenses:	
Operating budget	8,799,917
Capital operations budget	8,223,914
Less:	
Payments to other governments	(3,153,148)
Transfers from other funds	(1,550,860)
Capital expenditures	(8,223,914)
	4,095,909
	\$ 7,073,293

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.



HUDSON'S
HOPE
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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.



HUDSON'S
HOPE
PLAYGROUND OF THE PEACE

DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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 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 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 (continued)

Year ended December 31, 2017

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 revenues	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	16,881	-	-	-	-	-	-	-	16,881
Insurance	25,832	4,803	84,882	-	-	1,828	1,249	-	118,594
Professional services	72,395	27,951	-	-	-	2,457	85	-	102,888
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)	\$ 184,483	\$ (31,312)	\$ (135,901)	\$ (845,448)	\$ (195,562)	\$ 4,754,272



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

17. Segmented information: (continued):

	2016								
	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	\$ 2,119,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,119,042
Government transfer	1,371,509	-	-	-	-	-	-	-	1,371,509
Grants in lieu	1,507,397	-	-	-	-	-	-	-	1,507,397
User charges	202,383	-	-	76,188	-	11,097	129,968	239,532	659,168
Other	150,671	-	-	-	-	-	-	-	150,671
Total revenue	5,351,002	-	-	76,188	-	11,097	129,968	239,532	5,807,787
Expenses:									
Salaries, wages and employee benefits	609,875	71,933	484,152	60,617	14,361	41,341	386,405	126,033	1,794,717
Operating	197,225	135,440	251,865	213,530	1,177	44,875	498,729	200,691	1,543,532
Legislature	90,564	-	-	-	-	-	-	-	90,564
Amortization	533,773	-	-	-	-	-	-	157,188	690,961
Interest (recovery)	16,079	-	-	-	-	-	-	(2,379)	13,700
Insurance	53,812	4,879	41,530	-	-	1,726	36	-	101,983
Professional services	45,978	20,942	-	-	-	5,760	-	-	72,680
Garbage disposal	-	-	-	32,043	-	-	-	-	32,043
Total expenses	1,547,306	233,194	777,547	306,190	15,538	93,702	885,170	481,533	4,340,180
Annual surplus (deficit)	\$ 3,803,696	\$ (233,194)	\$ (777,547)	\$ (230,002)	\$ (15,538)	\$ (82,605)	\$ (755,202)	\$ (242,001)	\$ 1,467,607