

Consolidated Financial Statements of



*DISTRICT OF HUDSON'S HOPE*

And Independent Auditors' Report thereon

Year ended December 31, 2021



HUDSON'S  
HOPE  
PLAYGROUND OF THE PEACE

*DISTRICT OF HUDSON'S HOPE*

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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Mr. Mokles Rahman  
*Chief Administrative Officer*

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Mrs. Tonia Alexander  
*Deputy Treasurer*





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## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

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

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2021 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.

### **Basis for Opinion**

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

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

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

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

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



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

Those charged with governance are responsible for overseeing the District's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants

Prince George, Canada

March 28, 2022



**HUDSON'S  
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*DISTRICT OF HUDSON'S HOPE*


Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 7,954,040	\$ 6,868,503
Accounts receivable (note 3)	235,469	1,568,355
Deposit - Municipal Finance Authority	528	519
	<u>8,190,037</u>	<u>8,437,377</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 4)	525,994	504,506
Reserve - Municipal Finance Authority	528	519
Deferred revenue (note 5)	519,708	539,123
Debt, net of sinking funds (note 6)	3,056	5,995
	<u>1,049,286</u>	<u>1,050,143</u>
Net financial assets	7,140,751	7,387,234
<b>Non-financial assets:</b>		
Tangible capital assets (note 7)	26,596,248	24,601,520
Land held for resale (note 8)	524,000	657,600
Prepaid expenses	18,580	19,217
Inventories	104,992	166,528
	<u>27,243,820</u>	<u>25,444,865</u>
<b>Accumulated surplus (note 9)</b>	<u>\$ 34,384,571</u>	<u>\$ 32,832,099</u>

Commitments and contingencies (note 10)

See accompanying notes to consolidated financial statements.

  
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Chief Administrative Officer

  
\_\_\_\_\_

Mayor



*DISTRICT OF HUDSON'S HOPE*

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 16)	2021 Actual	2020 Actual
<b>Revenue (note 18):</b>			
Net taxation revenue (note 11)	\$ 2,315,203	\$ 2,282,471	\$ 2,296,169
Grants in lieu of taxes	1,870,171	1,873,254	1,773,879
Sales of services and user charges (note 12)	565,368	581,019	550,309
Other revenue from own sources	141,911	142,445	175,773
Government transfers: (note 13)			
Provincial	1,119,396	2,152,741	4,856,463
Federal	97,849	200,421	97,869
<b>Total revenue</b>	<b>6,109,898</b>	<b>7,232,351</b>	<b>9,750,462</b>
<b>Expenses (note 18):</b>			
General government services and administration (note 14)	1,961,254	2,087,664	2,813,625
Protective services	357,300	283,937	270,759
Public works services	1,913,199	1,558,145	1,592,455
Environmental and public health services	66,000	49,152	51,591
Environmental development services	11,000	12,099	1,203
Recreation and cultural services	1,040,629	814,694	641,687
Planning, development and bylaw services	65,040	92,188	59,662
Water utility and sanitary sewer systems	426,772	782,000	484,790
<b>Total expenses</b>	<b>5,841,194</b>	<b>5,679,879</b>	<b>5,915,772</b>
<b>Annual surplus</b>	<b>268,704</b>	<b>1,552,472</b>	<b>3,834,690</b>
Accumulated surplus, beginning of year	32,832,099	32,832,099	28,997,409
<b>Accumulated surplus, end of year</b>	<b>\$ 33,100,803</b>	<b>\$ 34,384,571</b>	<b>\$ 32,832,099</b>

See accompanying notes to consolidated financial statements.





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Consolidated Statement of Change In Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2020 Budget	2021	2020
Annual surplus	\$ 268,704	\$ 1,552,472	\$ 3,834,690
Acquisition of tangible capital assets	-	(3,110,560)	(4,142,228)
Acquisition of land held for resale	-	-	(80,807)
Amortization of tangible capital assets	-	1,098,839	971,727
Write-down of land held for sale	-	133,600	768,528
Loss on sale of tangible capital assets	-	13,493	878
Proceeds on sale of tangible capital assets	-	3,500	12,000
	268,704	(308,656)	1,364,788
Use of inventories	-	61,536	11,203
Use of prepaid expenses	-	19,217	17,738
Acquisition of prepaid expenses	-	(18,580)	(19,217)
Change in net financial assets	268,704	(246,483)	1,374,512
Net financial assets, beginning of year	7,387,234	7,387,234	6,012,722
Net financial assets, end of year	\$ 7,655,938	\$ 7,140,751	\$ 7,387,234

See accompanying notes to consolidated financial statements.



DISTRICT OF HUDSON'S HOPE

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021 Actual	2020 Actual
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,552,472	\$ 3,834,690
Items not involving cash:		
Amortization of tangible capital assets	1,098,839	971,727
Loss on sale of capital assets	13,493	878
Write down of land held for sale	133,600	768,528
Changes in non-cash operating working capital:		
Accounts receivable	1,332,886	(714,624)
Deposit - Municipal Finance Authority	(9)	(22)
Inventories	61,536	11,203
Accounts payable and accrued liabilities	21,487	113,341
Reserve - Municipal Finance Authority	9	22
Prepaid expenses	637	(1,479)
Deferred revenue	(19,415)	30,963
	<u>4,195,536</u>	<u>5,015,227</u>
Capital activities:		
Proceeds on sale of tangible capital assets	3,500	12,000
Acquisition of tangible capital assets	(3,110,560)	(4,142,228)
Acquisition of land held for resale	-	(80,807)
	<u>(3,107,060)</u>	<u>(4,211,035)</u>
Financing activities:		
Repayment of debt	(2,939)	(2,826)
Increase in cash and cash equivalents	1,085,537	801,368
Cash and cash equivalents, beginning of year	6,868,503	6,067,135
Cash and cash equivalents, end of year	<u>\$ 7,954,040</u>	<u>\$ 6,868,503</u>

See accompanying notes to consolidated financial statements.



*DISTRICT OF HUDSON'S HOPE*

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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**Nature of operations:**

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

**1. Significant accounting policies:**

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

(a) Basis of consolidation:

(i) Consolidated entities:

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

(ii) Accounting for Region and School Board Transactions:

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

(iii) Trust funds:

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



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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**1. Significant accounting policies (continued):**

(b) Basis of accounting:

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

(c) Revenue recognition:

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

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

(d) Investment income:

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

(e) Cash and cash equivalents:

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



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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**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:

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

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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.



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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**1. Significant accounting policies (continued):**

(f) Non-financial assets (continued):

(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.

(iv) Land held for resale:

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

(v) Inventories:

Inventories consist of crushed gravel and sand. Inventories are valued at the lower of cost and replacement cost with cost determined using a moving average basis.

(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 and accounts payable and accrued liabilities. Actual results could differ from these estimates.



*DISTRICT OF HUDSON'S HOPE*

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

**1. Significant accounting policies (continued):**

(h) Contaminated sites:

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

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

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

(i) Government transfers:

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

**2. Cash and cash equivalents:**

	2021	2020
Cash	\$ 3,577,939	\$ 4,428,092
Short-term investments	4,376,101	2,440,411
	<b>\$ 7,954,040</b>	<b>\$ 6,868,503</b>



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

**3. Accounts receivable:**

	2021	2020
Grants	\$ 106,592	\$ 1,376,888
Sales tax	62,943	111,452
Other	22,333	35,930
Taxes	43,601	44,085
	<u>\$ 235,469</u>	<u>\$ 1,568,355</u>

**4. Accounts payable and accrued liabilities:**

	2021	2020
Accounts payable - trade	\$ 402,940	\$ 402,136
Wages and related costs payable	104,163	85,204
Government remittances	16,166	13,921
Cemetery	2,725	3,245
	<u>\$ 525,994</u>	<u>\$ 504,506</u>

**5. Deferred revenue:**

	2021	2020
Partnering relationship agreement	\$ 519,708	\$ 539,123





DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

**6. Debt, net of sinking funds:**

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

	Purpose	Interest rate	Year of maturity	Debenture debt	Sinking Fund Assets	Net debt 2021	Net debt 2020
General fund:							
	Local						
711	improvements	4.60%	2022	\$ 10,631 \$	7,575 \$	3,056 \$	5,995

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

(a) Aggregate repayments of principal over the next year is estimated as follows:

	Total
2022	\$ 1,765
Estimated sinking fund income	1,291
	\$ 3,056



*DISTRICT OF HUDSON'S HOPE*

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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

(b) The District has the following un-issued loan authorization at December 31, 2021.

Bylaw Number	Date	Purpose	2021
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 \$200,000 operating line of credit, which bears interest at prime and is secured by term deposits and accounts receivable. As at December 31, 2021 borrowing against the operating line of credit was nil (2020 - nil).



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

**7. Tangible capital assets:**

	2021							
	Land	Buildings and site improvements	Machinery and equipment	Road infrastructure	Water infrastructure	Sanitary sewer infrastructure		Total
<b>Cost:</b>								
Balance, beginning of year	\$ 1,485,018	\$ 10,072,122	\$ 7,438,587	\$ 6,351,426	\$ 9,551,889	\$ 4,152,249		\$ 39,051,291
Additions	218,903	143,494	348,869	356,714	1,337,017	705,563		3,110,560
Disposals	-	-	(418,832)	(2,245)	(117,230)	(1,403)		(539,710)
Balance, end of year	1,703,921	10,215,616	7,368,624	6,705,895	10,771,676	4,856,409		41,622,141
<b>Accumulated amortization:</b>								
Balance, beginning of year	-	3,700,655	3,732,775	3,760,607	2,503,227	752,507		14,449,771
Amortization expense	-	254,033	379,479	114,672	233,125	117,530		1,098,839
Disposal	-	-	(408,692)	(2,245)	(110,377)	(1,403)		(522,717)
Balance, end of year	-	3,954,688	3,703,562	3,873,034	2,625,975	868,634		15,025,893
Net book value, end of year	\$ 1,703,921	\$ 6,260,928	\$ 3,665,062	\$ 2,832,861	\$ 8,145,701	\$ 3,987,775		\$ 26,596,248



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

7. Tangible capital assets (continued):

	2020							
	Land	Building and site improvements	Machinery and equipment	Road infrastructure	Water infrastructure	Sanitary sewer infrastructure		Total
<b>Cost:</b>								
Balance, beginning of year	\$ 1,270,038	\$ 9,803,601	\$ 7,370,146	\$ 5,909,117	\$ 6,391,518	\$ 4,134,249		\$ 34,878,669
Additions	134,173	268,521	118,854	442,309	3,160,371	18,000		4,142,228
Disposals	-	-	(50,413)	-	-	-		(50,413)
Reclass for assets held for sale	80,807	-	-	-	-	-		80,807
Balance, end of year	1,485,018	10,072,122	7,438,587	6,351,426	9,551,889	4,152,249		39,051,291
<b>Accumulated amortization:</b>								
Balance, beginning of year	-	3,459,453	3,382,457	3,625,353	2,395,286	653,030		13,515,579
Amortization expense	-	241,202	387,853	135,254	107,941	99,477		971,727
Disposal	-	-	(37,535)	-	-	-		(37,535)
Balance, end of year	-	3,700,655	3,732,775	3,760,607	2,503,227	752,507		14,449,771
Net book value, end of year	\$ 1,485,018	\$ 6,371,467	\$ 3,705,812	\$ 2,590,819	\$ 7,048,662	\$ 3,399,742		\$ 24,601,520



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

**8. Land held for resale:**

Land held for resale consists of seventeen lots in relation to the Lucas subdivision. A write down of \$133,600 (2020 - \$768,528) was recognized in general government services and administration on the consolidated statement of operations for the Lucas subdivision.

**9. Accumulated surplus:**

	2021	2020
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 26,596,246	\$ 24,601,520
General fund	4,503,855	5,539,447
Water utility fund	21,831	239,059
Sanitary sewer fund	75,793	48,893
	31,197,725	30,428,919
<b>Reserves set aside by Council:</b>		
Water utility fund:		
Unexpended funds:		
MFA debt reserve	148,140	147,610
MFA sinking fund surplus	76,550	76,291
	224,690	223,901
<b>Reserve funds set aside for specific purposes by Council:</b>		
Public works, infrastructure and equipment	2,265,361	1,529,078
General capital and office equipment	142,590	95,829
Water capital, infrastructure and equipment	127,299	71,384
Sewer capital, infrastructure and equipment	82,918	44,445
Tax sale properties	222,401	347,278
Community hall	121,587	91,265
	2,962,156	2,179,279
	\$ 34,384,571	\$ 32,832,099



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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**10. 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 has 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, 2021 aggregated \$1,385 (2020 - \$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, 2020, the Plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from the 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 then adjusted for the 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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**10. Commitments and contingencies (continued):**

- (c) The District paid \$140,514 (2020 - \$143,208) for employer contributions to the Plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

**11. Net taxation revenue:**

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

	2021	2020
Taxes collected:		
General purposes	\$ 2,287,281	\$ 2,290,243
Collections for other governments	3,417,298	3,321,786
	<u>5,704,579</u>	<u>5,612,029</u>
Less transfers to other governments:		
Province of British Columbia - school taxes	2,860,134	2,771,542
Peace River Regional District	179,048	195,510
Peace River Regional Hospital District	232,514	195,731
Royal Canadian Mounted Police	110,800	113,600
B.C. Assessment Authority	39,530	39,395
Municipal Finance Authority	82	82
	<u>3,422,108</u>	<u>3,315,860</u>
	<u>\$ 2,282,471</u>	<u>\$ 2,296,169</u>

**12. Sales of services and user charges:**

The District recognizes sales of services and user charges as revenues in the period in which the services are provided. The sales of services and user charges reported on the consolidated statement of operations and accumulated surplus are as follows:

	2021	2020
Water utility	\$ 173,155	\$ 167,947
Sewer system	82,297	80,300
General government services	124,563	116,333
Planning, development and bylaw services	15,438	10,221
Environmental and public health services	87,758	87,181
Recreation and cultural services	97,808	88,327
	<u>\$ 581,019</u>	<u>\$ 550,309</u>



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

**13. Government transfers:**

	2021	2020
Revenue:		
Provincial grants:		
Canada Student Grant	\$ 13,644	\$ -
Climate Action revenue incentive program grant	5,546	10,462
COVID-19 Restart Grant (schedule 1)	-	499,000
BC Hydro	1,112,064	3,308,971
Northern Development Initiative Trust	-	15,548
Peace River agreement - Fair Share	698,487	700,284
Small Community grant	313,000	311,198
Tourism BC grant	10,000	11,000
	2,152,741	4,856,463
Federal grants:		
Gas tax	200,421	97,869
	\$ 2,353,162	\$ 4,954,332

**14. General government services and administration:**

	2021	2020
Legislative	\$ 87,953	\$ 88,125
Grants in aid	12,944	20,591
General government services	1,909,746	2,635,363
ICBC	77,021	69,546
	\$ 2,087,664	\$ 2,813,625



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

**15. Trust fund:**

The District maintains a cemetery perpetual care fund in accordance with the Cemeteries and Funeral Services Act. As at December 31, 2021, the trust fund balance for both the liability and its corresponding term deposit is \$18,300 (2020 - \$18,088).

**16. Budget data:**

The budget data presented in these consolidated financial statements is based upon the 2021 operating and capital budgets approved by Council on May 10, 2021. 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	\$ 6,109,898
Capital operations budget	2,078,550
Less:	
Transfers from other funds	(2,078,550)
	<u>6,109,898</u>
Expenses:	
Operating budget	8,011,194
Capital operations budget	2,078,550
Less:	
Transfers from other funds	(2,170,000)
Capital expenditures	(2,078,550)
	<u>5,841,194</u>
	<u>\$ 268,704</u>



**17. 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.

**18. 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 Services and Administration:

The general government services 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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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**18. Segmented information: (continued):**

(v) Environment 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.

(vii) Recreation and Culture Services:

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

(viii) Water Utility and Sanitary Sewer Systems:

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

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

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



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

18. Segmented information: (continued):

	2021									
	General Government Services and Administration	Protective Services	Public Works Services	Environmental and Public Health Services	Environmental Development Services	Planning, Development and Bylaw Services	Recreation and Culture Services	Water Utility and Sanitary Sewer System		Total
<b>Revenue:</b>										
Taxation	\$ 2,282,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,282,471
Government transfers	1,250,411	-	-	-	-	-	-	1,102,751	-	2,353,162
Grants in lieu	1,873,254	-	-	-	-	-	-	-	-	1,873,254
Sales of services and user charges	124,563	-	-	87,758	-	15,438	97,808	255,452	-	581,019
Other revenue from own sources	142,445	-	-	-	-	-	-	-	-	142,445
<b>Total revenues</b>	<b>5,673,144</b>	<b>-</b>	<b>-</b>	<b>87,758</b>	<b>-</b>	<b>15,438</b>	<b>97,808</b>	<b>1,358,203</b>	<b>-</b>	<b>7,232,351</b>
<b>Expenses:</b>										
Salaries, wages and employee benefits	699,024	156,014	1,085,540	-	-	-	253,894	205,241	-	2,399,712
Operating	400,236	108,025	439,099	42,572	12,099	40,402	560,327	213,140	-	1,815,900
Legislature	94,551	-	-	-	-	5,960	-	-	-	100,512
Amortization	735,220	-	-	-	-	-	-	363,619	-	1,098,839
Interest	4,363	-	-	-	-	-	-	-	-	4,363
Insurance	114,897	3,202	33,506	-	-	2,134	473	-	-	154,212
Professional services	39,373	16,696	-	-	-	43,692	-	-	-	99,761
Garbage disposal	-	-	-	6,580	-	-	-	-	-	6,580
<b>Total expenses</b>	<b>2,087,664</b>	<b>283,937</b>	<b>1,558,145</b>	<b>49,152</b>	<b>12,099</b>	<b>92,188</b>	<b>814,694</b>	<b>782,000</b>	<b>-</b>	<b>5,679,879</b>
<b>Annual surplus (deficit)</b>	<b>\$ 3,585,480</b>	<b>\$ (283,937)</b>	<b>\$ (1,558,145)</b>	<b>\$ 38,606</b>	<b>\$ (12,099)</b>	<b>\$ (76,750)</b>	<b>\$ (716,886)</b>	<b>\$ 576,203</b>	<b>\$ -</b>	<b>\$ 1,552,472</b>



DISTRICT OF HUDSON'S HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

18. Segmented information: (continued):

	2020								
	General Government Services and Administration	Protective Services	Public Works Services	Environmental and Public Health Services	Environmental Development Services	Planning, Development and Bylaw Services	Recreation and Culture Services	Water Utility and Sanitary Sewer System	Total
<b>Revenue:</b>									
Taxation	\$ 2,296,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,296,169
Government transfers	2,019,667	-	-	-	-	-	-	2,934,665	4,954,332
Grants in lieu	1,773,879	-	-	-	-	-	-	-	1,773,879
Sale of services and user charges	116,333	-	-	87,181	-	10,221	88,327	248,247	550,309
Other revenue from own sources	175,773	-	-	-	-	-	-	-	175,773
<b>Total revenue</b>	<b>6,381,821</b>	<b>-</b>	<b>-</b>	<b>87,181</b>	<b>-</b>	<b>10,221</b>	<b>88,327</b>	<b>3,182,912</b>	<b>9,750,462</b>
<b>Expenses:</b>									
Salaries, wages and employee benefits	777,390	110,256	1,182,544	-	-	-	188,437	118,021	2,376,648
Operating	1,014,394	120,116	353,299	43,150	1,203	38,425	451,475	149,237	2,171,299
Legislature	94,408	-	-	-	-	2,589	-	-	96,997
Amortization	754,195	-	-	-	-	-	-	217,532	971,727
Interest (recovery)	3,021	-	-	-	-	-	-	-	3,021
Insurance	91,813	5,019	56,612	-	-	2,090	1,775	-	157,309
Professional services	78,404	35,368	-	-	-	16,558	-	-	130,330
Garbage disposal	-	-	-	8,441	-	-	-	-	8,441
<b>Total expenses</b>	<b>2,813,625</b>	<b>270,759</b>	<b>1,592,455</b>	<b>51,591</b>	<b>1,203</b>	<b>59,662</b>	<b>641,687</b>	<b>484,790</b>	<b>5,915,772</b>
<b>Annual surplus (deficit)</b>	<b>\$ 3,568,196</b>	<b>\$ (270,759)</b>	<b>\$ (1,592,455)</b>	<b>\$ 35,590</b>	<b>\$ (1,203)</b>	<b>\$ (49,441)</b>	<b>\$ (553,360)</b>	<b>\$ 2,698,122</b>	<b>\$ 3,834,690</b>



HUDSON'S  
HOPE  
PLAYGROUND OF THE PEACE

*DISTRICT OF HUDSON'S HOPE*

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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**19. Comparative information**

Certain 2021 comparative information has been reclassified. The changes had no impact on prior year annual surplus.



DISTRICT OF HUDSON'S HOPE

Schedule 1 - COVID-19 Safe Restart Grant

Year ended December 31, 2021  
(Unaudited)

In November 2020, the District of Hudson's Hope was the recipient of a \$499,000 grant under the COVID-19 Safe Restart for Local Governments program from the Province of BC. Due to the conditions of use this grant funding allows local governments to use the funding where the greatest need arises, the initial \$499,000 amount received was considered revenue in 2020 and included in grant revenue on the consolidated statement of operations and accumulated surplus. The District allocated \$93,713 within 2021 to cover operational costs and loss of revenue in relation to the operation of the District's pool and arena in addition to overall pandemic responses incurred since the beginning of the pandemic in the spring of 2020.

	2021
Balance of COVID-19 Safe Restart grant funds at December 31, 2020	\$ 428,670
Less amount utilized in 2021:	
Masks and Hand Sanitizer	6,259
Arena Operations	40,709
Swimming Operations	16,018
Curling Rink	20,000
Operational - janitorial	8,301
Main Office - Reno	2,426
	93,713
Main Office Entry	48,000
Council Chambers - Sound System	18,000
Operations	28,000
Employment	49,000
Supplies	6,300
Community Hall Washroom	25,000
Information Center Washroom	5,000
Gazebo - Beattie Park	10,000
Playground & Gazebo - Pool Park	75,000
Playground & Gazebo - Dinosaur Lake	70,657
Total 2021 allocation of COVID-19 Safe Restart grant	334,957
Remaining COVID-19 Safe Restart grant	\$ -