

# **THE DISTRICT OF VANDERHOOF**

**Financial Statements**

**December 31, 2019**

**THE DISTRICT OF VANDERHOOF**  
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**December 31, 2019**

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# DISTRICT OF **Vanderhoof**

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 1 to the 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

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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 financial statements.

Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through Council. Mayor and Council review internal financial statements on a monthly basis and external audited financial statements yearly. Mayor and Council also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Beswick Hildebrandt Lund Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of District of Vanderhoof and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of District of Vanderhoof

\_\_\_\_\_ Gerald Thiessen, Mayor

\_\_\_\_\_ Margaret Stewart, Chief Financial Officer

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of District of Vanderhoof

### Opinion

We have audited the financial statements of District of Vanderhoof (the Entity), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard (PSAS).

### 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity 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.

### Comparative Information

The financial statements of the Entity for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on April 8, 2019.

### 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 PSAS, 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.

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**Partners**

Allison Beswick CPA, CA  
Norm Hildebrandt CPA, CA  
Robin Lund CPA, CGA

**Director**

Kristin Giannotti CPA, CGA

**Beswick Hildebrandt Lund CPA**

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In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's 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 auditor's 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 these 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

*Beswick Hildebrandt Lund*

Chartered Professional Accountants

Prince George, British Columbia

April 14, 2020

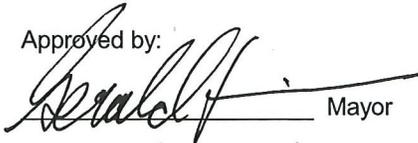
**THE DISTRICT OF VANDERHOOF**  
**STATEMENT OF FINANCIAL POSITION**

**December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 15,647,230	\$ 8,861,538
Accounts receivable (Note 15)	883,977	689,784
	<b>16,531,207</b>	<b>9,551,322</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 3)	826,990	661,751
Unearned revenues (Note 4)	101,354	85,473
Unearned grants (Note 5)	7,066,703	1,150,699
Due to trust funds (Note 6)	639	341
Contaminated site (Note 7)	428,400	428,400
Long-term debt (Note 8)	3,514,021	3,589,861
	<b>11,938,107</b>	<b>5,916,525</b>
<b>NET FINANCIAL ASSETS</b>	<b>4,593,100</b>	<b>3,634,797</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - Schedule 3	56,594,241	55,181,888
Inventory	104,120	99,240
Prepaid expenses	79,340	221,647
	<b>56,777,701</b>	<b>55,502,775</b>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<b>\$ 61,370,801</b>	<b>\$ 59,137,572</b>

**CONTINGENT LIABILITIES (Note 9)**

Approved by:

 Mayor

 Chief Financial Officer

**THE DISTRICT OF VANDERHOOF**

**STATEMENT OF OPERATIONS**

**For the year ended December 31, 2019**

	<b>2019 Budget (Note 13)</b>	<b>2019 Actual</b>	<b>2018 Actual (Note 16)</b>
<b>REVENUES</b>			
Grants (Note 14)	\$ 10,199,083	\$ 2,707,559	\$ 3,226,981
Taxation (Note 12)	5,440,642	5,440,470	4,863,958
Community forest revenue	1,000,000	691,070	1,530,627
Sale of Services	290,961	276,575	258,350
Donations from the public	450,000	487,530	43,046
Utility user charges and connection fees	635,027	691,763	611,560
Other revenue	461,222	583,132	508,069
Transfer from Gas Tax Reserve Fund (Note 5)	736,891	430,836	-
Gain (Loss) on disposal of asset	<u>-</u>	<u>21,183</u>	<u>143,891</u>
<b>TOTAL REVENUES</b>	<u>19,213,826</u>	<u>11,330,118</u>	<u>11,186,482</u>
<b>EXPENSES</b>			
General Fund - Schedule 1	6,055,778	7,935,885	6,998,030
Water Fund	445,500	625,881	660,233
Sewer Fund	<u>430,550</u>	<u>535,123</u>	<u>575,376</u>
<b>TOTAL EXPENSES (Schedule 2)</b>	<u>6,931,828</u>	<u>9,096,889</u>	<u>8,233,639</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 12,281,998</u>	<b>2,233,229</b>	2,952,843
<b>ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR</b>		<u>59,137,572</u>	<u>56,184,729</u>
<b>ACCUMULATED SURPLUS AT END OF THE YEAR</b>		<u>\$ 61,370,801</u>	<u>\$ 59,137,572</u>

**THE DISTRICT OF VANDERHOOF**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

**For the year ended December 31, 2019**

	<b>2019 Budget (Note 13)</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>ANNUAL SURPLUS</b>	\$ 12,281,998	\$ <b>2,233,229</b>	\$ 2,952,843
<b>Tangible capital assets</b>			
Acquisitions	(7,308,560)	<b>(4,364,509)</b>	(7,188,547)
Amortization	-	<b>2,920,997</b>	2,586,659
Dispositions	<u>-</u>	<u><b>31,159</b></u>	<u>113,590</u>
	<u>4,973,438</u>	<u><b>820,876</b></u>	<u>(1,535,455)</u>
<b>Non-financial assets</b>			
Use of (addition to) inventory of supplies	-	<b>(4,880)</b>	4,469
Use of (addition to) prepaid expenses	<u>-</u>	<u><b>142,307</b></u>	<u>14,278</u>
	<u>-</u>	<u><b>137,427</b></u>	<u>18,747</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	4,973,438	<b>958,303</b>	(1,516,708)
<b>NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR</b>	<u>3,634,797</u>	<u><b>3,634,797</b></u>	<u>5,151,505</u>
<b>NET FINANCIAL ASSETS AT END OF THE YEAR</b>	\$ <u><u>8,608,235</u></u>	\$ <u><u><b>4,593,100</b></u></u>	\$ <u><u>3,634,797</u></u>

**THE DISTRICT OF VANDERHOOF**

**STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>OPERATING TRANSACTIONS</b>		
Annual Surplus	\$ 2,233,229	\$ 2,952,843
Add non-cash items:		
Amortization of tangible capital assets	2,920,998	2,586,659
(Gain)/Loss on disposal of tangible capital assets	(21,183)	(143,891)
Changes in non-cash working capital balances:		
Accounts receivable	(194,193)	1,303,840
Accounts payable and accrued liabilities	165,239	(1,020,345)
Unearned revenues	15,881	(23,127)
Unearned grants	5,916,004	271,861
Due to trust funds	298	(1,320)
Inventory of supplies	(4,880)	4,469
Prepaid expenses	142,307	14,278
	<b>11,173,700</b>	<b>5,945,267</b>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(4,364,509)	(7,188,546)
Proceeds from disposal of tangible capital assets	52,341	257,481
	<b>(4,312,168)</b>	<b>(6,931,065)</b>
<b>FINANCING TRANSACTIONS</b>		
Proceeds from long-term debt	275,535	1,000,000
Repayment of long-term debt	(351,375)	(295,227)
	<b>(75,840)</b>	<b>704,773</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,785,692</b>	<b>(281,026)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>8,861,538</b>	<b>9,142,564</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>\$ 15,647,230</b>	<b>\$ 8,861,538</b>

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The District of Vanderhoof (the "District") is a municipality in the province of British Columbia. The District prepares its financial statements in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis

Revenue generated by property taxes and utilities, including interest and penalties calculated on amounts in arrears, is recognized in the year they are levied.

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

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

The District earns revenue from a third party for the licensing of the rights to manage, develop, harvest under the Community Forest license, for which the District receives a fee per volume harvested. Community Forest revenue is recognized when the revenue amounts are measurable and ultimate collection is reasonably assured, which is when the third party delivers the harvested timber to the mill.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

Reserves

Reserves consist of funds set aside from current and prior years' operations as well as third party contributions and are available for future expenditures.

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

Measurement Uncertainty

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 year. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Areas requiring the greatest degree of estimation include the estimated useful lives of tangible capital assets, liability for contaminated site, and employee sick days payable.

Contaminated Site

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has a responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Employee Future Benefits

The District and its employees make contributions to the Municipal Pension Plan, and the employees accrue benefits under this plan based on service. The District's contributions to the plan are expensed when incurred. In addition to the Municipal Pension Plan, sick leave and other benefits also accrue to the District's employees. The costs of these benefits are determined based on years of service, estimated retirement age, and expected future salary and wage levels. The obligations under these benefit plans are accrued based on the projected benefits earned as the employees render the services necessary to earn the future benefits. Employee future benefits are included with accounts payable and accrued liabilities on the statement of financial position.

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

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.

(a) 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 capital asset is amortized on a straight-line basis over their estimated useful lives as follows:

Land	No Amortization
Buildings	10 to 100 years
Vehicles/Machinery/Equipment	5 to 20 years
Engineered Structure	10 to 100 years
Sewer System	10 to 100 years
Water System	10 to 100 years

Annual amortization is charged commencing when the asset is acquired or available for use. Assets under construction are not amortized until the asset is available for productive use. The District does not capitalize interest associated with the acquisition or construction of a tangible capital asset.

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

Works of art, artifacts, cultural and historic assets are not recorded as assets in the financial statements.

Assets held under finance leases are amortized over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease if there is no reasonable certainty that the District will obtain ownership by the end of the lease term.

Gains and losses arising on the disposal or retirement of tangible capital assets are recognized in the statement of financial activities in the period in which they occur.

Where tangible capital assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognized as an expense in the period that the impairment is identified.

(b) Inventory and prepaid expenses

Inventory and prepaid expenses held for consumption are recorded at the lower of cost and replacement cost.

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

Financial Instruments and Fair Values

*Measurement of financial instruments*

The District initially measures its financial assets and financial liabilities at fair value. The District subsequently measures all its financial assets and financial liabilities at cost.

Financial assets measured at cost include cash and accounts receivable.

Financial liabilities measured at cost include accounts payable and accrued liabilities, long-term debt and obligation under capital leases.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The impairment amount is written down to the net recoverable value and recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

*Transaction costs*

The District recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**2. CASH AND CASH EQUIVALENTS**

	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ <b>6,149,092</b>	\$ 3,046,259
Temporary investments	<b>9,498,138</b>	5,815,279
Total cash and cash equivalents	<b>\$ 15,647,230</b>	\$ 8,861,538

Temporary investments consist of a investment account of \$5,427,828 (2018 - \$5,752,294) with an interest rate of 2.25%, a term deposit cashable on demand including accrued interest of \$64,502 (2018 - \$62,985) with a rate of 2.10% maturing January 15, 2024 and a non-redeemable term deposit of \$4,005,808 including accrued interest with a rate of 2.65% maturing December 11, 2021 (2018 - \$nil).

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2019</b>	<b>2018</b>
Holdbacks Payable	\$ <b>174,000</b>	\$ -
Trade Payables	<b>308,554</b>	413,495
Due (from) to other governments	<b>35,714</b>	12,951
Wages and employee future benefits	<b>308,722</b>	235,305
Total accounts payable and accrued liabilities	<b>\$ 826,990</b>	\$ 661,751

**4. UNEARNED REVENUES**

	<b>2019</b>	<b>2018</b>
Prepaid taxes	\$ <b>29,881</b>	\$ 52,849
Prepaid utilities	<b>1,410</b>	2,348
Other	<b>70,063</b>	30,276
Total unearned revenues	<b>\$ 101,354</b>	\$ 85,473

**5. UNEARNED GRANTS**

	<b>2019</b>	<b>2018</b>
Gas Tax	\$ <b>1,244,654</b>	\$ 1,150,699
Northern Capital and Planning Grant	<b>5,822,049</b>	-
Total Unearned Grants	<b>\$ 7,066,703</b>	\$ 1,150,699

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

**5. UNEARNED GRANTS, continued**

Gas Tax

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

The District maintains the amounts in a statutory reserve.

	<u>2019</u>	<u>2018</u>
Opening Balance	\$ <u>1,150,699</u>	\$ <u>878,838</u>
Add: Amounts received in the year	<b>495,054</b>	253,078
Interest earned	<u>29,737</u>	<u>18,783</u>
	<u>524,791</u>	<u>271,861</u>
Less: Amounts spent in the year	<u>430,836</u>	<u>-</u>
Closing balance	\$ <u><u>1,244,654</u></u>	\$ <u><u>1,150,699</u></u>

Nothern Capital and Planning Grant

Northern Capital and Planning funding is provided by the Province of British Columbia. The Northern Capital and Planning funding may be used towards infrastructure and eligible projects include engineering, infrastructure planning, pipes, wells, treatment facilities, building, roads, machinery, equipment, vehicles and other associated capital that are owned and controlled by the District. This can also include the cost of land associated with developing the above capital investment.

The District can also use the funding towards a regional project that they will not own, as long as they are a participant of the project and the project is dedicated for capital or planning purposes.

The District maintains the amounts in a statutory reserve.

	<u>2019</u>	<u>2018</u>
Opening Balance	\$ <u>-</u>	\$ <u>-</u>
Add: Amounts received in the year	<b>5,731,000</b>	-
Interest earned	<u>91,049</u>	<u>-</u>
	<u>5,822,049</u>	<u>-</u>
Less: Amounts spent in the year	<u>-</u>	<u>-</u>
Closing balance	\$ <u><u>5,822,049</u></u>	\$ <u><u>-</u></u>

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**6. DUE TO TRUST FUNDS**

Certain assets have been conveyed or assigned to the District to be administered as directed by agreement or statute. The District holds the assets for the benefit of, and stands in fiduciary relationship to, the beneficiary. The following trust funds and assets are excluded from the District's financial statements:

	<b>2019</b>	<b>2018</b>
Cemetery Care	\$ <b>65,685</b>	\$ 63,956
Cash held for trust funds	<b>(65,046)</b>	(63,615)
Due to trust funds	<b>\$ 639</b>	\$ 341

**7. CONTAMINATED SITE**

The District recognizes and estimates a liability of \$428,400 for the remediation of the former Kwik Save service station located at 302 West First Street, Vanderhoof, British Columbia ("the Site"). The nature of the liability results from the findings of a soil and groundwater analysis that found soil concentrations that were greater than applicable Contaminated Sites Regulations Commercial Land Use Standards.

The basis for the estimate of the liability is a report from an engineering firm contracted to provide a cost estimate, the details of which are as follows:

	<b>2019</b>	<b>2018</b>
Consulting fees	\$ <b>34,200</b>	\$ 34,200
Laboratory fees	<b>79,000</b>	79,000
Subcontractor fees:		
Utility clearance	<b>2,800</b>	2,800
Excavator and hauling	<b>216,700</b>	216,700
Disposal estimate	<b>95,700</b>	95,700
	<b>\$ 428,400</b>	\$ 428,400

The assumptions used in estimating the liability include estimating the consulting and laboratory fees based on rates and time estimates provided by the engineering firm consulted to prepare the estimate, as well as estimating the subcontractor fees based on rates currently in use at the Clearview landfill.

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**8. LONG-TERM DEBT**

	<b>2019</b>	<b>2018</b>
Municipal Finance Authority loan related to Bylaw 1121 is repayable over 20 years in fixed biannual installments totaling \$137,431 including interest at 3.15%, maturing in 2037.	<b>\$ 1,848,904</b>	\$ 1,925,569
Municipal Finance Authority loan related to Bylaw 1121 is repayable over 20 years in fixed biannual installments totaling \$68,716 including interest at 3.15%, maturing in 2038.	<b>962,784</b>	1,000,000
Municipal Finance Authority equipment demand loan repayable in monthly installments of \$13,624 including interest at 2.51% per annum, maturing October 2022, secured by equipment with a net carrying amount of \$631,205.	<b>457,202</b>	607,215
Municipal Finance Authority equipment demand loan repayable in monthly installments of \$6,254 including interest at 2.45% per annum, matured September 2019.	-	57,077
Municipal Finance Authority equipment demand loan repayable in monthly installments of \$4,888 including interest at 2.51% per annum, maturing May 2024, secured by equipment with a carrying amount of \$259,166.	<b>245,131</b>	-
	<b>\$ 3,514,021</b>	<b>\$ 3,589,861</b>

Equity of \$2,233 was contributed to sinking funds in 2019 (2018 - \$538).

Total principal payment made during 2019 was \$351,375 (2018 - \$295,227). Total interest paid on long-term debts during 2019 was \$112,587 (2018 - \$102,400).

Principal repayments on existing debt over the next five years and thereafter are as follows:

2020	\$ 318,498
2021	323,795
2022	313,233
2023	168,907
2024	136,118
Thereafter	1,488,644
	2,749,195
Actuarial additions	764,826
	<b>\$ 3,514,021</b>

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**9. CONTINGENT LIABILITIES**

Municipal Finance Authority Debt Issues

The District has a contingent liability with respect to the Municipal Finance Authority of BC (MFA) Debt Reserve Fund Demand Note. As a condition of the borrowing undertaken by the District, the District was required to contribute to the MFA Debt Reserve through a demand note. The demand note will only be recorded as an asset and liability if a local government, under joint and several agreement of the Regional District, defaults on the loan obligation. Upon this action of the default, the MFA may call the outstanding demand notes of the deficient Regional District, at which point the demand notes then become an asset and a liability of the associated members. Once the defaulting local government repays in full the defaulted position, the MFA will refund all called demand notes. It is generally unlikely that the funds will be demanded by the MFA; therefore, the contingent liability has not been recorded in the financial statements. As at December 31, 2019, the demand notes total \$104,492 (2018 - \$103,777).

Employee Sick Days

Employees of the District are each allowed to accumulate up to 180 sick days. The maximum contingent cost of such days as at December 31, 2019 amounted to approximately \$557,839 (2018 - \$504,789), and, of this amount, \$86,500 (2018 - \$80,000) was recognized as a liability, representing the estimated future usage of accumulated sick days.

In the event that the total accumulated sick days become due and payable, it is likely that the District would only be required to fund the first 85 days for each employee, as the remainder would be covered by the group benefit plan.

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**10. ACCUMULATED SURPLUS**

Accumulated surplus is represented by:

	<u>2019</u>	<u>2018</u>
<b>Unrestricted Surplus</b>		
General Fund	\$ 1,692,570	\$ 1,149,792
Sewer Fund	616,501	503,983
Water Fund	<u>614,980</u>	<u>389,317</u>
<b>Total Unrestricted Surplus</b>	<b>2,924,051</b>	<b>2,043,092</b>
<b>Appropriated Surplus (Reserve Accounts)</b>		
Attraction and Retention	669,630	543,395
Industrial	691,250	553,000
Roads	12,000	12,000
Aquatic Centre Construction	-	786,000
Kwik Save	51,600	51,600
Equipment	50,488	69,828
Courthouse	17,500	17,500
Skateboard Park	-	316,460
Riverside Campground	28,000	55,000
Fire Department Equipment	8,500	472,900
Police Costs	1,268,295	898,505
Aquatic Centre Capital Replacement	400,000	50,000
Community Forest	<u>2,153,364</u>	<u>1,670,138</u>
<b>Total Appropriated Surplus</b>	<b>5,350,627</b>	<b>5,496,326</b>
<b>Reserves</b>		
Land Sale	438,451	428,803
Park Acquisition	<u>5,852</u>	<u>5,724</u>
<b>Total Reserve Funds</b>	<b>444,303</b>	<b>434,527</b>
<b>Investment in tangible capital assets</b>	<u><b>52,651,820</b></u>	<u><b>51,163,627</b></u>
<b>Total Accumulated Surplus</b>	<u><b>\$ 61,370,801</b></u>	<u><b>\$ 59,137,572</b></u>

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

**11. MUNICIPAL PENSION PLAN**

The District and its employees contribute to the Municipal Pension Plan (a jointly trustee 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, 2018, the Plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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 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 Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$159,180 for employer contributions to the plan in fiscal 2019 (2018 - \$154,274).

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.

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**12. TAXATION**

	<u>2019 Budget (Note 13)</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
General municipal purposes	\$ 4,983,417	<b>\$ 4,983,413</b>	\$ 4,406,901
Collections for other governments			
School taxes	-	<b>1,862,435</b>	1,857,698
Police taxes	-	<b>239,317</b>	235,812
Regional District	-	<b>678,485</b>	627,365
Regional Hospital District	-	<b>979,785</b>	440,512
BC Assessment Authority	-	<b>40,207</b>	41,078
Municipal Finance Authority	<u>-</u>	<u><b>144</b></u>	<u>138</u>
	4,983,417	<b>8,783,786</b>	7,609,504
Transfers to other governments	<u>-</u>	<u><b>(3,800,373)</b></u>	<u>(3,202,603)</u>
Total general municipal taxes	4,983,417	<b>4,983,413</b>	4,406,901
Frontage taxes			
Sewer system	204,790	<b>204,726</b>	204,726
Water system	<u>252,435</u>	<u><b>252,331</b></u>	<u>252,331</u>
	<u>\$ 5,440,642</u>	<u><b>\$ 5,440,470</b></u>	<u>\$ 4,863,958</u>

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**13. BUDGET**

The Financial Plan, adopted by Council on April 23, 2019, was prepared on a modified accrual basis while the Financial Statements are prepared on a full accrual basis as required by Canadian Public Sector Accounting Standards. The Financial Plan anticipated the use of surpluses accumulated in prior years to supplement current year revenues. In addition, the Financial Plan expensed tangible capital asset expenditures, debt repayments and reserve transfers. The budget figures included in these Financial Statements represent the Financial Plan adopted by Council with adjustments as follows:

	<b>2019</b>
Budgeted surplus per consolidated statement of operations	<b>\$ 12,281,998</b>
Less: Capital expenditures	<b>(7,308,560)</b>
Debt principal payments	<b>(387,948)</b>
Contributions to reserves	<b>(8,255,028)</b>
	<b>(15,951,536)</b>
Add: Accumulated surplus	<b>520,777</b>
Reserve funds	<b>2,853,761</b>
Borrowing	<b>295,000</b>
	<b>3,669,538</b>
Budgeted surplus per Financial Plan	<b>\$ -</b>

**14. GRANTS**

Grants consist of the following:

	<b>2019</b>	<b>2018</b>
Government of Canada	<b>\$ 72,997</b>	<b>\$ 63,338</b>
Province of British Columbia	<b>720,259</b>	<b>1,817,106</b>
Regional and local governments	<b>597,312</b>	<b>385,714</b>
Other	<b>1,316,991</b>	<b>960,823</b>
	<b>\$ 2,707,559</b>	<b>\$ 3,226,981</b>

**THE DISTRICT OF VANDERHOOF**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**15. ACCOUNT RECEIVABLE**

Accounts receivable consist of the following:

	<u>2019</u>	<u>2018</u>
Provincial Government Transfers	\$ 74,165	\$ 116,699
Grants receivables	289,521	71,384
Trade and services	82,500	79,080
GST receivable	31,158	76,101
Taxes receivable	274,917	207,504
Utilities receivable	77,511	71,334
Miscellaneous receivables	<u>54,205</u>	<u>67,682</u>
Total accounts receivable	<u>\$ 883,977</u>	<u>\$ 689,784</u>

**16. COMPARATIVE FIGURES**

Certain prior year figures presented for comparative purposes have been reclassified to conform to the current year's financial statement presentation. Prior year inter-fund revenues and expenses of \$550,258 have been eliminated to better conform with Public Sector Accounting Standards. Benefits of \$538,548 previously recognized as purchased services and supplies, in the prior year, have also been reclassified as staff remuneration and benefits.

**17. CONTRACTUAL OBLIGATIONS AND CONTRACTUAL RIGHTS**

The District has a 25 year Community Forest license with the Province of BC that was entered into on March 31, 2016. The agreement grants the District the rights to harvest an annual allowable volume of timber on designated crown land and requires the District to manage, develop and reforest the areas harvested by the District.

The District has subcontracted with a third party to manage, develop, harvest, and carry out the reforestation responsibilities under the Community Forest license. The subcontract is for a 5 year term, commencing August 30, 2016 with the option to renegotiate and/or extend the the term. Under the subcontract agreement, the District receives a fee per volume harvested. The volumes harvested annually depend on decisions made by the third party and are not subject to any minimum amounts.

**THE DISTRICT OF VANDERHOOF**  
**SCHEDULE OF GENERAL FUND EXPENSES**

**For the year ended December 31, 2019**

	<u>2019</u> <u>Budget</u> <u>(Note 13)</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u> <u>(Note 16)</u>
<b>GENERAL GOVERNMENT</b>			
Administrative salaries and allowances	\$ 600,700	\$ 535,731	\$ 445,317
Advertising	14,000	8,335	10,149
Audit	22,500	22,091	26,595
Carbon neutral fund	11,500	20,619	17,801
Community development	236,150	107,401	121,854
Conventions and seminars	45,500	50,062	33,799
Community Forest	42,430	57,844	16,002
Council indemnities and allowances	125,000	123,959	112,875
Donations	1,000	548	260
Insurance	40,000	35,603	33,075
Legal	30,000	17,397	20,869
Office supplies and equipment	98,950	90,733	82,395
Repairs and maintenance	<u>103,444</u>	<u>75,731</u>	<u>125,700</u>
	<u>1,371,174</u>	<u>1,146,054</u>	<u>1,046,691</u>
<b>PUBLIC WORKS AND TRANSPORTATION SERVICES</b>			
Administration	247,600	165,764	233,411
Airport maintenance	83,300	56,654	63,910
Beautification	54,925	42,189	6,476
Dust control	30,000	30,768	27,343
Shop maintenance and equipment	13,520	43,673	32,142
Sidewalk maintenance	20,000	12,104	13,837
Snow removal	480,000	444,424	495,431
Street cleaning and maintenance	238,500	243,693	222,112
Street lighting	152,500	147,735	136,675
Storm drains	196,000	139,836	152,072
Traffic services	<u>79,000</u>	<u>88,550</u>	<u>91,445</u>
	<u>1,595,345</u>	<u>1,415,390</u>	<u>1,474,854</u>
<b>PROTECTIVE SERVICES</b>			
Animal control	18,500	18,000	18,155
Bylaw enforcement	110,050	116,523	93,044
Fire protection	478,050	405,979	402,416
Emergency services	<u>42,766</u>	<u>30,332</u>	<u>33,819</u>
	<u>649,366</u>	<u>570,834</u>	<u>547,434</u>
<b>Balance carried forward</b>	<b>\$ 3,615,885</b>	<b>\$ 3,132,278</b>	<b>\$ 3,068,979</b>

**THE DISTRICT OF VANDERHOOF**  
**SCHEDULE OF GENERAL FUND EXPENSES**

**For the year ended December 31, 2019**

	<u>2019 Budget (Note 13)</u>	<u>2019 Actual</u>	<u>2018 Actual (Note 16)</u>
<b>Balance forward</b>	\$ <u>3,615,885</u>	\$ <u>3,132,278</u>	\$ <u>3,068,979</u>
<b>ENVIRONMENTAL AND PUBLIC HEALTH</b>			
Cemetery	48,700	<b>50,033</b>	50,805
Garbage collection	<u>82,943</u>	<u>87,045</u>	<u>82,500</u>
	<u>131,643</u>	<u>137,078</u>	<u>133,305</u>
<b>ENVIRONMENTAL DEVELOPMENT</b>			
Museum	<u>117,300</u>	<u>85,877</u>	<u>89,374</u>
<b>RECREATIONAL AND CULTURAL SERVICES</b>			
Arena	427,205	<b>358,908</b>	345,195
Aquatic Centre	674,392	<b>673,411</b>	163,333
Ball diamonds	34,200	<b>13,194</b>	9,903
Community Centre	78,300	<b>56,315</b>	78,525
Library	185,583	<b>177,773</b>	194,106
Nechako Valley Exhibition Society	9,000	<b>9,000</b>	4,075
Neighbourlink	3,000	<b>3,000</b>	2,021
Other	179,195	<b>200,080</b>	181,751
Parks Maintenance	250,000	<b>211,311</b>	185,234
Recreation programs	176,825	<b>208,354</b>	209,777
Riverside Park	<u>67,950</u>	<u>70,315</u>	<u>77,965</u>
	<u>2,085,650</u>	<u>1,981,661</u>	<u>1,451,885</u>
<b>TOTAL DEPARTMENTAL EXPENSES</b>	5,950,478	<b>5,336,894</b>	4,743,543
<b>AMORTIZATION (Schedule 3)</b>	-	<b>2,478,277</b>	2,143,437
<b>INTEREST, BANK CHARGES AND DEBT ISSUE COSTS</b>	<u>105,300</u>	<u>120,714</u>	<u>111,050</u>
	<u>\$ 6,055,778</u>	<u>\$ 7,935,885</u>	<u>\$ 6,998,030</u>

**THE DISTRICT OF VANDERHOOF**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**For the year ended December 31, 2019**

	<u>2019 Budget</u> (Note 13)	<u>2019 Actual</u>	<u>2018 Actual</u> (Note 16)
Amortization	\$ -	\$ 2,920,997	\$ 2,586,659
Bank charges and interest	10,800	8,128	8,650
Councillors' remuneration	125,000	123,959	112,875
Councillors' travel and expenses	35,000	43,255	19,971
Insurance and permits	126,000	123,862	118,986
Interest on debt	94,500	112,587	102,400
Memberships and dues	14,000	2,890	371
Payments to societies	221,625	238,423	276,898
Purchased services and supplies	4,352,953	2,943,973	2,659,727
Staff remuneration and benefits	1,828,750	2,490,864	2,255,828
Staff travel, upgrading and conferences	113,500	81,292	84,298
Volunteer benefits	<u>9,700</u>	<u>6,659</u>	<u>6,976</u>
	<u>\$ 6,931,828</u>	<u>\$ 9,096,889</u>	<u>\$ 8,233,639</u>

**THE DISTRICT OF VANDERHOOF**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2019

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles/ Machinery/ Equipment</u>	<u>Engineered Structures</u>	<u>Total General Assets</u>	<u>Sewer</u>	<u>Water</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>COST</b>									
Opening Balance	\$ 1,069,762	\$ 17,897,220	\$ 5,798,969	\$ 52,274,320	\$ 77,040,271	\$ 9,312,579	\$ 12,518,128	<b>\$ 98,870,978</b>	\$ 92,123,433
Add: Additions	-	1,955,578	877,268	1,464,451	4,297,297	57,692	9,520	<b>4,364,509</b>	7,188,547
Less: Disposals	-	-	(282,930)	(5,490)	(288,420)	-	-	<b>(288,420)</b>	(441,000)
Closing Balance	<u>1,069,762</u>	<u>19,852,798</u>	<u>6,393,307</u>	<u>53,733,281</u>	<u>81,049,148</u>	<u>9,370,271</u>	<u>12,527,648</u>	<b><u>102,947,067</u></b>	<u>98,870,978</u>
<b>ACCUMULATED AMORTIZATION</b>									
Opening Balance	-	4,286,477	3,209,515	27,204,111	34,700,105	4,367,833	4,621,152	<b>43,689,090</b>	41,429,842
Add: Amortization	-	570,254	351,541	1,548,260	2,470,055	183,199	259,521	<b>2,912,775</b>	2,586,659
Add: Amortization Adjustment Prior Years	-	-	-	8,222	8,222	-	-	<b>8,222</b>	-
Less: Acc. Amortization on Disposals	-	-	(251,770)	(5,491)	(257,261)	-	-	<b>(257,261)</b>	(327,411)
Closing Balance	<u>-</u>	<u>4,856,731</u>	<u>3,309,286</u>	<u>28,755,102</u>	<u>36,921,121</u>	<u>4,551,032</u>	<u>4,880,673</u>	<b><u>46,352,826</u></b>	<u>43,689,090</u>
<b>Net Book Value for year ended December 31, 2019</b>	<u>\$ 1,069,762</u>	<u>\$ 14,996,067</u>	<u>\$ 3,084,021</u>	<u>\$ 24,978,179</u>	<u>\$ 44,128,027</u>	<u>\$ 4,819,239</u>	<u>\$ 7,646,975</u>	<b><u>\$ 56,594,241</u></b>	
Net Book Value for year ended December 31, 2018	<u>\$ 1,069,762</u>	<u>\$ 13,610,743</u>	<u>\$ 2,589,454</u>	<u>\$ 25,070,209</u>	<u>\$ 42,340,168</u>	<u>\$ 4,944,745</u>	<u>\$ 7,896,975</u>		<u>\$ 55,181,888</u>

The total cost of assets under construction currently not being amortized is \$85,584 (2018 - \$10,958,810).