

Consolidated Financial Statements of

**THE CORPORATION OF THE
VILLAGE OF VALEMOUNT**

Year ended December 31, 2018



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Table of Contents

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



VILLAGE OF
VALEMOUNT

Let the mountains move you

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the Village of Valemount (the "Village") are the responsibility of the Village's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Professional Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of 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 Village'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 Village. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.



Mr. Wayne Robinson,
Chief Administrative Officer



Mrs. Lori McNee,
Director of Finance



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Tel (250) 563-7151
Fax (250) 563-5693

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of The Corporation of the Village of Valemount

Opinion

We have audited the consolidated financial statements of The Corporation of the Village of Valemount (the "Village"), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes 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 financial statements present fairly, in all material respects, the consolidated financial position of the Village as at December 31, 2018 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 Village 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 Village'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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village'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 Village'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 Village'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 Village 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



Page 3

- 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

Chartered Professional Accountants

Prince George, Canada

March 26, 2019



VILLAGE OF VALEMOUNT

Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents (note 2)	\$ 4,492,562	\$ 3,636,176
Accounts receivable (note 3)	1,203,382	823,908
Inventories	9,784	-
Investment in Valemount Community Forest Company Ltd. (note 4)	6,468,579	5,354,411
	<u>12,174,307</u>	<u>9,814,495</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	499,928	279,659
Development cost charge reserve fund (note 6)	359,306	171,770
Deferred revenue (note 7)	841,302	739,968
Refundable deposits	261,000	19,000
Long-term debt, net of sinking funds (note 8)	672,797	726,669
	<u>2,634,333</u>	<u>1,937,066</u>
Net financial assets	9,539,974	7,877,429
Non-financial assets:		
Prepaid expenses	24,443	17,519
Tangible capital assets (note 9)	13,490,039	13,815,103
	<u>13,514,482</u>	<u>13,832,622</u>
Commitments and contingencies (note 10)		
Accumulated surplus (note 11)	\$ 23,054,456	\$ 21,710,051

See accompanying notes to consolidated financial statements.

X

Mayor

X

Director of Finance



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Revenue:			
Net taxation revenue (note 12)	\$ 924,277	\$ 881,937	\$ 804,701
Sales and user fees	863,050	852,216	813,035
Licenses and permits	21,800	69,545	45,609
Hotel and resort tax	150,000	220,054	199,182
Rentals	27,250	48,338	32,174
Government transfers (note 13):			
Provincial	1,409,526	1,231,906	1,013,566
Federal	-	12,387	400,790
Other	484,000	175,598	229,229
Investments and penalties	30,000	98,636	71,159
Equity in earnings of Valemount Community Forest Company Ltd. (note 4)	-	1,114,168	1,147,983
Visitor centre	-	159,595	-
Total revenues	3,909,903	4,864,380	4,757,428
Expenses:			
Legislature	53,000	48,334	46,180
General government	1,048,291	1,185,013	1,006,049
Protective services	122,550	112,383	71,441
Transportation services	488,866	445,124	437,472
Environmental and public health	134,500	99,737	88,659
Recreation and community development	977,200	545,693	669,347
Water utility	377,576	427,240	385,071
Sanitary sewer system	393,740	447,291	380,396
Visitor centre	142,500	209,160	-
Total expenditures	3,738,223	3,519,975	3,084,615
Annual surplus	171,680	1,344,405	1,672,813
Accumulated surplus, beginning of year	21,710,051	21,710,051	20,037,238
Accumulated surplus, end of year	\$ 21,881,731	\$ 23,054,456	\$ 21,710,051

See accompanying notes to consolidated financial statements.



VILLAGE OF
VALEMOUNT

Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Consolidated Statement of Changes In Net Financial Assets Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	Budget	Total 2018	Total 2017
Annual surplus	\$ 171,680	\$ 1,344,405	\$ 1,672,813
Acquisition of tangible capital assets	-	(242,888)	(739,292)
Amortization of tangible capital assets	75,797	567,952	568,834
	75,797	325,064	(170,458)
Use of prepaid expenses	-	17,519	27,898
Purchase of prepaid expenses	-	(24,443)	(17,519)
Change in net financial assets	-	1,662,545	1,512,734
Net financial assets, beginning of year	-	7,877,429	6,364,695
Net financial assets, end of year	\$ 247,477	\$ 9,539,974	\$ 7,877,429

See accompanying notes to consolidated financial statements.



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Consolidated Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,344,405	\$ 1,672,813
Items not involving cash:		
Amortization of tangible capital assets	567,952	568,834
Equity in earnings of Valemount Community Forest Company Ltd.	(1,114,168)	(1,147,984)
Changes in non-cash operating working capital:		
Accounts receivable	(379,474)	(274,477)
Inventories	(9,784)	-
Accounts payable and accrued liabilities	220,269	(85,105)
Deferred revenue	101,334	208,166
Development cost charge reserve fund	187,536	52,733
Prepaid expenses	(6,924)	10,379
Refundable deposits	242,000	-
Net change in cash from operating activities	1,153,146	1,005,359
Capital activities:		
Acquisition of tangible capital assets	(242,888)	(739,292)
Financing activities:		
Repayment of long-term debt	(53,872)	(80,669)
Increase in cash and cash equivalents	856,386	185,398
Cash and cash equivalents, beginning of year	3,636,176	3,450,778
Cash and cash equivalents, end of year	\$ 4,492,562	\$ 3,636,176

See accompanying notes to consolidated financial statements.



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements

Year ended December 31, 2018

Nature of operations:

The Corporation of the Village of Valemount (the "Village") is a municipality that was created in 1966 under the Community Charter, formerly the Municipal Act, a statute of the Province of British Columbia. The Village's principal activities include the provision of local government services to residents of the incorporated area. These services include administrative, protective, transportation, environmental, recreational, water, sewer and fiscal services.

1. Significant accounting policies:

The consolidated financial statements of the Village are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants. Significant accounting policies adopted by the 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 Village and which are owned or controlled by the Village.

(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 Village are not included in these consolidated financial statements.



Let the mountains move you **THE CORPORATION OF THE VILLAGE OF VALEMOUNT**
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

Basis of consolidation (continued):

(iv) Investment in Government Business Enterprises:

The Village's investment in the Valemount Community Forest Company Ltd., a wholly-owned subsidiary, is accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB. Under the modified equity basis, the Valemount Community Forest Company Ltd.'s accounting policies are not adjusted to conform with those of the Village and inter-organizational transactions and balances are not eliminated. The Village recognizes its equity interest in the annual earnings or loss of the Valemount Community Forest Company Ltd. in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the Village may receive from the Valemount Community Forest Company Ltd. will be reflected as reductions in the investment asset account.

(b) Basis of accounting:

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

(c) Revenue recognition:

Taxation and user fee revenues are recognized in accordance with the provisions of the Community Charter. The Village 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 Village's taxation revenues.

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



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(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.

(f) Non-financial assets:

Non-financial assets not available to discharge existing liabilities are held for use in the provision of services. They have useful lives extending beyond the current year end 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
Building and site improvements	4 - 75 years
Machinery and equipment	5 - 20 years
Roads infrastructure	10 - 100 years
Vehicles	5 - 20 years
Water and wastewater infrastructure	10 - 100 years

Tangible capital assets are tested annually for any impairment in value based on continued usefulness of the assets and related carrying values. Any impairment in carrying value would be recorded in the period that the impairment occurs.



VILLAGE OF
VALEMOUNT

Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(ii) Contribution to tangible capital assets:

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

(iii) Interest capitalization:

The Village does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(g) 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.

(h) Inventory:

Inventory on hand at the financial statement date consists of items purchased for re-sale and is valued at the lower of cost and net realizable value. Cost is determined based on first-in-first-out.



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

2. Cash and cash equivalents:

Cash and cash equivalents is comprised of cash balances and short-term investments held with the Municipal Finance Authority in money market investment fund as follows:

	2018	2017
Cash	\$ 1,273,939	\$ 218,972
Short-term investments	3,218,623	3,417,204
	\$ 4,492,562	\$ 3,636,176

3. Accounts receivable:

	2018	2017
Taxes	\$ 430,122	\$ 286,493
Grants	707,748	458,072
Sales tax	22,434	32,420
Miscellaneous	43,078	46,923
	\$ 1,203,382	\$ 823,908



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

4. Investment in Valemount Community Forest Company Ltd.:

	2018	2017
Investments:		
Investment in shares of the company	\$ 1	\$ 1
Accumulated earnings	6,468,578	5,354,410
	\$ 6,468,579	\$ 5,354,411
(i) Financial position:		
Assets:		
Current	\$ 5,075,827	\$ 4,251,663
Capital	2,113,793	1,930,374
Long-term	420,757	438,228
Total assets	7,610,377	6,620,265
Liabilities:		
Current	441,354	591,570
Long-term	700,444	674,284
Total liabilities	1,141,798	1,265,854
Equity:		
Share capital	1	1
Retained earnings	6,468,578	5,354,410
Total equity	6,468,579	5,354,411
Total liabilities and equity	7,610,377	6,620,265
(ii) Operations:		
Revenue	7,006,060	8,737,158
Expenses	5,891,892	7,589,175
	\$ 1,114,168	\$ 1,147,983



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

5. Accounts payable and accrued liabilities:

	2018	2017
Trade	\$ 245,990	\$ 74,882
Wages and related costs	248,786	204,777
Other	5,152	-
	\$ 499,928	\$ 279,659

6. Development cost charge reserve fund:

The development cost charge reserve fund represents amounts collected by the Village to be used to fund future capital costs related to subdivision infrastructure as required.

	2018	2017
Balance, beginning of year	\$ 171,770	\$ 119,037
Contributions - interest earned	9,287	1,181
Contributions - water and sewer	178,249	51,552
	\$ 359,306	\$ 171,770

7. Deferred revenue:

	2018	2017
Unexpended grants- Columbia Basin Trust	\$ 255,891	\$ 177,619
Unexpended grants- other	381,456	365,676
Prepaid property taxes	69,360	65,989
Deferred revenue- other	134,595	130,684
	\$ 841,302	\$ 739,968



THE CORPORATION OF THE VILLAGE OF VALEMOUNT
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

8. Long-term debt, net of sinking funds:

The Village issues debt instruments through the Municipal Finance Authority of British Columbia ("MFA"), pursuant to security issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. Sinking Fund balances, managed by MFA, are used to reduce long-term debt.

	By-Law Number	Interest rate	Year of maturity	Gross debt	Sinking Fund Assets	Net debt 2018	Net debt 2017
Water Fund:							
Water	587	4.65%	2026	215,225	36,631	178,594	197,231
Water	635	4.17%	2029	534,954	40,751	494,203	529,438
				\$ 750,179	\$ 77,382	\$ 672,797	\$ 726,669

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

(a) Principal and sinking fund payments due within the next five years and onward are as follows:

	Water Fund		Total
2019	\$ 37,852	\$	37,852
2020	37,852		37,852
2021	37,852		37,852
2022	37,852		37,852
2023	37,852		37,852
Onward	228,648		228,648
	417,908		417,908
Estimated sinking fund income	254,889		308,761
	\$ 672,797	\$	726,669

(b) 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 debt at maturity. For sinking fund agreements, the MFA has established either a normal sinking fund or a capital repayment equalization fund.



VILLAGE OF VALEMOUNT

Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

9. Tangible capital assets:

	2018							
	Land	Buildings and site improvements	Machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure		Total
Cost:								
Balance, beginning of year	\$ 1,153,267	\$ 4,205,401	\$ 2,148,983	\$ 4,812,814	\$ 5,884,250	\$ 4,691,714		\$ 22,896,429
Additions	-	38,120	-	201,066	-	16,757		255,943
Adjustment	-	-	(26,110)	-	-	13,055		(13,055)
Balance, end of year	1,153,267	4,243,521	2,122,873	5,013,880	5,884,250	4,721,526		23,139,317
Accumulated amortization:								
Balance, beginning of year	-	1,653,301	788,251	2,308,806	2,112,764	2,218,204		9,081,326
Amortization expense	-	110,347	128,843	159,010	75,321	94,431		567,952
Balance, end of year	-	1,763,648	917,094	2,467,816	2,188,085	2,312,635		9,649,278
Net book value, end of year	\$ 1,153,267	\$ 2,479,873	\$ 1,205,779	\$ 2,546,064	\$ 3,696,165	\$ 2,408,891		\$ 13,490,039



VILLAGE OF VALEMOUNT

Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

9. Tangible capital assets (continued):

	2017							
	Land	Building and site improvements	Machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure		Total
Cost:								
Balance, beginning of year	\$ 1,153,267	\$ 4,191,123	\$ 2,069,249	\$ 4,764,334	\$ 5,884,250	\$ 4,094,914		\$ 22,157,137
Additions	-	14,278	79,734	48,480	-	596,800		739,292
Balance, end of year	1,153,267	4,205,401	2,148,983	4,812,814	5,884,250	4,691,714		22,896,429
Accumulated amortization:								
Balance, beginning of year	-	1,543,907	649,590	2,156,560	2,036,053	2,126,382		8,512,492
Amortization expense	-	109,394	138,661	152,246	76,711	91,822		568,834
Balance, end of year	-	1,653,301	788,251	2,308,806	2,112,764	2,218,204		9,081,326
Net book value, end of year	\$ 1,153,267	\$ 2,552,100	\$ 1,360,732	\$ 2,504,008	\$ 3,771,486	\$ 2,473,510		\$ 13,815,103



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

10. Commitments and contingencies:

- (a) The Village is responsible, as a member of the Regional District of Fraser-Fort George, for its portion of any operating deficits or capital debt related to functions in which it participates.
- (b) The Village issues debt instruments through the MFA. As a condition of these borrowings, 1% of gross proceeds are required by the MFA for the Village to deposit into a debt reserve fund. The Village is also required to execute demand notes in connection with each debenture whereby the Village 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, 2018 aggregated \$34,512 (2017 - \$34,512).
- (c) The Village and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly-trusteed 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 193,000 active members and approximately 90,000 retired members. Active members include approximately 13 contributors from the Village.

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

The most recent valuation for the Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$74,352 (2017 - \$66,041) for employer contributions to the Plan in fiscal 2018.

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.



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

10. Commitments and contingencies (continued):

- (d) The Village is obligated to collect and transmit property taxes levied on Valemount taxpayers in respect of the following bodies:

Ministry of Education, Province of British Columbia
 Regional District of Fraser-Fort George
 Fraser-Fort George Regional Hospital District
 British Columbia Assessment Authority
 Municipal Finance Authority
 Royal Canadian Mounted Police

- (e) The Village is a participant in the Municipal Insurance Association of British Columbia (the "Association"). Should the Association pay out claim in excess of premiums received, it is possible that the Village, along with other participants, would be required to contribute toward the deficit.

11. Accumulated surplus:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 12,826,550	\$ 13,097,741
General fund:		
Unrestricted	2,351,360	2,009,213
Restricted	6,468,579	5,354,411
Water utility fund	511,620	400,417
Sanitary sewer fund	167,868	131,627
Total surplus	22,325,977	20,993,409
Reserves set aside by Council:		
Capital works machinery and equipment	381,461	375,262
Land sales	66,846	65,760
MFA unexpended funds	15,272	15,023
Total reserves	463,579	456,045
MFA unexpended funds - sewer	264,900	260,597
	\$ 23,054,456	\$ 21,710,051



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

12. Net taxation revenue:

As indicated in note 11(d), the Village is required to collect taxes on behalf of and transfer the appropriate portion of these amounts to the government agencies below:

	2018	2017
Taxes collected:		
General purposes	\$ 739,703	\$ 679,549
Frontage tax	102,751	87,112
Grants in lieu of taxes	39,482	38,060
Collection of other governments	1,261,698	1,100,934
	<u>2,143,634</u>	<u>1,905,655</u>
Transfers to other governments:		
Ministry of Education, Province of British Columbia	475,872	418,766
Regional District of Fraser-Fort George	612,929	534,457
Fraser-Fort George Regional Hospital District	101,497	83,239
B.C. Assessment Authority	9,662	8,822
Municipal Finance Authority	42	36
Royal Canadian Mounted Police	61,695	55,634
	<u>1,261,697</u>	<u>1,100,954</u>
	<u>\$ 881,937</u>	<u>\$ 804,701</u>



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

13. Government transfers:

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

	2018	2017
Provincial grants:		
Unconditional	\$ 345,091	\$ 341,267
Miscellaneous	468,436	270,852
BC Hydro	418,379	401,447
Subtotal provincial grants	1,231,906	1,013,566
Federal grants:		
Miscellaneous	1,200	9,675
Sewer lift station	11,187	391,115
Subtotal federal grants	12,387	400,790
Other grants:		
Columbia Basin Trust	175,598	229,229
Subtotal other grants	175,598	229,229
Total revenue	\$ 1,419,891	\$ 1,643,585



Let the mountains move you **THE CORPORATION OF THE VILLAGE OF VALEMOUNT**
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

14. Segmented information:

The Village is a diversified municipal organization that provides a wide range of services to its citizens. For management reporting purposes, the Village's operations and activities are organized and reported by service areas. Service areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

a) Legislature:

Within legislature are Council operations. Council members set the overall direction of the municipality through their role as a policy maker by creating new policies, bylaws and programs.

b) General government:

The general government operations provides the functions of corporate administration and legislative services and any other functions categorized as non-departmental in the Village.

c) Protective services:

Protective services is comprised of emergency management and regulatory services.

d) Transportation services:

Transportation services is responsible for a wide variety of services including the development and maintenance of the Village's roadway systems through the Public Works department, snow removal and street lighting.

e) Environmental and public health:

Environmental and public health provides garbage collection and disposal services to residents and businesses in the Village as well as maintenance of the cemetery.

Year ended December 31, 2018

14. Segmented information: (continued):

f) Recreation and community development:

Parks, recreation and community development is responsible for the construction and maintenance of the Village's parks and green spaces. It provides funding for the operation of the community hall, museum, library, courthouse, and visitor information centre. It also administers economic development projects and provides grants to various community groups that provide recreational opportunities in the Village.

g) Water utility:

The water utility is responsible for installing and maintaining water mains, pump stations and the water treatment plant. The treatment and distribution of water in the Village through Public Works is included in this segment.

h) Waste Water System:

The waste water system is responsible for installing and maintaining sewer mains, lift stations and the sewage treatment facility. The collection and treatment of sewage in the Village through Public Works is included in this segment.

i) Visitor Centre:

Visitor Centre is responsible for the operations of the Valemount Visitor Centre, which is owned and operated by the Village.



VILLAGE OF
VALEMOUNT

Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

14. Segmented information: (continued):

The following statement provides additional information for the foregoing functions. 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.

	2018									
	General Government	Protective Services	Transportation Services	Environmental and Public Health	Legislature	Recreation and Community Development	Water Utility	Sanitary Sewer System	Visitor Centre	Total
Revenue:										
Taxation	\$ 779,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,561	\$ -	\$ -	\$ 881,936
User charges	20,207	69,545	-	106,736	-	58,869	328,612	337,792	-	921,761
Grants	1,419,891	-	-	-	-	-	-	-	-	1,419,891
Investment income	98,636	-	-	-	-	-	-	-	-	98,636
Other	1,114,168	-	-	-	-	268,393	-	-	159,595	1,542,156
Total revenue	3,432,277	69,545	-	106,736	-	327,262	431,173	337,792	159,595	4,864,380
Expenses:										
Salaries and employee benefits	564,651	100,906	209,427	40,654	48,334	101,733	98,132	121,398	63,863	1,349,100
Operating	214,103	11,477	235,697	59,083	-	443,960	147,364	209,091	145,297	1,466,071
Interest	-	-	-	-	-	-	43,876	-	-	43,875
Insurance	27,835	-	-	-	-	-	-	-	-	27,835
Professional services	65,142	-	-	-	-	-	-	-	-	65,142
Amortization	313,282	-	-	-	-	-	137,868	116,802	-	567,952
Total expenses	1,185,013	112,383	445,124	99,737	48,334	545,693	427,240	447,291	209,160	3,519,975
Annual surplus (deficit)	\$ 2,247,264	\$ (42,838)	\$ (445,124)	\$ 206,473	\$ (48,334)	\$ (218,431)	\$ 3,933	\$ (109,499)	\$ (49,565)	\$ 1,344,405



VALEMOUNT

Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

14. Segmented information: (continued):

	2017									
	General Government	Protective Services	Transportation Services	Environmental and Public Health	Legislature	Recreation and Community Development	Water Utility	Sanitary Sewer System	Visitor Centre	Total
Revenue:										
Taxation	\$ 717,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,112	\$ -	\$ -	\$ 804,701
User charges	33,926	45,609	-	101,084	-	83,948	292,008	302,069	-	858,644
Grants	1,643,585	-	-	-	-	-	-	-	-	1,643,585
Investment income	71,159	-	-	-	-	-	-	-	-	71,159
Other	1,147,984	-	-	-	-	231,355	-	-	-	1,379,339
Total revenue	3,614,243	45,609	-	101,084	-	315,303	379,120	302,069	-	4,757,428
Expenses:										
Salaries and employee benefits	425,319	47,197	220,279	41,560	46,180	128,485	85,783	81,277	-	1,076,081
Operating	198,037	24,244	217,193	47,099	-	540,862	116,153	180,785	-	1,324,373
Interest	-	-	-	-	-	-	43,875	-	-	43,875
Insurance	33,164	-	-	-	-	-	-	-	-	33,164
Professional services	38,288	-	-	-	-	-	-	-	-	38,288
Amortization	311,240	-	-	-	-	-	139,260	118,334	-	568,834
Total expenses	1,006,048	71,441	437,472	88,659	46,180	669,347	385,071	380,396	-	3,084,615
Annual surplus (deficit)	\$ 2,608,195	\$ (25,832)	\$ (437,472)	\$ 189,743	\$ (46,180)	\$ (354,044)	\$ (5,951)	\$ (78,327)	\$ -	\$ 1,672,813



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

15. Comparative information:

Certain of the comparative information have been reclassified to conform with the presentation adopted in the current year.

16. Trust funds:

The Village maintains a cemetery perpetual care fund in accordance with the Cemeteries and Funeral Services Act. The trust fund balance sheet at December 31, 2018 is as follows:

	2018	2017
MFA Investment pool	\$ 41,481	\$ 39,919
Cemetery trust liability	(41,481)	(39,919)

17. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2018 operating and capital budgets approved by Council on May 1, 2018. 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	\$ 4,599,303
Less:	
Transfer from other funds	(689,400)
Total revenue	3,909,903
Expenses:	
Operating budget	4,599,303
Less:	
Capital expenditures	(823,180)
Debt principal payments	(37,900)
	3,738,223
Annual surplus	\$ 171,680



VILLAGE OF
VALEMOUNT

Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

18. Contractual rights:

The Village (the "Landlord") has entered into a contract with Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Technology, Innovation and Citizens Services (the "Tenant") to rent approximately 1,679 square feet of the Village's Court House. The term of this lease is for 5 years commencing on February 1, 2015 with annual payment consisting of \$ 26,679 to be paid to the Village.