

Consolidated Financial Statements of



**THE CORPORATION OF THE
VILLAGE OF VALEMOUNT**

And Independent Auditors' Report thereon

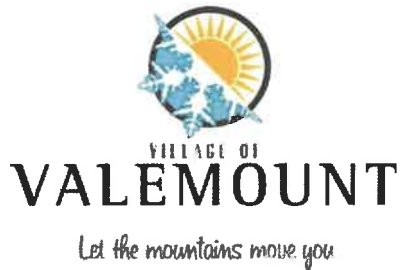
Year ended December 31, 2019



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

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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



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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, 2019
- 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village as at December 31, 2019 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.



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- 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
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Prince George, Canada

April 28, 2020



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash and cash equivalents (note 2)	\$ 7,999,101	\$ 4,492,562
Accounts receivable (note 3)	843,056	1,203,382
Inventories	11,585	9,784
Investments in government business enterprise and partnerships (note 4)	6,609,765	6,468,579
	<u>15,463,507</u>	<u>12,174,307</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	496,957	499,928
Development cost charge reserve fund (note 6)	365,785	359,306
Deferred revenue (note 7)	575,074	841,302
Refundable deposits	242,000	261,000
Long-term debt, net of sinking funds (note 8)	616,770	672,797
	<u>2,296,586</u>	<u>2,634,333</u>
Net financial assets	13,166,921	9,539,974
Non-financial assets:		
Prepaid expenses	35,009	24,443
Tangible capital assets (note 9)	13,425,977	13,490,039
	<u>13,460,986</u>	<u>13,514,482</u>
Accumulated surplus (note 10)	\$ 26,627,907	\$ 23,054,456

Commitments and contingencies (note 11)

See accompanying notes to consolidated financial statements.

Mayor

Director of Finance



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Revenue:			
Net taxation revenue (note 12)	\$ 976,857	\$ 938,927	\$ 881,937
Sales and user fees	921,600	998,578	852,216
Licenses and permits	38,700	46,036	69,545
Hotel and resort tax	150,000	448,380	220,054
Rentals	42,000	61,073	48,338
Government transfers (note 13):			
Provincial	6,509,900	4,366,082	1,231,906
Federal	1,200	1,900	12,387
Other	516,350	224,520	175,598
Investments and penalties	44,500	117,249	98,636
Investments in government business enterprise and partnerships (note 4)	-	121,187	1,114,168
Visitor centre	85,000	54,039	159,595
Total revenues	9,286,107	7,377,971	4,864,380
Expenses:			
Legislature	54,000	52,007	48,334
General government	1,252,287	1,284,141	1,185,013
Protective services	154,750	110,856	112,383
Transportation services	474,880	347,992	445,124
Environmental and public health	107,500	92,856	99,737
Recreation and community development	1,183,700	890,610	545,693
Water utility	425,500	444,469	427,240
Sanitary sewer system	412,240	471,776	447,291
Visitor centre	175,000	109,813	209,160
Total expenditures	4,239,857	3,804,520	3,519,975
Annual surplus	5,046,250	3,573,451	1,344,405
Accumulated surplus, beginning of year	23,054,456	23,054,456	21,710,051
Accumulated surplus, end of year	\$ 28,100,706	\$ 26,627,907	\$ 23,054,456

See accompanying notes to consolidated financial statements.



THE CORPORATION OF THE VILLAGE OF VALEMOUNT
Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Annual surplus	\$ 5,046,250	\$ 3,573,451	\$ 1,344,405
Acquisition of tangible capital assets	(5,895,529)	(506,783)	(242,888)
Amortization of tangible capital assets	86,679	570,845	567,952
	86,679	64,062	325,064
Use of prepaid expenses	-	24,443	17,519
Purchase of prepaid expenses	-	(35,009)	(24,443)
Change in net financial assets	5,132,929	3,626,947	1,662,545
Net financial assets, beginning of year	9,539,974	9,539,974	7,877,429
Net financial assets, end of year	\$ 14,672,903	\$ 13,166,921	\$ 9,539,974

See accompanying notes to consolidated financial statements.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Consolidated Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 3,573,451	\$ 1,344,405
Items not involving cash:		
Amortization of tangible capital assets	570,845	567,952
Equity in earnings in government business enterprise and partnerships	(121,187)	(1,114,168)
Changes in non-cash operating working capital:		
Accounts receivable	360,326	(379,474)
Inventories	(1,801)	(9,784)
Accounts payable and accrued liabilities	(22,970)	220,269
Deferred revenue	(266,228)	101,334
Development cost charge reserve fund	6,479	187,536
Prepaid expenses	(10,566)	(6,924)
Refundable deposits	(19,000)	242,000
Net change in cash from operating activities	4,069,349	1,153,146
Capital activities:		
Acquisition of tangible capital assets	(506,783)	(242,888)
Financing activities:		
Repayment of long-term debt	(56,027)	(53,872)
Increase in cash and cash equivalents	3,506,539	856,386
Cash and cash equivalents, beginning of year	4,492,562	3,636,176
Cash and cash equivalents, end of year	\$ 7,999,101	\$ 4,492,562

See accompanying notes to consolidated financial statements.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

Basis of consolidation (continued):

(iv) Investment in Government Business Enterprises and Partnerships:

The Village's records its investments in government business enterprises (GBEs) and government business partnerships (GBPs) on a modified equity basis. Under the modified equity basis, the GBEs and GBPs accounting policies are not adjusted to conform with those of the Village's and inter-organizational transactions and balances are not eliminated. The Village recognizes its equity interest in the annual earnings or loss of the GBEs and GBPs in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions are recorded as a reduction to the investment asset account. The GBEs and GBPs account for their transactions under accounting standards for private enterprises due to the fact that management believes that the differences between accounting standards for private enterprises and international financial reporting standards are not significant.

The Village's investments in government business enterprises consist of the following:

- Valemount Community Forest Company Ltd. - 100% interest
- Valemount Industrial Park Company Ltd. - 100% interest

The Village's investments in government business partnerships consist of the following:

- Valemount Community Forest LP - 99.99% interest
- Valemount Industrial Park LP - 99.99% interest

(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.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(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.

(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 and 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.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(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
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.

(ii) Contribution of 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.



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

Year ended December 31, 2019

1. Significant accounting policies (continued):

(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.

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 a money market investment fund as follows:

	2019	2018
Cash	\$ 791,462	\$ 1,273,939
Short-term investments	7,207,639	3,218,623
	<u>\$ 7,999,101</u>	<u>\$ 4,492,562</u>



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

3. Accounts receivable:

	2019	2018
Taxes	\$ 441,934	\$ 430,122
Grants	301,937	707,748
Sales tax	21,376	22,434
Miscellaneous	77,809	43,078
	\$ 843,056	\$ 1,203,382

4. Investment in business enterprises and partnerships:

	2019	2018
Valemount Community Forest Company Ltd.	\$ 6,385,595	\$ 6,468,579
Valemount Community Forest Limited Partnership	139,927	-
Valemount Industrial Park Limited Partnership	84,243	-
Total investment	\$ 6,609,765	\$ 6,468,579
	2019	2018

Profit (loss) on investments in business enterprises and partnerships:

Valemount Community Forest Company Ltd.	\$ (82,983)	\$ 1,114,168
Valemount Community Forest Limited Partnership	74,243	-
Valemount Industrial Park Limited Partnership	129,927	-
	\$ 121,187	\$ 1,114,168



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

4. Investment in business enterprises and partnerships (continued):

a) Valemount Community Forest Company Ltd.:

Valemount Community Forest Company Ltd. (the "Company") was incorporated under the British Columbia Business Corporations Act on July 27, 2007. The Company has Community Forest Agreements in the Valemount, B.C. area.

	2019	2018
Investments:		
Investment in shares of the company	\$ 1	\$ 1
Accumulated earning	6,385,594	6,468,578
	\$ 6,385,595	\$ 6,468,579
(i) Financial position:		
Assets:		
Current	\$ 3,269,622	\$ 5,075,827
Property and equipment	-	2,112,342
Long-term	3,727,362	420,757
Total assets	6,996,984	7,608,926
Liabilities:		
Current	41,521	441,354
Long-term	571,318	700,444
Total liabilities	612,839	1,141,798
Equity:		
Share capital	1	1
Retained earnings	6,384,144	6,467,127
Total equity	6,384,145	6,467,128
Total liabilities and equity	6,996,984	7,608,926
(ii) Operations:		
Revenue	73,488	7,006,060
Expenses	156,471	5,893,343
Net earnings	\$ (82,983)	\$ 1,112,717



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

Year ended December 31, 2019

4. Investment in business enterprises and partnerships (continued):

b) Valemount Community Forest Limited Partnership:

Valemount Community Forest Limited Partnership (the "Partnership") was created under the British Columbia Partnership Act on January 14, 2019. The Partnership has Community Forest Agreements in the Valemount, B.C. area.

	2019
Investments:	
Initial investment	\$ 10,000
Partners' earnings	129,927
	\$ 139,927
(i) Financial position:	
Assets:	
Current	\$ 1,600,581
Property and equipment	91,890
Forest licenses	1,749,007
Total assets	3,441,478
Liabilities:	
Current	2,955,956
Long-term	345,581
Total liabilities	3,301,537
Partners' Equity	139,941
Total equity	139,941
Total liabilities and partners' equity	3,441,478
(ii) Operations:	
Revenue	7,058,247
Expenses	6,928,307
Net earnings	\$ 129,940
The Village's portion of net earnings - 99.99%	\$ 129,927



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

4. Investment in business enterprises and partnerships (continued):

c) Valemount Industrial Park Limited Partnership:

Valemount Industrial Park Limited Partnership (the "Partnership") was created under the British Columbia Partnership Act on January 14, 2019 as part of reorganization of the Valemount Community Forest Company Ltd., which all of the commercial real estate was transferred. The Partnership's operation includes providing loan and rentals of property and equipment.

	2019
Investments:	
Initial investment	10,000
Partners' earnings	\$ 74,243
	<u>\$ 84,243</u>
(i) Financial position:	
Assets:	
Current	\$ 668,284
Property and equipment	437,557
Loan receivable	323,169
Total assets	<u>1,429,010</u>
Liabilities:	
Current	1,344,760
Total liabilities	<u>1,344,760</u>
Partners' Equity	84,250
Total equity	<u>84,250</u>
Total liabilities and partners' equity	<u>1,429,010</u>
(ii) Operations:	
Revenue	286,287
Expenses	212,037
Net earnings	<u>\$ 74,250</u>
The Village's portion of net earnings - 99.99%	<u>\$ 74,243</u>



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

Year ended December 31, 2019

5. Accounts payable and accrued liabilities:

	2019	2018
Trade	\$ 215,118	\$ 245,990
Wages and related costs	255,226	248,786
Other	26,613	5,152
	\$ 496,957	\$ 499,928

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.

	2019	2018
Balance, beginning of year	\$ 359,306	\$ 171,770
Contributions - interest earned	6,479	9,287
Contributions - water and sewer	-	178,249
	\$ 365,785	\$ 359,306

7. Deferred revenue:

	2019	2018
Unexpended grants - Columbia Basin Trust	\$ 22,927	\$ 255,891
Unexpended grants - other	359,236	381,456
Prepaid property taxes	62,107	69,360
Deferred revenue - other	130,804	134,595
	\$ 575,074	\$ 841,302

Year ended December 31, 2019

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 2019	Net debt 2018
Water Fund:							
Water	587	4.65%	2026	203,119	43,907	159,212	178,594
Water	635	4.17%	2029	509,208	51,649	457,558	494,203
				\$ 712,327	\$ 95,556	\$ 616,770	\$ 672,797

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:

	Total
2020	\$ 37,852
2021	37,852
2022	37,852
2023	37,852
2024	37,852
Onward	152,944
	342,204
Estimated sinking fund income	274,566
	\$ 616,770

- (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.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

9. Tangible capital assets:

	2019						
	Land	Buildings and site improvements	Machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure	Total
Cost:							
Balance, beginning of year	\$ 1,153,267	\$ 4,243,521	\$ 2,122,873	\$ 5,013,880	\$ 5,884,250	\$ 4,721,526	\$ 23,139,317
Additions	-	76,034	52,584	378,165	-	-	506,783
Balance, end of year	1,153,267	4,319,555	2,175,457	5,392,045	5,884,250	4,721,526	23,646,100
Accumulated amortization:							
Balance, beginning of year	-	1,763,648	917,094	2,467,816	2,188,085	2,312,635	9,649,278
Amortization expense	-	110,576	131,397	162,875	94,431	71,566	570,845
Balance, end of year	-	1,874,224	1,048,491	2,630,691	2,282,516	2,384,201	10,220,123
Net book value, end of year	\$ 1,153,267	\$ 2,445,331	\$ 1,126,966	\$ 2,761,354	\$ 3,601,734	\$ 2,337,325	\$ 13,425,977



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

9. Tangible capital assets (continued):

	2018						
	Land	Building and site improvements	Machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure	Total
Cost:							
Balance, beginning of year	\$ 1,153,267	\$ 4,205,401	\$ 2,148,983	\$ 4,812,814	\$ 5,884,250	\$ 4,691,714	\$ 22,896,429
Additions	-	38,120	-	201,066	-	16,757	255,943
Disposals	-	-	(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

Year ended December 31, 2019

10. Accumulated surplus:

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 12,818,514	\$ 12,826,550
General fund:		
Unrestricted	2,677,189	2,351,360
Restricted	6,589,768	6,468,579
Water utility fund	671,430	511,620
Sanitary sewer fund	210,235	167,868
Total surplus	22,967,136	22,325,977
Reserves set aside by Council:		
Capital works machinery and equipment	388,340	381,461
Land sales	68,051	66,846
Northern Capital Planning Grant (Schedule 1)	2,919,164	-
MFA unexpended funds - water	15,547	15,272
MFA unexpended funds - sewer	269,669	264,900
Total reserves	3,660,771	728,479
	\$ 26,627,907	\$ 23,054,456

11. 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, 2019 aggregated \$34,512 (2018 - \$34,512).

11. Commitments and contingencies (continued):

- (c) The Village 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, 2018, the Plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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.

The Village paid \$93,048 (2018 - \$74,352) for employer contributions to the Plan in fiscal 2019.

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 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

11. Commitments and contingencies (continued):

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

12. Net taxation revenue:

As indicated in note 1(c), the Village is required to collect taxes on behalf of and transfer the appropriate portion of these amounts to the government agencies below:

	2019	2018
Taxes collected:		
General purposes	\$ 790,677	\$ 739,703
Frontage tax	105,890	102,751
Grants in lieu of taxes	42,360	39,482
Collection of other governments	1,411,149	1,261,698
	2,350,076	2,143,634
Transfers to other governments:		
Ministry of Education, Province of British Columbia	519,257	475,872
Regional District of Fraser-Fort George	682,683	612,929
Fraser-Fort George Regional Hospital District	133,692	101,497
B.C. Assessment Authority	10,239	9,662
Municipal Finance Authority	50	42
Royal Canadian Mounted Police	65,228	61,695
	1,411,149	1,261,697
	\$ 938,927	\$ 881,937

Year ended December 31, 2019

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:

	2019	2018
Provincial grants:		
Unconditional	\$ 352,316	\$ 345,091
Miscellaneous	654,780	468,436
BC Hydro	439,822	418,379
Northern Capital Planning Grant	2,919,164	-
Subtotal provincial grants	4,366,082	1,231,906
Federal grants:		
Miscellaneous	1,900	1,200
Sewer lift station	-	11,187
Subtotal federal grants	1,900	12,387
Other grants:		
Columbia Basin Trust	224,520	175,598
Subtotal other grants	224,520	175,598
Total revenue	\$ 4,592,502	\$ 1,419,891



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

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.

14. Segmented information: (continued):

f) Recreation and community development:

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) Sanitary Sewer System:

The sanitary sewer 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.



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

Year ended December 31, 2019

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.

	2019									
	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	\$ 832,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,985	\$ -	\$ -	\$ 938,927
User charges	30,667	46,036	-	116,249	-	77,238	396,533	377,891	-	1,044,614
Grants	4,592,502	-	-	-	-	-	-	-	-	4,592,502
Investment income	117,249	-	-	-	-	-	-	-	-	117,249
Other	121,187	-	-	-	-	509,453	-	-	54,039	684,679
Total revenue	5,694,547	46,036	-	116,249	-	586,691	502,518	377,891	54,039	7,377,971
Expenses:										
Salaries and employee benefits	656,674	103,472	152,505	37,546	52,007	111,809	128,106	149,145	82,418	1,473,682
Operating	229,286	7,384	195,487	55,310	-	778,801	148,600	201,943	27,395	1,644,206
Interest	-	-	-	-	-	-	33,717	-	-	33,717
Insurance	33,791	-	-	-	-	-	-	-	-	33,791
Professional services	48,279	-	-	-	-	-	-	-	-	48,279
Amortization	316,111	-	-	-	-	-	134,046	120,688	-	570,845
Total expenses	1,284,141	110,856	347,992	92,856	52,007	890,610	444,469	471,776	109,813	3,804,520
Annual surplus (deficit)	\$ 4,410,406	\$ (64,820)	\$ (347,992)	\$ 23,393	\$ (52,007)	\$ (303,919)	\$ 58,049	\$ (93,885)	\$ (55,774)	\$ 3,573,451



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

14. Segmented information: (continued):

	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



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

Year ended December 31, 2019

15. 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, 2019 is as follows:

	2019	2018
MFA Investment pool	\$ 43,308	\$ 39,919
Cemetery trust liability	(43,308)	(39,919)

16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2019 operating and capital budgets approved by Council on May 14, 2019. 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	\$ 10,164,757
Less:	
Transfer from other funds	(878,650)
Total revenue	9,286,107
Expenses:	
Operating budget	10,164,757
Less:	
Capital expenditures	(5,822,000)
Debt principal payments	(37,900)
Transfer from other funds	(65,000)
	4,239,857
Annual surplus	\$ 5,046,250

Year ended December 31, 2019

17. 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. The lease is up for renewal in 2020.

18. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Schedule 1 - Northern Capital Planning Grant

Year ended December 31, 2019

In March 2019 the Village of Valemount was the recipient of \$2,882,000 under the Northern Capital and Planning Grant (NCPG) program from the Province of British Columbia. Interest of \$37,164 was earned by the reserves from date of receipt to December 31, 2019, resulting in a total of \$2,919,164 in NCPG reserves at December 31, 2019.

	2019
Opening balance of reserve	\$ 2,882,000
Interest	37,164
	\$ 2,919,164