

Consolidated Financial Statements of



**THE CORPORATION OF THE
VILLAGE OF VALEMOUNT**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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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. Owen Forgerson,
Mayor



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, 2021
- 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, 2021 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the 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.

Other Information

Management is responsible for the other information. The other information comprises:

- information, other than the financial statements and the auditors' report thereon, included in Schedule 1 - Northern Capital Planning Grant and Schedule 2 - COVID-19 Safe Restart Grant



Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in Schedule 1 - Northern Capital Planning Grant and Schedule 2 - COVID-19 Safe Restart Grant as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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.



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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
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities of business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a long, sweeping horizontal line underneath.

Chartered Professional Accountants

Prince George, Canada

May 10, 2022



VALEMOUNT

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THE CORPORATION OF THE VILLAGE OF VALEMOUNT Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents (note 2)	\$ 10,918,103	\$ 10,144,593
Accounts receivable (note 3)	2,095,342	1,500,186
Inventories	12,753	12,441
Investments in government business enterprise and partnerships (note 4)	9,507,438	8,168,265
	<u>22,533,636</u>	<u>19,825,485</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	565,560	786,578
Development cost charge reserve fund (note 6)	369,449	368,887
Deferred revenue (note 7)	1,774,673	1,062,314
Refundable deposits	-	21,000
Debt, net of sinking funds (note 8)	497,904	558,502
	<u>3,207,586</u>	<u>2,797,281</u>
Net financial assets	19,326,050	17,028,204
Non-financial assets:		
Prepaid expenses	22,453	36,168
Tangible capital assets (note 9)	16,404,402	14,199,868
	<u>16,426,855</u>	<u>14,236,036</u>
Accumulated surplus (note 10)	<u>\$ 35,752,905</u>	<u>\$ 31,264,240</u>

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, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Revenue (note 14):			
Net taxation revenue (note 12)	\$ 1,001,230	\$ 1,024,288	\$ 1,018,298
Sales and user fees	1,085,600	1,834,196	1,432,921
Licenses and permits	36,700	48,553	72,337
Hotel and resort tax	230,000	367,074	380,204
Rentals	57,000	67,324	59,314
Government transfers (note 13):			
Provincial	3,971,100	1,723,405	2,297,372
Federal	552,000	200,938	98,121
Other	3,241,850	2,447,149	1,463,182
Investments and penalties	57,500	62,341	117,155
Investments in government business enterprise and partnerships (note 4)	171,775	1,339,173	1,558,499
Visitor centre	-	22,747	14,535
Total revenues	10,404,755	9,137,188	8,511,938
Expenses (note 14):			
Legislature	55,000	52,902	50,937
General government	1,533,750	1,607,032	1,370,343
Protective services	111,500	82,589	94,269
Transportation services	593,980	491,682	383,715
Environmental and public health	140,500	125,649	91,818
Recreation and community development	1,258,200	983,102	819,255
Water utility	764,925	708,355	497,094
Sanitary sewer system	542,900	528,252	490,464
Visitor centre	186,000	68,960	77,710
Total expenditures	5,186,755	4,648,523	3,875,605
Annual surplus	5,218,000	4,488,665	4,636,333
Accumulated surplus, beginning of year	31,264,240	31,264,240	26,627,907
Accumulated surplus, end of year	\$ 36,482,240	\$ 35,752,905	\$ 31,264,240

See accompanying notes to consolidated financial statements.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Consolidated Statement of Changes in Net Financial Assets

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

	2021 Budget	2021 Actual	2020 Actual
Annual surplus	\$ 5,218,000	\$ 4,488,665	\$ 4,636,333
Acquisition of tangible capital assets	(6,199,400)	(2,818,144)	(1,350,253)
Amortization of tangible capital assets	234,800	613,610	576,362
	(5,964,600)	(2,204,534)	(773,891)
Use of prepaid expenses	-	36,168	35,009
Purchase of prepaid expenses	-	(22,453)	(36,168)
Change in net financial assets	(746,600)	2,297,846	3,861,283
Net financial assets, beginning of year	17,028,204	17,028,204	13,166,921
Net financial assets, end of year	\$ 16,281,604	\$ 19,326,050	\$ 17,028,204

See accompanying notes to consolidated financial statements.



VILLAGE OF VALEMOUNT

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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Consolidated Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 4,488,665	\$ 4,636,333
Items not involving cash:		
Amortization of tangible capital assets	613,610	576,362
Equity in earnings in government business enterprise and partnerships	(1,339,173)	(1,558,499)
Changes in non-cash operating working capital:		
Accounts receivable	(595,156)	(657,130)
Inventories	(312)	(857)
Accounts payable and accrued liabilities	(221,018)	289,621
Deferred revenue	712,359	487,240
Development cost charge reserve fund	562	3,102
Prepaid expenses	13,715	(1,159)
Refundable deposits	(21,000)	(221,000)
Net change in cash from operating activities	3,652,252	3,554,013
Capital activities:		
Acquisition of tangible capital assets	(2,818,144)	(1,350,253)
Financing activities:		
Repayment of long-term debt	(60,598)	(58,268)
Increase in cash and cash equivalents	773,510	2,145,492
Cash and cash equivalents, beginning of year	10,144,593	7,999,101
Cash and cash equivalents, end of year	\$ 10,918,103	\$ 10,144,593

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, 2021

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, 2021

1. Significant accounting policies (continued):

(a) 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, 2021

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, 2021

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

(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.



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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:

	2021	2020
Cash	\$ 1,872,144	\$ 2,091,571
Short-term investments	9,045,959	8,053,022
	<u>\$ 10,918,103</u>	<u>\$ 10,144,593</u>

3. Accounts receivable:

	2021	2020
Taxes	\$ 516,674	\$ 545,429
Grants	129,331	146,454
Sales tax	76,740	54,706
Miscellaneous	105,619	172,841
BC Hydro	-	580,756
Trans Mountain	1,266,978	-
	<u>\$ 2,095,342</u>	<u>\$ 1,500,186</u>



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Investment in government business enterprises and partnerships:

	2021	2020
Valemount Community Forest Company Ltd.	\$ 6,340,799	\$ 6,352,629
Valemount Community Forest Limited Partnership	2,795,302	1,339,687
Valemount Industrial Park Limited Partnership	378,416	479,949
Valemount Industrial Park Company Ltd.	(7,079)	(4,000)
Total investment	\$ 9,507,438	\$ 8,168,265

	2021	2020
Profit (loss) on investments in government business enterprises and partnerships:		
Valemount Community Forest Company Ltd.	\$ (11,830)	\$ (32,967)
Valemount Community Forest Limited Partnership	1,455,615	1,199,760
Valemount Industrial Park Limited Partnership	(101,533)	395,706
Valemount Industrial Park Company Ltd.	(3,079)	(4,000)
	\$ 1,339,173	\$ 1,558,499



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

Year ended December 31, 2021

4. Investment in government 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.

	2021	2020
Investments:		
Investment in shares of the company	\$ 1	\$ 1
Accumulated earnings	6,340,798	6,352,627
	\$ 6,340,799	\$ 6,352,628
(i) Financial position:		
Assets:		
Current	\$ 31,059	\$ 56,054
Long-term	6,798,380	6,868,263
Total assets	6,829,439	6,924,317
Liabilities:		
Current	44,782	80,955
Long-term	443,858	490,733
Total liabilities	488,640	571,688
Equity:		
Share capital	1	1
Retained earnings	6,340,798	6,352,628
Total equity	6,340,799	6,352,629
Total liabilities and equity	6,829,439	6,924,317
(ii) Operations:		
Revenue	5,412	7,404
Expenses	17,242	40,371
Net earnings	\$ (11,830)	\$ (32,967)



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Investment in government 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.

	2021	2020
Investments:		
Initial investment	\$ 10,000	\$ 10,000
Partners' accumulated earnings	2,785,302	1,329,687
	\$ 2,795,302	\$ 1,339,687
(i) Financial position:		
Assets:		
Current	\$ 3,160,240	\$ 3,776,475
Property and equipment	56,025	71,655
Forest licenses	1,583,680	1,666,343
Undistributed patronage	3,070	3,070
Due from related party	1,900,000	-
Total assets	6,703,015	5,517,543
Liabilities:		
Current	3,706,859	4,162,832
Long-term	195,156	14,890
Provision for road decommissioning	5,418	-
Total liabilities	3,907,433	4,177,722
Partners' Equity	2,795,582	1,339,821
Total equity	2,795,582	1,339,821
Total liabilities and partners' equity	6,703,015	5,517,543
(ii) Operations:		
Revenue	9,168,476	10,297,193
Expenses	7,712,715	9,097,313
Net earnings	\$ 1,455,761	1,199,880
The Village's portion of net earnings - 99.99%	\$ 1,455,615	\$ 1,199,760



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Investment in government 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.

	2021	2020
Investments:		
Initial investment	\$ 10,000	\$ 10,000
Partners' accumulated earnings	368,416	469,949
	\$ 378,416	\$ 479,949
(i) Financial position:		
Assets:		
Current	\$ 529,496	\$ 569,527
Property and equipment	6,032,123	3,914,280
Loan receivable	240,363	283,134
Total assets	6,801,982	4,766,941
Liabilities:		
Current	6,423,528	4,286,944
Total liabilities	6,423,528	4,286,944
Partners' equity	378,454	479,997
Total equity	378,454	479,997
Total liabilities and partners' equity	6,801,982	4,766,941
(ii) Operations:		
Revenue	749,546	603,487
Expenses	851,089	207,741
Net earnings	\$ (101,543)	395,746
The Village's portion of net earnings - 99.99%	\$ (101,533)	\$ 395,706



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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

d) Valemount Industrial Park Company Limited:

Valemount Industrial Park Company Limited (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.

	2021	2020
Investments:		
Investment in shares of the company	\$ -	\$ -
Accumulated earnings	(7,079)	(4,000)
	<u>\$ (7,079)</u>	<u>\$ (4,000)</u>
(i) Financial position:		
Assets:		
Current	\$ 24,985	\$ 27,155
Investment in partnerships	36	47
Total assets	<u>25,021</u>	<u>27,202</u>
Liabilities:		
Current	32,100	31,202
Total liabilities	<u>32,100</u>	<u>31,202</u>
Retained earnings	(7,079)	(4,000)
Total equity	<u>(7,079)</u>	<u>(4,000)</u>
Total liabilities and equity	<u>25,021</u>	<u>27,202</u>
(ii) Operations:		
Revenue	(10)	40
Expenses	3,069	3,244
Net earnings	<u>\$ (3,079)</u>	<u>\$ (3,204)</u>



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

5. Accounts payable and accrued liabilities:

	2021	2020
Trade	\$ 212,267	\$ 470,998
Wages and related costs	291,278	282,399
Government remittance	55,439	30,485
Other	6,576	2,696
	<u>\$ 565,560</u>	<u>\$ 786,578</u>

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.

	2021	2020
Balance, beginning of year	\$ 368,887	\$ 365,785
Contributions - interest earned	562	3,102
	<u>\$ 369,449</u>	<u>\$ 368,887</u>

7. Deferred revenue:

	2021	2020
Unexpended grants - Columbia Basin Trust	\$ 121,695	\$ 283,939
Unexpended grants - other	597,390	592,199
Ministry of Children and Family Development	888,580	-
Prepaid property taxes	44,171	59,642
Deferred revenue - other	122,837	126,534
	<u>\$ 1,774,673</u>	<u>\$ 1,062,314</u>

Year ended December 31, 2021

8. 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 debt.

	By-Law Number	Interest rate	Year of maturity	Gross debt	Sinking Fund Assets	Net debt 2021	Net debt 2020
Water Fund:							
Water	587	4.65%	2026	178,906	60,815	118,091	139,054
Water	635	4.17%	2029	457,713	77,900	379,813	419,448
				\$ 636,619	\$ 138,715	\$ 497,904	\$ 558,502

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
2022	\$ 37,852
2023	37,852
2024	37,852
2025	37,852
2026	37,852
Onward	77,241
	266,501
Estimated sinking fund income	231,403
	\$ 497,904

- (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, 2021

9. Tangible capital assets:

		2021						
		Land	Buildings and site improvements	Machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure	Total
Cost:								
Balance, beginning of year	\$	1,153,267	\$ 4,350,862	\$ 2,351,821	\$ 5,457,635	\$ 6,331,874	\$ 5,334,862	\$ 24,980,321
Additions		-	350,207	103,075	1,231,054	498,839	634,969	2,818,144
Balance, end of year		1,153,267	4,701,069	2,454,896	6,688,689	6,830,713	5,969,831	27,798,465
Accumulated amortization:								
Balance, beginning of year		-	1,984,755	1,169,522	2,801,688	2,345,856	2,478,632	10,780,453
Amortization expense		-	110,632	140,911	180,298	74,363	107,406	613,610
Balance, end of year		-	2,095,387	1,310,433	2,981,986	2,420,219	2,586,038	11,394,063
Net book value, end of year	\$	1,153,267	\$ 2,605,682	\$ 1,144,463	\$ 3,706,703	\$ 4,410,494	\$ 3,383,793	\$ 16,404,402



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

9. Tangible capital assets (continued):

	2020						
	Land	Building and site improvements	Machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure	Total
Cost:							
Balance, beginning of year	\$ 1,153,267	\$ 4,319,555	\$ 2,175,457	\$ 5,392,045	\$ 5,884,250	\$ 4,721,526	\$ 23,646,100
Additions	-	31,307	192,396	65,590	447,624	613,336	1,350,253
Disposals	-	-	(16,032)	-	-	-	(16,032)
Balance, end of year	1,153,267	4,350,862	2,351,821	5,457,635	6,331,874	5,334,862	24,980,321
Accumulated amortization:							
Balance, beginning of year	-	1,874,224	1,048,491	2,630,691	2,282,516	2,384,201	10,220,123
Disposals	-	-	(16,032)	-	-	-	(16,032)
Amortization expense	-	110,531	137,063	170,997	63,340	94,431	576,362
Balance, end of year	-	1,984,755	1,169,522	2,801,688	2,345,856	2,478,632	10,780,453
Net book value, end of year	\$ 1,153,267	\$ 2,366,107	\$ 1,182,299	\$ 2,655,947	\$ 3,986,018	\$ 2,856,230	\$ 14,199,868

Year ended December 31, 2021

10. Accumulated surplus:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 15,915,804	\$ 13,650,673
General fund:		
Unrestricted	4,050,104	3,544,336
Restricted	9,487,440	8,168,264
Water utility fund	895,094	881,932
Sanitary sewer fund	1,143,220	541,933
Total surplus	31,491,662	26,787,138
Reserves set aside by Council:		
Capital works machinery and equipment	392,229	391,633
Land sales	68,733	68,629
Northern Capital Planning Grant	3,512,199	3,729,089
MFA unexpended funds - water	15,703	15,795
MFA unexpended funds - sewer	272,379	271,956
Total reserves	4,261,243	4,477,102
	\$ 35,752,905	\$ 31,264,240

11. Commitments and contingencies:

- (f) 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.
- (g) 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, 2021 aggregated \$34,512 (2020 - \$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, 2020, the Plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from the local governments.

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

The most recent valuation for the Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$110,273 (2020 - \$105,211) for employer contributions to the Plan in fiscal 2021.

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

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

- (d) The 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:

	2021	2020
Taxes collected:		
General purposes	\$ 879,097	\$ 868,514
Frontage tax	105,129	105,795
Grants in lieu of taxes	43,044	43,985
Collection of other governments	1,516,918	1,399,626
	2,544,188	2,417,920
Transfers to other governments:		
Ministry of Education, Province of British Columbia	558,564	440,989
Regional District of Fraser-Fort George	701,149	714,435
Fraser-Fort George Regional Hospital District	173,480	157,104
B.C. Assessment Authority	12,125	12,072
Municipal Finance Authority	54	55
Royal Canadian Mounted Police	74,528	74,967
	1,519,900	1,399,622
	\$ 1,024,288	\$ 1,018,298

Year ended December 31, 2021

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:

	2021	2020
Provincial grants:		
BC Hydro	\$ 483,411	\$ 460,424
COVID-19 Restart Grant	-	501,000
Miscellaneous Conditional	553,324	112,108
Ministry of Children and Family Development	263,420	-
Northern Capital Planning Grant	-	785,000
Unconditional	352,000	354,477
Northern Development Initiative Trust	71,250	84,363
Subtotal provincial grants	1,723,405	2,297,372
Federal grants:		
Gas tax	200,938	98,121
Subtotal federal grants	200,938	98,121
Other grants:		
Columbia Basin Trust	411,096	249,772
Trans Mountain	2,036,053	1,213,410
Subtotal other grants	2,447,149	1,463,182
Total revenue	\$ 4,371,492	\$ 3,858,675



Let the mountains move you

THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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, 2021

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.

	2021									
	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	\$ 919,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,129	\$ -	\$ -	\$ 1,024,288
User charges	17,406	48,552	-	129,071	-	86,424	633,968	967,328	-	1,882,749
Grants	3,373,814	-	-	-	-	-	498,839	498,839	-	4,371,492
Investment income	62,341	-	-	-	-	-	-	-	-	62,341
Other	1,339,173	-	-	-	-	434,398	-	-	22,747	1,796,318
Total revenue	5,711,893	48,552	-	129,071	-	520,822	1,237,936	1,466,167	22,747	9,137,188
Expenses:										
Salaries and employee benefits	600,327	77,432	190,465	48,235	52,902	96,190	182,157	151,736	62,036	1,461,480
Operating	569,719	5,157	301,217	77,414	-	886,912	348,753	243,022	6,924	2,439,118
Interest	-	-	-	-	-	-	38,081	-	-	38,081
Insurance	41,899	-	-	-	-	-	-	-	-	41,899
Professional services	54,335	-	-	-	-	-	-	-	-	54,335
Amortization	340,752	-	-	-	-	-	139,364	133,494	-	613,610
Total expenses	1,607,032	82,589	491,682	125,649	52,902	983,102	708,355	528,252	68,960	4,648,523
Annual surplus (deficit)	\$ 4,104,861	\$ (34,037)	\$ (491,682)	\$ 3,422	\$ (52,902)	\$ (462,280)	\$ 529,581	\$ 937,915	\$ (46,213)	\$ 4,488,665



VILLAGE OF
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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

14. Segmented information: (continued):

	2020									
	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	\$ 912,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,796	\$ -	\$ -	\$ 1,018,298
User charges	42,727	72,337	-	104,793	-	89,169	508,066	688,166	-	1,505,258
Grants	2,797,715	-	-	-	-	-	447,624	613,336	-	3,858,675
Investment income	117,155	-	-	-	-	-	-	-	-	117,155
Other	1,558,499	-	-	-	-	439,518	-	-	14,535	2,012,552
Total revenue	5,428,598	72,337	-	104,793	-	528,687	1,061,486	1,301,502	14,535	8,511,938
Expenses:										
Salaries and employee benefits	628,727	88,466	167,968	40,020	50,937	150,119	178,223	140,525	61,303	1,506,288
Operating	346,259	5,803	215,747	51,798	-	669,136	154,866	229,420	16,407	1,689,436
Interest	-	-	-	-	-	-	35,665	-	-	35,665
Insurance	38,043	-	-	-	-	-	-	-	-	38,043
Professional services	29,811	-	-	-	-	-	-	-	-	29,811
Amortization	327,503	-	-	-	-	-	128,340	120,519	-	576,362
Total expenses	1,370,343	94,269	383,715	91,818	50,937	819,255	497,094	490,464	77,710	3,875,605
Annual surplus (deficit)	\$ 4,058,255	\$ (21,932)	\$ (383,715)	\$ 12,975	\$ (50,937)	\$ (290,568)	\$ 564,392	\$ 811,038	\$ (63,175)	\$ 4,636,333



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

Year ended December 31, 2021

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, 2021 is as follows:

	2021	2020
MFA Investment pool	\$ 46,509	\$ 44,590
Cemetery trust liability	(46,509)	(44,590)

16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2021 operating and capital budgets approved by Council on May 11, 2021. Amortization was not contemplated on development of the budget and, as such, has not been included. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Revenues:	
Operating budget	\$ 11,202,505
Less:	
Transfer from other funds	(797,750)
Total revenue	10,404,755
Expenses:	
Operating budget	11,202,505
Less:	
Capital expenditures	(5,977,750)
Debt principal payments	(38,000)
	5,186,755
Annual surplus	\$ 5,218,000



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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 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, 2020 with annual payments consisting of \$26,679 to be paid to the Village.

18. Comparative information:

Certain 2020 comparative information has been reclassified. The changes had no impact on prior year annual surplus.



THE CORPORATION OF THE VILLAGE OF VALEMOUNT
 Schedule 1 - Northern Capital Planning Grant

Year ended December 31, 2021
 (Unaudited)

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 and received a second allocation of \$785,000 in March 2020. Grant money was allocated by the Village of Valemount to uniquely identified capital. The table below outlines the outstanding NCPG funds in reserve at December 31, 2020, deducts the approved expenses from 2021 and adds interest earned on the reserve fund in 2021 to reach the remaining NCPG reserve fund balance at December 31, 2021 of \$3,512,199. The Village has included below the allocations approved in 2021 for specific upcoming projects in the amount of \$3,303,181.

	2021
Opening balance of reserve Northern Capital Planning Grant	\$ 3,729,089
Interest	5,677
	<u>3,734,766</u>
2021 expenses incurred	
Dogwood lift station	70,513
East area lift station	65,616
Senior's Life Station	62,074
Water calibration	4,205
Public works building	7,802
Swift Creek restoration	12,355
	<u>222,565</u>
2021 allocations by Council	
Dogwood lift station	1,853,770
17th Ave decommission	350,000
East Area lift station	720,884
High lift station pump	63,390
Water calibration	13,795
Public works building	7,198
Swift Creek restoration	89,144
Garbage truck	150,000
DDC Bylaw	55,000
Total 2021 allocation	<u>3,303,181</u>
Remaining NCPG available for allocation in 2022	<u>\$ 209,020</u>



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THE CORPORATION OF THE VILLAGE OF VALEMOUNT

Schedule 2 - COVID-19 Safe Restart Grant

Year ended December 31, 2021
(Unaudited)

In November 2020, the Corporation of the Village of Valemount was the recipient of a \$501,000 grant under the COVID-19 Safe Restart for Local Governments program from the Province of British Columbia. Due to the conditions of use this grant funding allows local governments to use the funding where the greatest need arises, the initial \$501,000 amount received was considered revenue in 2020 and included in grant revenue on the consolidated statement of operations and accumulated surplus. The Village utilized \$82,346 within 2021 to cover operational costs in addition to overall pandemic responses incurred since the beginning of the pandemic in the spring of 2020. The Village has allocated \$417,500 in fiscal 2021 for projects to be completed.

	2021
Grant funding received	\$ 501,000
Less amount utilized in 2021:	
Laptops	17,101
Stationary sign board	20,528
Airport lighting repairs	29,500
EV	15,217
	82,346
Village generator	100,000
Municipal hall generator	150,000
CBT internet connectivity	62,500
VIC Janitorial	2,500
SCADA	30,000
Community Hall generator	32,500
Security upgrades	40,000
Total 2021 allocation of COVID-19 Safe Restart grant	417,500
Remaining COVID-19 Safe Restart grant for allocation in 2022	\$ 1,154