

HARRISON HOT SPRINGS

Naturally Refreshed

Village of Harrison Hot Springs

Financial Statements

December 31, 2020

Village of Harrison Hot Springs

December 31, 2020

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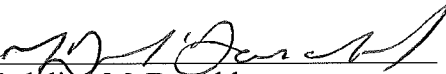
Management's Responsibility for Financial Reporting

The financial statements of the Village of Harrison Hot Springs (the Village) are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards, consistently applied and appropriate in the circumstances. The preparation of the financial statements requires the use of estimates which have been made using careful judgement. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate within reasonable limits of materiality, all information available as of the audit date. The financial statements have also been reviewed and approved by the Mayor and Council of the Village.

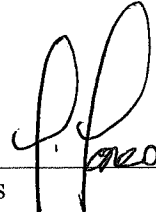
Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorised and recorded in compliance with legislative and regulatory requirements and that reliable financial information is available on a timely basis. These systems are monitored and evaluated by management. Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The financial statements have been examined by the Village's independent external auditor, BDO Canada LLP in accordance with Canadian generally accepted auditing standards. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Village's financial position, results of operations, changes in net financial assets and cash flows in accordance with Canadian public sector accounting standards. Their Independent Auditor's Report outlines the scope of their examination and their opinion.

The external auditor has full and open access to all records of the Village and has direct access to management and Council when required.



Madeline McDonald
Chief Administrative Officer
April 6, 2021



Tracey Jones
Financial Officer
April 6, 2021



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Independent Auditor's Report

To the Mayor and Council of the Village of Harrison Hot Springs

Opinion

We have audited the financial statements of Village of Harrison Hot Springs (the Village), which comprise the Statement of Financial Position as at December 31, 2020, and the Statement of Operations, Changes in Net Financial Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2020, and the results of its operations, changes in net financial assets and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our 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.

Unaudited Information

We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the schedules or exhibits on page 25 of the Village's financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

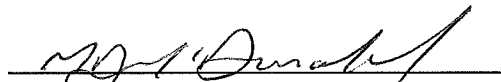
Vancouver, British Columbia
April 6, 2021

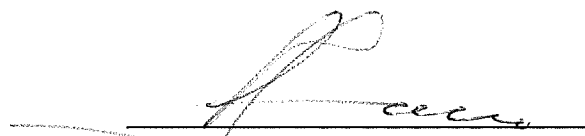
Village of Harrison Hot Springs

Statement of Financial Position

As at December 31, 2020

	2020	2019
Financial assets		
Cash (Note 2)	\$ 16,030,448	\$ 11,041,504
Accounts Receivable (Note 3)	557,582	1,290,694
MFA Deposits (Note 4)	6,840	6,702
	16,594,870	12,338,900
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	196,005	422,212
Employee Future Benefits (Note 6)	129,402	128,696
Developer's Deposits and Other Trust Liabilities (Note 7)	1,529,365	563,839
Deferred Revenue (Note 8)	819,225	721,107
Development Cost Charges (Note 9)	4,747,153	3,256,483
Liabilities under Agreement (Note 10)	46,051	68,110
Long-term debt (Note 11)	433,254	468,936
Interim financing debt (Note 12)	-	110,000
	7,900,455	5,739,383
Net financial assets	8,694,415	6,599,517
Non-financial assets		
Tangible Capital Assets (Note 13, Schedule 1)	37,604,754	37,598,330
Prepaid expenses	72,155	73,853
	37,676,909	37,672,183
Accumulated surplus	46,371,324	44,271,700


Madeline McDonald,
Chief Administrative Officer


Leo Facio
Mayor

Village of Harrison Hot Springs

Statement of Operations

for the year ended December 31, 2020

	Budget (Note 20)	2020	2019
Revenue			
Property Taxes (Notes 23, 16)	\$ 2,364,851	\$ 2,366,532	\$ 2,219,454
Sale of Services (Note 17)	1,412,020	1,491,805	1,400,567
Utility Service Fees (Note 18)	476,300	472,607	465,436
Government Transfers (Note 19)	2,910,050	1,546,263	1,416,400
Investment Income	47,000	108,747	152,635
Penalties and interest	4,000	68,661	79,712
Development Cost Charges (Note 9)	248,400	224,144	605,799
Contributed Assets	174,000	-	-
Other revenue	69,100	108,197	112,813
	7,705,721	6,386,956	6,452,816
Expenses (Note 21)			
Legislative Services	131,350	99,355	125,585
General Government	1,187,597	986,955	1,034,926
Protective Services	264,797	229,207	226,299
Public Works	329,127	261,635	319,425
Transportation Services	545,382	434,214	448,533
Public Health	4,260	3,487	2,932
Planning and Development	313,700	79,809	329,723
Tourism, Community and Economic Development	280,197	275,123	260,108
Solid Waste Management and Recycling	201,946	198,311	184,757
Beaches, Parks, Recreation and Culture	504,845	486,818	516,963
Water Services	504,000	446,337	464,768
Sewer Services	803,620	781,462	734,766
Non-capital items expensed	7,000	4,619	-
	5,077,821	4,287,332	4,648,785
Annual surplus	2,627,900	2,099,624	1,804,031
Accumulated surplus, beginning of year (Note 15)	44,271,700	44,271,700	42,467,669
	\$ 46,899,600	\$ 46,371,324	\$ 44,271,700

Village of Harrison Hot Springs

Statement of Change in Net Financial Assets

For the Year Ended December 31, 2020

	Budget (Note 20)	2020	2019
Annual Surplus	2,627,900	2,099,624	1,804,031
Acquisition of tangible capital assets	(3,410,500)	(1,061,303)	(1,887,011)
Amortization of tangible capital assets Note1., Schedule 1	1,010,000	1,053,631	984,985
Loss on disposal of tangible capital assets	-	1,248	23,628
	227,400	2,093,200	925,633
Acquisition of prepaid expenses	-	(72,155)	(73,853)
Use of prepaid expenses	-	73,853	61,981
	-	1,698	(11,872)
Increase in net financial assets	227,400	2,094,898	913,761
Net financial assets, beginning of year	6,599,517	6,599,517	5,685,756
Net financial assets, end of year	6,826,917	8,694,415	6,599,517

Village of Harrison Hot Springs

Statement of Cash Flows

For the Year Ended December 31, 2020

	2020	2019
Cash provided by (used in):		
Operating Transactions		
Annual surplus	2,099,624	1,804,031
Non Cash items:		
Amortization	1,053,631	984,985
Loss on disposal of tangible capital assets	1,249	23,629
Changes to cash items:		
Accounts receivable	733,112	(101,781)
MFA deposits	(138)	(153)
Accounts payable and accrued liabilities	(226,207)	58,924
Developer's deposits and other trust liabilities	965,526	364,519
Prepaid expenses	1,698	(11,872)
Employee future benefits	706	15,000
Deferred revenue	98,118	18,381
Development cost charges	1,490,670	150,211
Net change in cash from operating transactions	6,217,989	3,305,874
Capital Transactions:		
Acquisition of tangible capital assets	(1,061,303)	(1,887,011)
Net change in cash from capital transactions	(1,061,303)	(1,887,011)
Financing Transactions		
Debt repayment	(167,742)	(225,251)
Net change in cash from financing transactions	(167,742)	(225,251)
Net change in cash	4,988,944	1,193,612
Cash , beginning of year	11,041,504	9,847,890
Cash , end of year	16,030,448	11,041,502

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

1. Significant Accounting Policies

The Financial Statements combine the activities of the various funds of the reporting entity - Village of Harrison Hot Springs (the "Village") which are the representation of management are prepared in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board (PSAB). Interfund transactions and fund balances have been eliminated for reporting purposes. There are no other organizations under the control of the Village Council that meet the criteria for inclusion and consolidation in these statements. Significant accounting policies adopted by the Village are as follows:

a. Basis of reporting

The Financial Statements reflect the combined results and activities of the reporting entity which is comprised of the Operating, Capital and Reserve funds. Inter-fund transactions have been eliminated.

i. Operating Funds: These funds include the General, Water and Sewer operations of the Village. They are used to record the operating costs of the services provided by the Village.

ii. Capital funds: These funds include the General, Water and Sewer capital funds. They are used to record the acquisition and disposal of tangible capital assets and their financing.

iii. Reserve funds: Under the *Community Charter*, Village Council may, by bylaw establish reserve funds for specified purposes. Money in a Statutory Reserve Fund, and interest earned thereon, must be expended by bylaw only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, Village Council may, by bylaw, transfer all or part of the balance to another reserve fund. Non-statutory Reserves require being included in an approved council budget or a resolution before these funds can be expended.

b. Revenue Recognition

Sources of revenue are recorded on an accrual basis and recognized in the period in which they are earned. Unearned revenue in the current period is reported on the statement of Financial Position as deferred revenue.

The Village recognizes the transfer of government funding as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Through the British Columbia Assessments' appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are awarded. Sale of services and fees are recognized when the service or product is provided by the Village. All other revenue is recognized as it is earned and is measurable. Revenue unearned in the current period is recorded as deferred revenue and is recognized as revenue in the fiscal year the services are performed.

Development Cost Charges are restricted revenue liabilities representing funds received from developers and deposited into separate deferred revenue liability accounts for specific future capital expenses. In accordance with Canadian public sector accounting standards, the Village records these funds as restricted revenue which is then recognized when the related costs are met.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued)

c. Expense Recognition

Operating expenses are recognized on an accrual basis in the period they are incurred.

d. Financial Instruments

The Village's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, long-term debt and interim financing debt. It is management's opinion that the Village is not exposed to significant interest, currency or credit risk arising from these financial instruments.

e. Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i. Tangible Capital Assets

Tangible capital assets, comprised of capital assets and assets under construction, are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes the capital expenditure, excluding interest, directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing when the asset is put into service.

Asset	Useful Life - Years
Land improvements	10-25
Parks infrastructure	10-50
Buildings	40-50
Machinery, furniture and equipment	5-10
IT infrastructure	4-10
Vehicles	5-20
Roads infrastructure	15-75
Water infrastructure	10-100
Sewer infrastructure	10-100
Drainage infrastructure	10-100

ii. Contributions of tangible capital assets

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

iii. Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued)

e. Non-financial Assets (continued)

iv. Leased tangible capital assets

Leases that transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets.

f. Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Areas requiring the greatest degree of estimation include employee future benefits and useful lives of tangible capital assets.

g. Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Village is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

The Village has determined that as of December 31, 2020, no contamination in excess of an environmental standard exists to land not in productive use for which the Village is responsible.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

2. Cash

	2020	2019
Restricted cash		
Statutory Reserves	\$ 1,821,752	\$ 1,983,066
Non-Statutory Reserves	2,980,203	1,768,398
Development Cost Charges/Deposits in Trust	7,095,743	4,541,429
	11,897,698	8,292,893
Unrestricted cash	4,132,750	2,748,611
Total cash	\$ 16,030,448	\$ 11,041,504

3. Account Receivable

	2020	2019
Accounts Receivable - Property Taxes	\$ 331,084	\$ 411,446
Accounts Receivable - Other Governments	39,709	399,430
Accounts Receivable - Trade and Other	186,789	479,818
	\$ 557,582	\$ 1,290,694

4. Municipal Finance Authority Deposits

The Municipal Finance Authority of British Columbia (the MFA) provides capital funding for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve fund, less administrative expenses, becomes an obligation of the MFA to the regional districts.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

5. Accounts Payable and Accrued Liabilities

	2020	2019
Trade and Other	\$ 86,200	\$ 169,076
Holdbacks payable	45,034	137,025
Other government	32,841	11,944
Accrued Employee benefits	31,930	104,167
	\$ 196,005	\$ 422,212

6. Employee Future Benefits

Sick Pay

The Village provides paid sick leave to qualifying employees, this benefit accrues at two days of sick leave per month. At the end of each calendar year 2/3 of the unused portion of sick leave is vested up to a maximum of 360 days. The amount recorded for this benefit is based on a valuation prepared by an independent firm of actuaries. The date of the last full actuarial evaluation was as of December 31, 2018, with updates in 2019 and 2020. The next full actuarial evaluation will be at December 31, 2021.

Retirement Allowance

A regular employee who retires under the provisions of the Municipal Pension Plan is entitled to a retirement benefit as outlined in the Collective Agreement and Management Policy. In all instances, the rate of pay used in the calculation of the retirement benefit shall be the rate of pay applicable on the last day worked. The amount recorded for this benefit in 2020 is based on a valuation prepared by an independent firm of actuaries. The date of the last full actuarial evaluation was as of December 31, 2018, with updates in 2019 and 2020. The next full actuarial evaluation will be at December 31, 2021.

As of December 31, 2020, \$129,402 (2019 - \$128,696) of the accrued benefit liability has been charged to operations. The significant actuarial assumptions adopted in measuring the Village's accrued benefit liability are as follows:

	2020	2019
Discount rates	1.5%	3.00%
Expected future inflation	2.00%	2.00%

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

6. Employee Future Benefits (continued)

Accrued Benefit Obligation as at December 31, 2020

	2020	2019
Beginning benefit obligation	\$ 128,696	\$ 113,696
Current service cost	15,142	18,800
Interest on accrued benefit obligation	3,621	-
Actuarial (gain) loss	(599)	-
Benefits paid during the year	(24,120)	(3,800)
Ending benefit obligation	122,740	128,696
Less Unamortized net actuarial (loss)	6,662	-
Accrued Benefit Liability	\$ 129,402	\$ 128,696

7. Developers Deposits and Other Trust Liabilities

	2020	2019
Property and event damage deposits	\$ 186,197	\$ 134,298
Developers Deposit	1,286,120	373,848
Funds held on behalf of community groups	57,048	55,693
	\$ 1,529,365	\$ 563,839

8. Deferred Revenue

	Opening Balance	Externally Restricted Inflows	Revenue Earned	December 31, 2020
Prepaid taxes	\$ 154,570	\$ 296,165	\$ (291,985)	\$ 158,750
Resort Municipality Initiative	541,066	519,336	(419,180)	641,222
Deferred Revenue	18,863	365	-	19,228
Facility rentals and other	6,608	-	(6,583)	25
	\$ 721,107	\$ 815,866	\$ (717,748)	\$ 819,225

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

9. Development Cost Charges

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance
Sewer DCC	\$ 1,260,059	\$ 586,433	\$ 28,182	\$ 130,513	\$ 1,744,161
Water DCC	1,012,648	465,669	23,412	-	1,501,729
Drainage DCC	656,476	393,721	943	93,630	957,510
Parks DCC	327,299	215,919	535	-	543,753
	\$ 3,256,482	\$ 1,661,742	\$ 53,072	\$ 224,143	\$ 4,747,153

10. Liabilities under Agreement

In 2017, the Village entered into an agreement with the Municipal Finance Authority to borrow funds in the amount of \$110,000 to purchase capital equipment. The term of the agreement is for five years. In 2019 the Village completed a five year capital lease agreement with Caterpillar Financial Services Limited to finance the acquisition of a backhoe. The Village exercised its option to purchase the backhoe at the end of the lease in the amount of \$47,723.

Changes in liabilities under agreement are as follows:

	2020	2019
Balance, January 1,	\$ 68,110	\$ 148,883
Less: Principal repayments	(22,059)	(80,773)
Balance, December 31	\$ 46,051	\$ 68,110

The minimum payments over the next five years of the liabilities under agreement are as follows:

2021	\$ 23,079
2022	24,657
Less: Amount representing interest	(1,685)
	\$ 46,051

Total interest expense during the year was \$1,020. Total interest over the term of the agreements is \$26,320.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

11. Long-Term Debt

In 2015 the Village borrowed funds under loan authorisation bylaw 1052. MFA Issue 131 has an amortization period of 15 years at 2.2% interest for the first 10 years of the term. Interest is \$13,200 per year with \$198,000 estimated to be paid over the life of the debt. Early repayment options exist at the rate reset date of 10 years.

	Balance, beginning of Year	Additions	Principal Repayments	Actuarial * Adjustment	Balance, end of year
General Fund					
MFA Issue 131	\$ 468,936	\$ -	\$ 31,095	\$ 4,587	\$ 433,254

The following principal amounts are payable over the next five years:

	General	Water	Sewer
2021	\$ 31,095	\$ -	\$ -
2022	\$ 31,095	\$ -	\$ -
2023	\$ 31,095	\$ -	\$ -
2024	\$ 31,095	\$ -	\$ -
2025	\$ 31,095	\$ -	\$ -
Thereafter	\$ 277,779	\$ -	\$ -
Total	\$ 433,254	\$ -	\$ -

* Actuarial Adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt.

12. Interim Financing Debt

In 2009 the Village borrowed \$1,500,000 under the Interim Financing Program from the Municipal Finance Authority of British Columbia under Loan Authorisation Bylaw 885, for the purpose of constructing a new water reservoir. In 2015 the Village received an extension and had until 2020 to pay back the principal amount. Interest was paid monthly in 2020 at daily interest rates that varied between 1.21% and 2.58% . During 2020 the Village paid \$1,360 in interest (2019 \$5,304).

	2020	2019
Beginning Balance Jan 1,	\$ 110,000	\$ 220,000
Principal repayments	(110,000)	(110,000)
Ending Balance, December 31	\$ -	\$ 110,000

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

13. Tangible Capital Assets

	2020	2019
Land and improvements	\$ 10,680,913	\$ 10,680,913
Buildings	2,992,529	3,124,797
Machinery, equipment, furniture, IT and vehicles	794,922	758,664
Engineering Structures:		
Engineering structures - water	7,848,335	8,021,526
Engineering structures - sewer and drainage	8,285,488	7,987,916
Engineering structures - roads	4,834,732	5,127,608
Engineering structures - parks and other	1,654,281	1,457,329
Other tangible capital assets	376,553	355,694
Work in Progress	137,001	83,883
Total	\$ 37,604,754	\$ 37,598,330

For additional information, see Schedule of Tangible Capital Assets. (Schedule 1)

There were no contributed assets recognized in 2020.

14. Equity in Tangible Capital Assets

Equity in tangible capital assets (TCA) represents the net book value (NBV) of total capital assets less long term obligations assumed to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	2020	2019
Equity in TCA, beginning of year	\$ 36,951,284	\$ 35,847,640
Add:		
Capital Expenditures	1,061,303	1,887,010
Debt Repayments	163,155	221,867
Actuarial adjustment	4,587	3,381
Less:		
Net Book Value of dispositions	(1,248)	(23,629)
Amortization	(1,053,631)	(984,985)
Equity in TCA, end of year	\$ 37,125,450	\$ 36,951,284

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

15. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 37,125,450	\$ 36,951,284
Operating Fund	4,443,919	3,568,952
Total surplus	41,569,369	40,520,236
Reserves set aside by Council:		
Appropriated Surplus:		
COVID 19 Restart Grant (Schedule 3)	509,260	-
Fire Department	27,680	27,154
Assessment appeal	137,274	134,669
Beach	4,247	38,913
Building	65,405	64,164
Contingencies	11,960	11,733
Dock replacement	53,562	42,668
Boat Launch	64,315	58,156
Flood box / drainage	16,227	15,919
General	536,940	241,583
Insurance	10,392	10,195
Parking / traffic management	56,264	55,196
Office Equipment	47,014	36,244
Property	49,522	48,582
Road/Sidewalk	14,071	13,804
Sick leave/Retirement	53,192	52,182
Community Works Fund	278,002	199,458
Sewer	571,817	388,523
Water	473,059	329,255
Total Appropriated Surplus	2,980,203	1,768,398
Statutory Fund Reserves:		
Community amenities	161,018	157,962
Fire department capital	540,365	557,473
Land unexpended funds	51,202	50,231
Parkland acquisition and improvements	386,169	355,935
Public works capital	53,784	23,130
Sewage treatment replacement	536,564	731,429
Sewer unexpended funds	87,165	85,511
Port Divestiture income	5,485	21,395
Total Statutory Fund Reserves	1,821,752	1,983,066
	\$ 46,371,324	\$ 44,271,700

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

16. Property Taxes

The Village is reliant upon one taxpayer for approximately 16.6% of municipal property tax revenue. Taxation revenue, reported on the statement of operations, is made up of the following:

	Budget	2020	2019
Taxes collected			
Municipal property taxes	\$ 2,322,900	\$ 2,322,742	\$ 2,178,194
1 % Utility taxes	37,901	37,901	36,952
Payments in lieu of taxes	4,050	5,889	4,308
School taxes	1,440,000	1,260,777	1,413,230
Regional District	167,000	168,566	160,489
Regional hospital district	107,000	107,084	104,693
Police tax	156,000	167,322	154,306
Other agencies	33,160	36,192	32,763
	4,268,011	4,106,473	4,084,935
Less transfers to other governments			
School taxes paid	1,440,000	1,260,777	1,413,230
Regional district taxes paid	167,000	168,566	160,489
Regional hospital district taxes paid	107,000	107,084	104,693
Police taxes paid	156,000	167,322	154,306
Other agencies taxes paid	33,160	36,192	32,763
	1,903,160	1,739,941	1,865,481
	\$ 2,364,851	\$ 2,366,532	\$ 2,219,454

17. Sale of Services

	Budget	2020	2019
Sewer user fees	\$ 649,120	\$ 642,571	\$ 615,571
Water user fees	331,500	344,471	332,196
Curbside collection fees	130,000	124,391	121,249
Pay Parking Revenue	220,000	279,618	238,425
Licenses and permits	33,200	47,195	42,340
Facility rentals	42,000	40,206	40,682
Fines	2,700	9,612	6,109
Other	3,500	3,741	3,995
	\$ 1,412,020	\$ 1,491,805	\$ 1,400,567

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

18. Utility Service Fees

	Budget	2020	2019
Sewer service utility fee - residential	\$ 204,000	\$ 204,762	\$ 201,256
Sewer service utility fee - business	20,000	20,114	20,462
Water service utility fee - residential	231,000	226,936	222,505
Water service utility fee - business	21,300	20,795	21,213
Total	\$ 476,300	\$ 472,607	\$ 465,436

19. Government Transfers

Government transfers reported on the Statement of Operations are:

	Budget	2020	2019
Provincial:			
Conditional			
Infrastructure	\$ -	\$ -	\$ 239,047
Resort Municipality Initiative	967,500	419,181	502,542
COVID 19 Restart Grant	-	675,000	-
Other	8,050	9,447	64,015
Unconditional	317,500	325,689	323,888
Federal			
Conditional			
Infrastructure	1,500,000	-	-
Gas tax	117,000	116,946	236,908
Other	-	-	50,000
	\$ 2,910,050	\$ 1,546,263	\$ 1,416,400

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

20. Budget Data

The data presented in these financial statements is based upon the 2020 operating and capital budgets adopted by Council on March 2, 2020. The table below reconciles the approved balanced budget to the budget figures reported in these financial statements.

2020 Adopted Operating and Capital Budget	Budget Amount
Revenues:	
Operating budget	\$ 5,077,821
Capital budget	4,476,500
Total revenue	9,554,321
Expenses:	
Operating budget	5,077,821
Capital Budget	4,476,500
Total expenses	9,554,321
Budgeted surplus (deficit)	\$ -
Add:	
Capital expenses	\$ 3,410,500
Transfers to reserves	902,900
Principal repayments	163,100
Less:	
Transfers from reserves	(763,600)
Appropriation from Surplus	(75,000)
Amortization	(1,010,000)
Annual budgeted surplus (see statement of operations)	\$ 2,627,900

21. Classification of Expenses by Object

The Schedule of Operating Fund Activities represents the expenditures by function; the following table classifies those same expenditures by object:

	Budget	2020	2019
Salaries, wages and employee benefits	\$ 1,799,121	\$ 1,545,438	\$ 1,656,280
Operating Materials and supplies	721,260	573,129	663,998
Contracted services	597,150	342,240	541,797
Administrative services and supplies	615,690	472,460	490,148
Utilities	207,650	188,939	203,715
Rentals and contractual obligations	99,250	91,295	85,963
Debt financing	20,700	15,581	21,899
Capital Items Expensed	7,000	4,619	-
Amortization	1,010,000	1,053,631	984,985
Total expenditures by object	\$ 5,077,821	\$ 4,287,332	\$ 4,648,785

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

22. Commitments and Contingencies

- a. The municipality and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the 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, 2019, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments. Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any funding surplus and will be adjusted for the amortization of any unfunded actuarial liability. The Village of Harrison Hot Springs paid \$100,906 (2019 \$114,100) for employer contributions to the Plan in fiscal 2020. Employee contributions in fiscal 2019 were \$89,693 (2019 \$101,769). The most recent valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The 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.
- b. Debts of the Fraser Valley Regional District are, under provisions of the Local Government Act, a direct, joint and several liability of the District and each member municipality within the District, including the Village of Harrison Hot Springs.
- c. The Village is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the Village is assessed a premium and specific deductible for its claims based on population. The obligation of the Village with respect to the Exchange and/or contracts and obligations entered into by the Exchange are in every case several, not joint and several. The Village irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscriber may suffer.
- d. The Village has entered into various agreements and contracts for the provision of services and the construction of assets that extend beyond the current year. Substantive obligations include contracts for garbage and recycling collection, IT services, pay parking, tourist information centre services and auditing services. These contractual obligations will become liabilities in the future when the terms of the contract are met. The following amounts relate to the unperformed portion of the contracts: 2021 - \$260,300, 2022 - \$89,000, 2023 - \$89,000.
- e. In 2014, the Ministry of Environment directed the Village to assess any potential effects the closure of the landfill in 1983 has on well water. Water samples were taken and the results prompted the Ministry to direct the Village to drill test wells and monitor the water which began in 2015. The Village is to continue this process for the years 2017-2021 at which time the results will determine if any further action is required.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

23. Global Pandemic

As the COVID-19 pandemic continues to impact Canada and the global economy, there could be specific impact on the Village, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Village's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Village is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption, the related financial impact cannot be reasonably estimated at this time. The Village's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Village will continue to focus on collecting receivables, managing expenditures, and, if necessary, leveraging existing reserves and credit facilities to ensure it is able to continue providing essential services to its citizens.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2020

24. Segmented Disclosures

The Table of Segmented Information - Schedule 2 has been prepared in accordance with PS2700 Segmented Disclosures. Segmented information has been identified based upon functional activities provided by the Village. For each reported segment, revenue and expenses represent amounts directly attributable to the functional activity and amounts allocated on a reasonable basis. The functional areas that have been separately disclosed in the segmented information, along with services they provide are as follows:

Legislative Services

Legislative services includes Council and legislative services

General Government

General government includes taxation, sale of services, government transfers, investment income and administrative services for the general fund

Protective Services

Protective Services includes the volunteer fire department, emergency measures and bylaw enforcement

Development and Planning

Development and Planning includes economic development, planning, land development, community development and tourism

Engineering, Transportation and Storm Water

Engineering, transportation and storm water services include engineering, fleet, public health, roads, sidewalk, storm sewers and transit

Solid Waste

Solid waste includes sustainability, curbside collection, recycling and organic waste

Parks, Recreation and Cultural Services

Parks, recreation and cultural services includes the maintenance of the beachfront, parks and cultural facilities within the Village

Wastewater Utility

Wastewater includes the wastewater collection system, lift stations and wastewater treatment plant

Water Utility

Water includes the water collection, treatment and distribution of potable water

Village of Harrison Hot Springs

Schedule 1 - Statement of Tangible Capital Assets

For the Year Ended December 31, 2020

	Engineered Structures							Other Tangible Capital Assets	Work In Progress	2020	2019
	Land	Building	Equipment Furniture Vehicles	Water	Sewer Drainage	Roads	Other				
COST											
Opening balance	\$ 10,680,913	\$ 4,616,896	\$ 2,290,645	\$ 9,775,939	\$ 10,671,224	\$ 10,259,211	\$ 2,466,851	\$ 557,022	\$ 83,883	\$ 51,402,585	\$ 49,677,034
Add: Additions	-	-	136,474	-	508,350	-	328,186	35,177	53,116	1,061,303	1,887,011
Less: Disposals	-	-	(53,681)	-	(2,270)	-	(18,980)	-	-	(74,931)	(161,460)
Closing Balance	10,680,913	4,616,896	2,373,438	9,775,939	11,177,304	10,259,211	2,776,057	592,199	136,999	52,388,957	51,402,585
ACCUMULATED AMORTIZATION											
Opening Balance	-	1,492,099	1,531,981	1,754,413	2,683,309	5,131,603	1,009,523	201,327	-	13,804,255	12,957,102
Add: Amortization	-	132,268	100,215	173,191	209,530	292,876	131,233	14,318	-	1,053,631	984,985
Less: Acc. Amortization on Disposals	-	-	(53,681)	-	(1,022)	-	(18,980)	-	-	(73,683)	(137,832)
Closing Balance	-	1,624,367	1,578,515	1,927,604	2,891,817	5,424,479	1,121,776	215,645	-	14,784,203	13,804,255
	\$ 10,680,913	\$ 2,992,529	\$ 794,923	\$ 7,848,335	\$ 8,285,488	\$ 4,834,732	\$ 1,654,281	\$ 376,554	\$ 136,999	\$ 37,604,754	\$ 37,598,330

Village of Harrison Hot Springs

Schedule 2 - Table of Segmented Information

For the Year Ended December 31, 2020

	Legislative	General Government	Protective Services	Development Planning	Engineering, Transportation & Storm Water	Solid Waste	Parks, Recreation & Cultural Services	Wastewater Utility	Water Utility	Budget	2020	2019
Revenue:												
Property Taxes	\$ -	\$ 2,366,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,364,851	\$ 2,366,532	\$ 2,219,454
Sale of Services	-	340,166	-	-	-	124,391	40,206	642,571	344,471	1,412,020	1,491,805	1,400,567
Utility Service Fees	-	-	-	-	-	-	-	224,876	247,731	476,300	472,607	465,436
Government Transfers	-	1,120,531	-	419,182	-	-	-	6,550	-	2,910,050	1,546,263	1,416,400
Investment Income	-	80,511	-	-	-	-	-	21,732	6,504	47,000	108,747	152,635
Penalties and interest	-	36,734	-	-	-	1,918	-	19,106	10,903	4,000	68,661	79,712
Development Cost Charges	-	93,631	-	-	-	-	-	130,513	-	248,400	224,144	605,799
Contributed Assets	-	-	-	-	-	-	-	-	-	174,000	-	-
Other revenue	-	85,338	-	1,219	-	-	-	9,150	12,490	69,100	108,197	112,813
	-	4,123,444	-	420,401	-	126,309	40,206	1,054,498	622,099	7,705,721	6,386,956	6,452,816
Expenses:												
Salaries, wages and employee benefits	92,765	499,905	8,029	106,571	153,910	51,422	199,940	252,730	180,166	1,799,121	1,545,438	1,656,280
Operating Materials and supplies	-	4,674	142,794	745	93,933	-	86,898	194,690	49,395	721,260	573,128	663,998
Contracted services	-	10,183	-	84,400	45,049	146,889	4,316	51,404	-	597,150	342,240	541,797
Administrative services and supplies	5,274	222,207	22,209	142,216	23,255	-	11,522	32,484	13,292	615,690	472,460	490,148
Utilities	1,316	15,835	5,263	-	38,552	-	34,290	64,750	28,933	207,650	188,939	203,715
Rentals and contractual obligations	-	13,870	44,529	21,000	7,595	-	4,300	-	-	99,250	91,295	85,963
Debt financing	-	14,220	-	-	-	-	-	-	1,360	20,700	15,581	21,899
Capital Items Expensed	-	-	-	-	-	-	4,619	-	-	7,000	4,619	-
Amortization	-	206,060	6,383	-	337,042	-	145,551	185,404	173,191	1,010,000	1,053,631	984,985
	99,355	986,955	229,207	354,932	699,336	198,311	491,437	781,462	446,337	5,077,821	4,287,332	4,648,785
Annual Surplus (Deficit)	\$ (99,355)	\$ 3,136,489	\$ (229,207)	\$ 65,469	\$ (699,336)	\$ (72,002)	\$ (451,230)	\$ 273,036	\$ 175,762	\$ 2,627,900	\$ 2,099,624	\$ 1,804,031

Village of Harrison Hot Springs

Schedule 3 - COVID-19 Safe Restart Grant (Unaudited)

For the Year Ended December 31, 2020

In November 2020 the BC provincial government provided a direct grant to assist local governments as they deal with the increased operating costs and lower revenue due to the COVID-19 pandemic. The Village of Harrison Hot Springs received \$675,000 in grant funding under the COVID 19 Safe Restart Grant. This grant is available to offset costs in 2020, 2021 and 2022. In 2020 \$ 165,740 of funding was used as follows:

	2020
Opening Balance	\$ 675,000
Bylaw enforcement/emergency planning	(9,640)
Communication/Audio Visual	(45,900)
Occupational health and safety measures	(8,140)
Social distancing and signage	(11,410)
Program revenue lost	(31,350)
Program restart expenditures	(15,000)
Additional operating expenditures - Public Facilities	(44,300)
Closing Balance	\$ 509,260