



VILLAGE OF HARRISON HOT SPRINGS NOTICE OF MEETING AND AGENDA

REGULAR COUNCIL MEETING

Date: Monday, June 3, 2019
Time: 7:00 p.m.
Location: Council Chambers, 495 Hot Springs Road
 Harrison Hot Springs, British Columbia

1. CALL TO ORDER	
Meeting called to order by Mayor Facio.	
2. INTRODUCTION OF LATE ITEMS	
3. APPROVAL OF AGENDA	
4. ADOPTION OF COUNCIL MINUTES	
(a) THAT the Regular Council Meeting Minutes of May 21, 2019 be adopted.	
Item 4(a) Page 1	
5. BUSINESS ARISING FROM THE MINUTES	
6. CONSENT AGENDA	
i. Bylaws	
ii. Agreements	
iii. Committee/ Commission Minutes	
iv. Correspondence	
7. DELEGATIONS/PETITIONS	
8. CORRESPONDENCE	
9. BUSINESS ARISING FROM CORRESPONDENCE	
10. REPORTS OF COUNCILLORS, COMMITTEES, COMMITTEE OF THE WHOLE AND COMMISSIONS	
11. REPORTS FROM MAYOR	

12. REPORTS FROM STAFF

- (a) Report of the Financial Officer – May 14, 2019 Item 12(a)
Page 7
Re: 2018 Statement of Financial Information

Recommendation

THAT Council approves the 2018 Statement of Financial Information.

- (b) Report of the Financial Officer – May 15, 2019 Item 12(b)
Page 43
Re: 2018 Annual Report

Recommendation

THAT the 2018 Annual Report be approved.

- (c) Report of the Community Services Coordinator – May 28, 2019 Item 12(c)
Page 107
Re: UBCM Housing Needs Reports Program

Recommendation

THAT staff be authorized to apply to the UBCM Housing Needs Reports Program;

AND THAT an expenditure of up to \$1,500 from the 2019 Federal Gas Tax Fund be allocated to complete the Harrison Hot Springs Housing Needs Report for 2019.

- (d) Report of the Chief Administrative Officer – May 29, 2019 Item 12(d)
Page 109
Re: UBCM Resolution for Fire Protection DCC

Recommendation

THAT staff be authorized to prepare a resolution for the 2019 Union of BC Municipalities Convention to request that the Province make fire capital equipment an eligible expense under the provisions of Development Cost Charges.

13. BYLAWS

- (a) Report of the Planning Consultant – May 22, 2019 Item 13(a)
Page 111
Re: Riparian Area Protection Bylaw No. 852

Recommendation

THAT Riparian Area Protection Repeal Bylaw No.1140, 2019 be given first, second and third reading.

14. QUESTIONS FROM THE PUBLIC (pertaining to agenda items only)

15. ADJOURNMENT

VILLAGE OF HARRISON HOT SPRINGS
MINUTES OF THE REGULAR MEETING OF COUNCIL

DATE: Tuesday, May 21, 2019
TIME: 7:00 p.m.
PLACE: Council Chambers
495 Hot Springs Road, Harrison Hot Springs, BC

IN ATTENDANCE: Mayor Leo Facio
Councillor Samantha Piper
Councillor Ray Hooper
Councillor Gerry Palmer
Councillor Michie Vidal

Chief Administrative Officer, Madeline McDonald
Deputy Chief Administrative Officer/Corporate Officer, Debra Key
Community Services Coordinator, Rhonda Schell
Planning Consultant, Ken Cossey

ABSENT:

Recording Secretary: Jaclyn Bhatti

1. CALL TO ORDER

Mayor Facio called the meeting to order at 7:00 p.m.

2. INTRODUCTION OF LATE ITEMS

None

3. APPROVAL OF AGENDA

Moved by Councillor Piper
Seconded by Councillor Palmer

THAT the agenda be approved.

CARRIED
UNANIMOUSLY
RC-2019-05-01

4. ADOPTION OF COUNCIL MINUTES

Moved by Councillor Vidal
Seconded by Councillor Piper

THAT the Regular Council Meeting Minutes of April 29, 2019 be adopted.

CARRIED
UNANIMOUSLY
RC-2019-05-02

5. BUSINESS ARISING FROM THE MINUTES

None

Village of Harrison Hot Springs
Minutes of the Council Meeting
May 21, 2019

6. **CONSENT AGENDA**

- i. (a) Bylaw Notice Enforcement Amendment Bylaw No. 1139, 2019

Moved by Councillor Piper
Seconded by Councillor Vidal

THAT Bylaw Notice Enforcement Amendment Bylaw No. 1139, 2019 be adopted.

CARRIED
UNANIMOUSLY
RC-2019-05-03

7. **DELEGATIONS/PETITIONS**

None

8. **CORRESPONDENCE**

- (a) Letter dated May 2, 2019 from the City of Burnaby regarding Expanding Investment Opportunities.

Moved by Councillor Hooper
Seconded by Councillor Piper

THAT the correspondence from the City of Burnaby regarding Expanding Investment Opportunities be received.

CARRIED
UNANIMOUSLY
RC-2019-05-04

9. **BUSINESS ARISING FROM CORRESPONDENCE**

None

10. **REPORTS OF COUNCILLORS, COMMITTEES, COMMITTEE OF THE WHOLE AND COMMISSIONS**

Councillor Hooper

- Reported that the Age-friendly Committee received and reviewed 2 expressions of interests

Moved by Councillor Hooper
Seconded by Councillor Piper

THAT Allison Douglas and Brent Douglas be appointed to the Age-friendly Committee

CARRIED
UNANIMOUSLY
RC-2019-05-05

*Village of Harrison Hot Springs
Minutes of the Council Meeting
May 21, 2019*

- Met with the Mission Cycling Coalition on May 1, 2019
- Attended the Emergency Preparedness meeting May 3, 2019
- Attended Ministers Meetings in Victoria on May 7, 2019
- Attended the LMLGA AGM & Conference from May 8-10, 2019
- Attended the Agassiz-Harrison Historical Society Meeting on May 14, 2019
- Went for a walk about with residents from Echo Avenue on May 15, 2019
- Attended the Agassiz Harrison Healthy Communities Meeting on May 16, 2019
- On May 17, 2019, met with residents of the Chestnut Avenue

Councillor Palmer

- Attended Ministers Meetings in Victoria on May 7, 2019
- Attended the Canada Day Celebration meeting
- Attended the May 21, 2019 In Camera Council Meeting.

Councillor Piper

- Attended the May 3, 2019 regarding emergency routes
- Attended the May 7, 2019 Question Period at the Legislature and the 3 Minister Meetings
- Attended the Lower Mainland Local Government Association AGM & Conference from May 8 – 10, 2019
- Attended the Canada Day Celebration Planning Meeting
- Attended the Mountain Institute Citizens Advisory Committee meeting on May 13, 2019
- Attended a meeting on May 17, 2019 with the RCMP, District of Kent, Sts'ailes and the Fraser Valley Regional District
- Attended the May 21, 2019 In Camera Council meeting

Councillor Vidal

- Attended a May 3, 2019 meeting regarding emergency routes
- Attended the May 7, 2019 Question Period at the Legislature and the 3 Minister Meetings
- Attended the Lower Mainland Local Government Association AGM and Conference from May 8 – 10, 2019. Congratulated Councillor Piper on being re-elected to another term on the LMLGA Executive as Director at Large
- Attended a meeting on May 17, 2019 with the RCMP, District of Kent, Sts'ailes and the Fraser Valley Regional District
- Attended the Harrison Art Show at Memorial Hall
- Attended the May 21, 2019 In Camera Meeting

11. MAYOR'S REPORT

- Attended the Lower Mainland Local Government Association AGM & Conference
- Congratulated Councillor Piper for getting re-elected as to the LMLGA Executive as a Director at Large
- Reported that the May long weekend was busy and thanked the RCMP for their presence in the Village and noted that Bylaw Enforcement was also on duty
- Attended meetings with 3 Ministers in Victoria on May 7, 2019
- Attended a Commemoration of Life for Myrna Campbell on May 18, 2019
- Reported that the Harrison Art Show was held on May 18 & 19, 2019

Village of Harrison Hot Springs
Minutes of the Council Meeting
May 21, 2019

- Reported on the Boat Safety Tips in the Agassiz Harrison Observer
- Invited Council to attend the University of the Fraser Valley 2019 Convocation Ceremonies on June 4 & 5, 2019

12. REPORTS FROM STAFF

- (a) Report of the Community Services Coordinator – May 13, 2019
Re: UBCM Urban Communities Partnering for Reconciliation Grant

Moved by Councillor Palmer
Seconded by Councillor Piper

THAT staff be authorized to apply to the UBCM Urban Communities Partnering for Reconciliation Grant;

AND THAT staff be directed to support the proposed activities and provide overall grant management.

**CARRIED
UNANIMOUSLY**
RC-2019-05-06

- (b) Report of the Community Services Coordinator – May 13, 2019
Re: 2019 – 2021 Resort Development Strategy

Moved by Councillor Piper
Seconded by Councillor Vidal

THAT the 2019-2021 Resort Development Strategy be approved,

**CARRIED
UNANIMOUSLY**
RC-2019-05-07

- (c) Report of the Planning Consultant – May 21, 2019
Re: To start the Development Permit Process (140 Cedar Avenue)

Moved by Councillor Vidal
Seconded by Councillor Hooper

THAT staff be authorized to work on application 3060-20-DP01/19 for land legally described as: Lot 18, Blk 1 Fractional Section 13 Twp 4 Rge 29 W6M New Westminster District plan 251.

**CARRIED
UNANIMOUSLY**
RC-2019-05-08

Village of Harrison Hot Springs
Minutes of the Council Meeting
May 21, 2019

13. **BYLAWS**

None

14. **QUESTIONS FROM THE PUBLIC** (pertaining to agenda items only)

Questions from the public were entertained.

15. **ADJOURNMENT**

Moved by Councillor Palmer
Seconded by Councillor Vidal

THAT the meeting be adjourned at 7:50 p.m.

**CARRIED
UNANIMOUSLY**
RC-2019-05-09

Leo Facio
Mayor

Debra Key
Corporate Officer



VILLAGE OF HARRISON HOT SPRINGS

REPORT TO COUNCIL

TO: Mayor and Council **DATE:** May 14, 2019
FROM: Tracey Jones **FILE:** 1830-20-03
 Financial Officer
SUBJECT: 2018 Statement of Financial Information

ISSUE: Approval of the 2018 Statement of Financial Information

BACKGROUND:

The Statement of Financial Information is a statutory requirement under the *Financial Information Act* that must be filed annually by June 30th. Section 9 of BC reg. 371/93 states: "the Statement of Financial Information and accompanying schedules must be approved in writing by the Council and the Chief Financial Officer. In addition a management report approved by the Chief Financial Officer must accompany the Statement of Financial Information".

RECOMMENDATION:

THAT Council approves the 2018 Statement of Financial Information.

Respectfully submitted:

Tracey Jones
 Tracey Jones
 Financial Officer

REVIEWED BY:

Madeline McDonald
 Madeline McDonald
 Chief Administrative Officer

VILLAGE OF HARRISON HOT SPRINGS

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorised by the Financial Information Regulation, Schedule 1, subsection 9 (2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

Tracey Jones
Financial Officer

June 3, 2019

Leo Facio
Mayor, on behalf of Council

June 3, 2019

VILLAGE OF HARRISON HOT SPRINGS

STATEMENT OF DEBTS

4(1)(A) & 4(2)

<u>GENERAL</u>		2017	Principal payment	Actuarial Adjustment	2018
MFA Issue 131 LA bylaw 1052 Amortisation 15 years Interest paid in 2018, \$13,200	MIAMI RIVER FLOOD PUMP	\$ 536,721	\$31,094	\$2,215	\$503,412
<u>WATER</u>		2017	Principal payment		2018
Interim Financing LA bylaw 885 Repayment by 2020 Interest paid in 2018, \$6,899	WATER RESERVOIR	\$330,000	\$100,000		\$220,000

VILLAGE OF HARRISON HOT SPRINGS
Remuneration and Expenses for Elected Officials

2018

6(1)

Name	Remuneration	Paid Expenses
Facio, Leo – Mayor	\$30,000.00	\$7,568.10
Buckley, John	\$12,500.00	\$1,296.33
Hansen, John	\$12,500.00	\$0.00
Hooper, Raymond	\$2,500.00	\$777.52
Palmer, Gerald	\$2,500.00	\$0.00
Piper, Samantha	\$15,000.00	\$4,112.83
Reyerse, Sonja	\$12,500.00	\$153.59
Vidal, Michie	\$2,500.00	\$903.06

VILLAGE OF HARRISON HOT SPRINGS

Employee Remuneration over \$75,000

2018

6(2)

Name	Title	Remuneration	Expenses
Davis, Troy	Infrastructure Manager	\$97,036.16	\$4,172.25
Jones, Tracey	Finance Officer	\$103,363.06	\$2,142.74
Kafi, Tahir	Public Works Foreman	\$85,637.06	\$1,311.15
Key, Debra	Corporate Officer/Deputy Chief Administrative Officer	\$101,059.58	\$927.32
McDonald, Madeline	Chief Administrative Officer	\$120,910.05	\$8,398.26
Simmonds, Tyler	Chief Utilities Operator	\$92,777.98	\$19.04

VILLAGE OF HARRISON HOT SPRINGS
Consolidated Remuneration for Employees under \$75,000
2018

6(3)

	Remuneration
Consolidated total – under \$75,000	<u>\$606,363.11</u>

VILLAGE OF HARRISON HOT SPRINGS
Schedule of Remuneration and Expenses

2018

6(6)

Report on Employers EI & CPP	
EI	\$19,970.27
CPP	\$42,450.65

Village of Harrison Hot Springs
Public Bodies Report

Village of Harrison Hot Springs

7 (1) (a) Schedule of Suppliers exceeding \$25,000

7 (1) (b) Consolidated total of supplier payments less than \$25,000

Vendor #	Name	Amount
A7550	ASLAN TECHNOLOGIES	\$ 277,858.47
A8600	AVENUE MACHINERY CORP	\$ 65,955.42
B0900	BC ASSESSMENT	\$ 29,774.62
B2002	BC HYDRO	\$ 151,906.39
C4950	CLEARTECH INDUSTRIES INC.	\$ 69,767.77
C6345	CORIX CONTROL SOLUTIONS LP	\$ 31,063.20
C6675	CTQ CONSULTANTS LTD	\$ 373,370.01
D1701	DESJARDINS CARD SERVICES	\$ 36,104.44
D7800	DRAKE EXCAVATING (2016) LTD.	\$ 781,538.33
F4250	FIRST CLASS WASTE SERVICES INC.	\$ 130,151.27
F7000	FRASER VALLEY REGIONAL DISTRICT	\$ 295,995.72
F7025	FRASER VALLEY REGIONAL LIBRARY	\$ 65,536.00
G5415	GOLDWELL DEVELOPMENTS INC.	\$ 343,128.21
H1148	HARRISON TOURISM SOCIETY	\$ 775,576.72
H4790	HUB FIRE ENGINES & EQUIPMENT LTD.	\$ 90,931.18
I2000	ICBC	\$ 26,874.00
K8000	KWC PLANNING SERVICES	\$ 96,785.09
L3621	LED SIGN SUPPLY INC.	\$ 26,320.00
L7525	LOEWEN PAVING	\$ 48,615.00
M5050	MOONLITE ELECTRIC	\$ 58,189.79
M7790	MUNICIPAL FINANCE AUTHORITY	\$ 110,000.00
M7800	MUNICIPAL INSURANCE ASSOCIATION OF BC	\$ 61,798.80
M7850	MUNICIPAL PENSION PLAN	\$ 206,786.49
O5500	ONUCCI, DEVLIN	\$ 40,425.00
P1001	PACIFIC BLUE CROSS	\$ 71,350.15
V0160	PRECISE PARKLINK	\$ 37,515.11
P7515	PROSPERA CU VISA	\$ 25,222.91
R2153	RECEIVER GENERAL	\$ 362,531.25
T3075	TIMBRO CONTRACTING	\$ 1,842,379.69
X0100	XYLEM CANADA COMPANY	\$ 25,790.96
	Payments Made (Vendors Over \$25000)	\$ 6,559,241.99
	Miscellaneous Payments (\$25000 and Under)	\$ 1,032,677.62
	TOTAL Payments	\$ 7,591,919.61

7 (2) b Village of Harrison Hot Springs
Statement of payments of grants or contributions

	<u>2018</u>
AGASSIZ AGRICULTURAL/HORTICULTURAL ASSC.	\$ 150.00
AGASSIZ BASEBALL ASSOCIATION	500.00
AGASSIZ HARRISON COMMUNITY SERVICES	800.00
AGASSIZ HARRISON COMMUNITY SERVICES	500.00
AGASSIZ HARRISON HISTORICAL SOCIETY	1,250.00
FRASER VALLEY PADDLING CLUB	610.00
KENT HARRISON ARTS COUNCIL	2,000.00
MADD UPPER FRASER VALLEY	610.00
MIAMI RIVER STREAMKEEPERS	580.00
RCMP AGASSIZ DETACHMENT	<u>500.00</u>
	<u>\$ 7,500.00</u>



HARRISON HOT SPRINGS

Naturally Refreshed

Village of Harrison Hot Springs

Financial Statements

December 31, 2018

Village of Harrison Hot Springs

December 31, 2018

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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 15, 2019


Tracey Jones
Financial Officer
April 15, 2019



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BDO Canada LLP
600 Cathedral Place
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Independent Auditor's Report

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

We have audited the financial statements of the Village of Harrison Hot Springs ("the Village") which comprise the Statement of Financial Position as at December 31, 2018 and the Statements 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 and other explanatory information.

In our opinion, the Village's financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018 and results of its operations, changes in net financial assets, and 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.

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.

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 15, 2019


Village of Harrison Hot Springs

Statement of Financial Position

As at December 31, 2018

	2018	2017
Financial assets		
Cash (Note 2)	9,847,890	9,216,348
Accounts Receivable (Note 3)	1,188,913	882,299
MFA Deposits (Note 4)	6,549	6,410
	11,043,352	10,105,057
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	363,287	271,924
Employee Future Benefits (Note 6)	113,696	108,727
Developer's Deposits and Other Trust Liabilities (Note 7)	199,320	409,950
Deferred Revenue (Note 8)	702,726	1,099,323
Development Cost Charges (Note 9)	3,106,272	1,851,562
Liabilities under Agreement (Note 10)	148,883	189,524
Long-term debt (Note 11)	503,412	536,721
Interim financing debt (Note 12)	220,000	330,000
	5,357,596	4,797,731
Net financial assets	5,685,756	5,307,326
Non-financial assets		
Tangible Capital Assets (Note 13, Schedule 1)	36,719,932	34,137,913
Prepaid expenses	61,981	68,970
	36,781,913	34,206,883
Accumulated surplus	\$ 42,467,669	\$ 39,514,209
Represented by:		
Operating fund (Note 15)	3,151,719	3,545,757
Appropriated Surplus (Note 15)	1,617,960	1,298,522
Statutory Reserves (Note 15)	1,850,350	1,588,261
Equity in tangible capital assets (Note 14)	35,847,640	33,081,669
	\$ 42,467,669	\$ 39,514,209


 Madeline McDonald,
 Chief Administrative Officer


 Leo Fazio
 Mayor

The accompanying notes and schedule are an integral part of these financial statements.

Village of Harrison Hot Springs

Statement of Operations

for the year ended December 31, 2018

	Budget (Note 20)	2018	2017
Revenue			
Property Taxes (Note 16)	\$ 2,104,964	\$ 2,095,811	\$ 2,016,765
Sale of Services (Note 17)	1,281,980	1,239,637	1,253,427
Utility Service Fees (Note 18)	414,000	440,408	410,951
Government Transfers (Note 19)	3,430,631	2,745,539	678,512
Investment Income	47,000	109,545	85,617
Penalties and interest	18,837	78,006	89,390
Development Cost Charges (Note 9)	1,345,000	130,059	-
Contributed Assets	-	509,800	993,500
Other revenue	162,350	(21,279)	315,837
	8,804,762	7,327,526	5,843,999
Expenses (Note 21)			
Legislative Services	129,950	113,230	113,859
General Government	1,060,470	1,047,620	977,516
Protective Services	265,742	205,814	213,754
Public Works	358,990	360,080	328,650
Transportation Services	544,419	495,319	488,422
Public Health	4,950	3,317	4,354
Planning and Development	325,200	167,128	109,754
Tourism, Community and Economic Development	243,022	193,985	186,272
Solid Waste Management and Recycling	187,146	179,929	210,784
Beaches, Parks, Recreation and Culture	483,535	483,909	447,065
Water Services	390,514	419,994	343,941
Sewer Services	737,230	703,739	754,653
	4,731,168	4,374,064	4,179,024
Annual surplus	4,073,594	2,953,462	1,664,975
Accumulated surplus, beginning of year (Note 15)	39,514,207	39,514,207	37,849,232
	\$ 43,587,801	\$ 42,467,669	\$ 39,514,207

The accompanying notes and schedule are an integral part of these financial statements.

Village of Harrison Hot Springs

Statement of Change in Net Financial Assets

For the Year Ended December 31, 2018

	Budget (Note 20)	2018	2017
Annual Surplus	4,073,594	2,953,462	1,664,975
Acquisition of tangible capital assets	(5,938,900)	(4,041,405)	(1,524,463)
Amortization of tangible capital assets Note1., Schedule 1	860,000	965,112	899,421
Proceeds from the sale of tangible capital assets	-	10,250	8,000
(Gain) loss from sale of tangible capital assets	-	484,024	(3,759)
	(1,005,306)	371,443	1,044,176
Acquisition of prepaid expenses	-	(61,981)	(68,970)
Use of prepaid expenses	-	68,970	65,840
	-	6,989	(3,130)
Increase (decrease) in net financial assets	(1,005,306)	378,432	1,041,046
Net financial assets, beginning of year	5,307,326	5,307,326	4,266,280
Net financial assets, end of year	\$ 4,302,020	\$ 5,685,758	\$ 5,307,326

The accompanying notes and schedule are an integral part of these financial statements.

Village of Harrison Hot Springs

Statement of Cash Flows

For the Year Ended December 31, 2018

	2018	2017
Cash provided by (used in):		
Operating Transactions		
Annual surplus	2,953,462	1,664,975
Items not involving cash:		
Amortization	965,112	899,421
(Gain)/ Loss on disposal of assets	484,024	(3,759)
Changes to cash items:		
Accounts receivable	(306,614)	14,607
MFA deposits	(139)	(123)
Accounts payable and accrued liabilities	91,363	(148,218)
Developer's deposits and other trust liabilities	(210,630)	32,285
Prepaid expenses	6,989	(3,130)
Employee future benefits	4,969	14,927
Deferred revenue	(396,597)	836,230
Development cost charges	1,254,710	275,743
Net change in cash from operating transactions	4,846,649	3,582,958
Capital Transactions:		
Proceeds from sale of tangible capital assets	10,250	8,000
Acquisition of tangible capital assets	(4,041,405)	(1,524,463)
Net change in cash from capital transactions	(4,031,155)	(1,516,463)
Financing Transactions		
Debt repayment	(183,952)	(168,704)
Proceeds from MFA equipment borrowing	-	110,000
Net change in cash from financing transactions	(183,952)	(58,704)
Net change in cash	631,542	2,007,791
Cash at beginning of year	9,216,348	7,208,557
Cash, end of year	\$ 9,847,890	\$ 9,216,348

The accompanying notes and schedule are an integral part of these financial statements.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

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) of the Chartered Professional Accountants Canada. 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 any 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 incurred.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

1. Significant Accounting Policies

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.

<u>Asset</u>	<u>Useful Life - Years</u>
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 donation.

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, 2018

1. Significant Accounting Policies

e. Non-financial Assets

iv. Leased tangible capital assets

Leases which 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, 2018, 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, 2018

2. Cash

	2018	2017
Restricted cash		
Statutory Reserves	\$ 1,850,350	\$ 1,588,261
Non-Statutory Reserves	1,617,960	1,298,522
Development Cost Charges/Deposits in Trust	4,008,320	3,360,835
	7,476,630	6,247,618
Unrestricted cash	2,371,260	2,968,730
Total cash	\$ 9,847,890	\$ 9,216,348

3. Account Receivable

	2018	2017
Accounts Receivable - Property Taxes	\$ 495,739	\$ 446,175
Accounts Receivable - Other Governments	226,842	54,453
Accounts Receivable - Trade and Other	466,332	381,671
	\$ 1,188,913	\$ 882,299

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, 2018

5. Accounts Payable and Accrued Liabilities

	2018	2017
Trade and Other	\$ 198,062	\$ 121,680
Holdbacks payable	24,252	2,655
Other government	59,040	72,511
Accrued Employee benefits	81,933	75,078
	\$ 363,287	\$ 271,924

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 an actuarial evaluation prepared by an independent firm and will be reviewed on a periodic basis. The date of the last actuarial evaluation was as of December 31, 2018.

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 2018 is based on an actuarial evaluation prepared by an independent firm and will be reviewed on a periodic basis. The date of the last actuarial evaluation was as of December 31, 2018.

As of December 31, 2018, \$113,696 (2017 - \$108,727) of accrued benefit liability has been charged to operations. The significant actuarial assumptions adopted in measuring the Village's accrued benefit liability are as follows:

	2018	2017
Discount rates	3.00%	1.90%
Expected future inflation	2.00%	1.75%

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

6. Employee Future Benefits

Accrued Benefit Obligation as at December 31, 2018

	2018	2017
Beginning benefit obligation	\$ 108,727	\$ 93,800
Current service cost	20,776	19,052
Interest on accrued benefit obligation	-	2,000
Actuarial (gain) loss	-	-
Benefits paid during the year	(15,807)	(6,125)
Ending benefit obligation	113,696	108,727
Less Unamortized net actuarial (loss)	-	-
Accrued Benefit Liability	\$ 113,696	\$ 108,727

7. Developers Deposits and Other Trust Liabilities

	2018	2017
Property and event damage deposits	\$ 146,948	\$ 19,100
Developers Deposit	-	340,365
Community groups funds held in trust	52,372	50,485
	\$ 199,320	\$ 409,950

8. Deferred Revenue

	Opening Balance	Externally Restricted Inflows	Revenue Earned	December 31, 2018
Prepaid taxes	\$ 120,103	\$ 240,107	\$ (221,739)	\$ 138,471
Resort Municipality Initiative	271,622	374,183	(132,166)	513,639
Deferred Revenue	700,683	-	(660,546)	40,137
Facility rentals and other	6,915	186,459	(182,895)	10,479
	\$ 1,099,323	\$ 800,749	\$ (1,197,346)	\$ 702,726

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

9. Development Cost Charges

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance
Sewer DCC	\$ 1,126,796	\$ 473,697	\$ 27,856	\$ 86,115	\$ 1,542,234
Water DCC	452,168	381,421	13,031	43,944	802,676
Drainage DCC	170,732	308,307	6,838	-	485,877
Parks DCC	101,866	169,918	3,701	-	275,485
	\$ 1,851,562	\$ 1,333,343	\$ 51,426	\$ 130,059	\$ 3,106,272

10. Liabilities under Agreement

In 2014, the Village entered into a capital lease agreement with Caterpillar Financial Services Limited to finance the acquisition of a new backhoe in the amount of \$132,725. The term of the lease is five years with an option to purchase at the end of the lease for \$47,723. In 2017, the Village entered into an agreement with the Municipal Finance Authority to borrow funds to purchase capital equipment in the amount of \$110,000. The term of the agreement is for five years.

Changes in liabilities under agreement are as follows:

	2018	2017
Balance, January 1,	\$ 189,524	\$ 106,046
Add: Borrowing additions	-	110,000
Less: Principal repayments	(40,641)	(26,522)
Balance, December 31	\$ 148,883	\$ 189,524

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

2019	\$ 85,704
2020	23,079
2021	23,079
2022	23,079
Less: Amount representing interest	(6,058)
	\$ 148,883

Total interest expense during the year was \$5,357. Total interest over the term of the agreements is \$26,320.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

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. 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	\$ 536,721	\$ -	\$ 31,094	\$ 2,215	\$ 503,412

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

	General	Water	Sewer
2019	\$ 31,095	\$ -	\$ -
2020	\$ 31,095	\$ -	\$ -
2021	\$ 31,095	\$ -	\$ -
2022	\$ 31,095	\$ -	\$ -
2023	\$ 31,095	\$ -	\$ -
Thereafter	\$ 347,936	\$ -	\$ -
Total	\$ 503,412	\$ -	\$ -

* Actuarial Adjustments represent earnings on sinking funds held by the Municipal Finance Authority. The amounts are 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 has until 2020 to pay back the principal amount. Any principal balance unpaid will be converted into long-term debt at that time. The Village can pay down any amount on the principal in the next year. Interest was paid monthly in 2018 at daily interest rates that varied between 1.94% and 2.79%. During 2018 the Village paid \$6,899 in interest (2017 \$6,576).

	2018	2017
Beginning Balance Jan 1,	\$ 330,000	\$ 440,000
Principal repayments	(110,000)	(110,000)
Ending Balance, December 31	\$ 220,000	\$ 330,000

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

13. Tangible Capital Assets

	2018	2017
Land and improvements	\$ 10,680,913	\$ 10,444,913
Buildings	3,244,548	3,384,007
Machinery, equipment, furniture, IT and vehicles	815,384	728,766
Engineering Structures:		
Engineering structures - water	8,188,220	6,252,781
Engineering structures - sewer and drainage	7,012,897	6,819,202
Engineering structures - roads	5,178,987	4,900,117
Engineering structures - parks and other	1,162,765	1,126,193
Other tangible capital assets	225,086	191,507
Work in Progress	211,132	290,427
Total	\$ 36,719,932	\$ 34,137,913

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

Included in equipment, furniture and vehicles are vehicles and equipment purchased under capital lease totalling \$151,342 with accumulated amortization to the end of 2018 of \$68,104.

Contributed assets recognized in 2018 totalled \$509,800; Storm drainage \$111,800, Sidewalks \$22,500, Roads \$335,000 and Sewer \$40,500.

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:

	2018	2017
Equity in TCA, beginning of year	\$ 33,081,669	\$ 32,402,164
Add:		
Capital Expenditures	4,041,405	1,524,464
Debt Repayments	181,737	168,704
Actuarial adjustment	2,215	-
Less:		
MFA equipment borrowing	-	(110,000)
Dispositions at NBV	(494,274)	(4,241)
Amortization	(965,112)	(899,421)
Equity in TCA, end of year	\$ 35,847,640	\$ 33,081,669

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

15. Accumulated Surplus

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

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 35,847,640	\$ 33,081,669
Operating Fund	3,151,719	3,545,757
Total surplus	38,999,359	36,627,426
Reserves set aside by Council:		
Appropriated Surplus:		
Fire Department	26,521	26,000
Assessment appeal	131,529	128,943
Beach	38,006	37,259
Building	62,667	61,436
Contingencies	11,459	11,234
Dock replacement	31,793	21,274
Boat Launch	51,860	45,893
Flood box / drainage	15,548	15,243
General	63,357	28,821
Insurance	9,957	9,762
Memorial Hall restoration	5,561	5,452
Parking / traffic management	57,366	56,239
Office Equipment	44,501	37,959
Property	47,449	46,516
Road/Sidewalk	13,482	13,216
Sick leave/Retirement	50,966	49,965
Community Works Fund	222,969	219,397
Sewer	529,639	401,587
Water	203,330	82,326
Total Appropriated Surplus	1,617,960	1,298,522
Statutory Fund Reserves:		
Community amenities	154,279	151,247
Fire department capital	464,293	421,610
Land unexpended funds	13,180	12,921
Parkland acquisition	347,635	201,930
Public works capital	32,789	70,026
Sewage treatment replacement	733,761	628,167
Sewer unexpended funds	83,517	81,875
Port Divestiture income	20,896	20,485
Total Statutory Fund Reserves	1,850,350	1,588,261
	\$ 42,467,669	\$ 39,514,209

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

16. Property Taxes

The Village is reliant upon one taxpayer for approximately 19.3% of municipal property tax revenue. Taxation revenue, reported on the statement of operations, is made up of the following:

	Budget	2018	2017
Taxes collected			
Municipal property taxes	\$ 2,064,192	\$ 2,055,178	\$ 1,977,592
1 % Utility taxes	36,122	36,121	34,504
Payments in lieu of taxes	4,650	4,512	4,669
School taxes	1,330,000	1,327,913	1,262,698
Regional District	145,600	145,369	144,549
Regional hospital district	107,700	99,962	95,185
Police tax	130,000	142,410	129,436
Other agencies	30,515	29,912	27,628
	3,848,779	3,841,377	3,676,261
Less transfers to other governments			
School taxes paid	1,330,000	1,327,913	1,262,698
Regional district taxes paid	145,600	145,369	144,549
Regional hospital district taxes paid	107,700	99,962	95,185
Police taxes paid	130,000	142,410	129,436
Other agencies taxes paid	30,515	29,912	27,628
	1,743,815	1,745,566	1,659,496
	\$ 2,104,964	\$ 2,095,811	\$ 2,016,765

17. Sale of Services

	Budget	2018	2017
Sewer user fees	\$ 588,980	\$ 537,118	\$ 544,245
Water user fees	301,100	306,627	303,337
Curbside collection fees	116,000	117,742	116,493
Pay Parking Revenue	192,000	185,378	194,540
Licenses and permits	28,200	42,535	36,025
Facility rentals	49,500	42,300	46,348
Fines	2,700	4,312	8,926
Other	3,500	3,625	3,513
	\$ 1,281,980	\$ 1,239,637	\$ 1,253,427

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

18. Utility Service Fees

	Budget	2018	2017
Sewer service utility fee - residential	\$ 193,000	\$ 195,196	\$ 187,331
Sewer service utility fee - business	20,000	20,601	20,532
Water service utility fee - residential	180,000	203,231	181,792
Water service utility fee - business	21,000	21,380	21,296
Total	\$ 414,000	\$ 440,408	\$ 410,951

19. Government Transfers

The Government transfers reported on the Statement of Operations are:

	Budget	2018	2017
Provincial:			
Conditional			
Infrastructure	\$ 1,288,931	\$ 854,431	\$ 128,024
Resort Municipality Initiative	272,500	132,166	101,778
WWTP Assessment	-	-	10,000
Other	1,400	2,986	2,935
Unconditional	316,000	317,314	316,487
Federal			
Conditional			
Infrastructure	1,383,800	1,314,652	-
Gas tax	115,000	119,990	115,288
Other	53,000	4,000	4,000
	\$ 3,430,631	\$ 2,745,539	\$ 678,512

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

20. Budget Data

The data presented in these financial statements is based upon the 2018 operating and capital budgets adopted by Council on March 5, 2018. The table below reconciles the approved balanced budget to the budget figures reported in these financial statements.

2018 Adopted Operating and Capital Budget	Budget Amount
Revenues:	
Operating budget	\$ 4,731,168
Capital budget	6,762,676
Total revenue	11,493,844
Expenses:	
Operating budget	4,731,168
Capital Budget	6,762,676
Total expenses	11,493,844
Budgeted surplus (deficit)	\$ -
Add:	
Capital expenses	\$ 5,938,900
Transfers to reserves	642,376
Principal repayments	181,400
Less:	
Transfers from reserves	(694,590)
Appropriation from Surplus	(1,134,492)
Amortization	(860,000)
Annual budgeted surplus (see statement of operations)	\$ 4,073,594

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	2018	2017
Salaries, wages and employee benefits	\$ 1,691,351	\$ 1,605,894	\$ 1,519,685
Operating Materials and supplies	675,577	637,291	640,129
Contracted services	645,250	415,582	393,917
Administrative services and supplies	516,540	438,966	398,286
Utilities	205,400	192,575	210,124
Rentals and contractual obligations	108,250	93,188	93,824
Debt financing	28,800	25,456	23,638
Amortization	860,000	965,112	899,421
Total expenditures by object	\$ 4,731,168	\$ 4,374,064	\$ 4,179,024

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 \$110,951 (2017 \$97,239) for employer contributions to the Plan in fiscal 2018. Employee contributions in fiscal 2018 were \$95,835 (2017 \$85,847)

The most recent valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged. The next valuation will be as at December 31, 2018 with results available in 2019. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

- 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 an agreement with the Harrison Hot Springs Tourism Society to provide annual funding of \$21,000. The term of the agreement ends December 31st, 2023.
- 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, 2018

23. 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, 2018

	Engineered Structures								Other Tangible Capital Assets	2018	2017
	Land	Building	Equipment Furniture Vehicles	Water	Sewer Drainage	Roads	Other	Work In Progress			
COST											
Opening balance	\$10,444,913	\$4,604,890	\$2,238,607	\$7,770,415	\$9,255,851	\$9,705,979	\$1,945,824	\$290,428	\$371,783	\$46,628,690	\$45,132,481
Add: Additions	236,000	-	188,806	2,524,082	397,472	609,823	121,838	(79,296)	42,680	4,041,405	1,524,463
Less: Disposals	-	-	(107,740)	(524,745)	(64,938)	(295,638)	-	-	-	(993,061)	(28,254)
Closing Balance	10,680,913	4,604,890	2,319,673	9,769,752	9,588,385	10,020,164	2,067,662	211,132	414,463	49,677,034	46,628,690
ACCUMULATED AMORTIZATION											
Opening Balance	-	1,220,883	1,509,840	1,517,634	2,436,650	4,805,863	819,631	-	180,276	12,490,777	11,615,369
Add: Amortization	-	139,459	92,747	148,027	166,110	324,402	85,266	-	9,101	965,112	899,421
Less: Acc. Amortization on Disposals	-	-	(98,298)	(84,129)	(27,272)	(289,088)	-	-	-	(498,787)	(24,013)
Closing Balance	-	1,360,342	1,504,289	1,581,532	2,575,488	4,841,177	904,897	-	189,377	12,957,102	12,490,777
	\$10,680,913	\$3,244,548	\$ 815,384	\$8,188,220	\$7,012,897	\$5,178,987	\$1,162,765	\$ 211,132	\$ 225,086	\$ 36,719,932	\$ 34,137,913

Village of Harrison Hot Springs

Schedule 2 - Table of Segmented Information

For the Year Ended December 31, 2018

	Legislative	General Government	Protective Services	Development Planning	Engineering, Transportation & Storm Water	Solid Waste	Parks, Recreation & Cultural Services	Wastewater Utility	Water Utility	Budget	2018	2017
Revenue:												
Property Taxes	\$ -	\$ 2,095,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,104,964	\$ 2,095,811	\$ 2,016,765
Sale of Services	-	235,850	-	-	-	117,742	42,300	537,119	306,627	1,281,980	1,239,638	1,253,427
Utility Service Fees	-	-	-	-	-	-	-	215,797	224,611	414,000	440,408	410,951
Government Transfers	-	624,644	-	132,166	-	-	-	-	1,988,728	3,430,631	2,745,538	678,512
Investment Income	-	85,339	-	-	-	-	-	22,287	1,919	47,000	109,545	85,617
Penalties and interest	-	63,558	-	-	-	1,427	-	6,897	6,124	18,837	78,006	89,390
Development Cost Charges	-	-	-	-	-	-	-	86,115	43,944	1,345,000	130,059	-
Contributed Assets	-	-	-	-	469,300	-	-	40,500	-	-	509,800	993,500
Other revenue	-	239,186	-	-	-	-	-	16,950	(277,416)	162,350	(21,280)	315,837
	-	3,344,389	-	132,166	469,300	119,169	42,300	925,665	2,294,537	8,804,762	7,327,526	5,843,999
Expenses:												
Salaries, wages and employee benefits	95,591	542,195	6,382	59,328	248,786	48,019	230,448	212,961	162,184	1,691,351	1,605,894	1,519,685
Operating Materials and supplies	-	4,421	129,158	570	134,981	194	100,662	211,717	55,589	675,577	637,291	640,129
Contracted services	-	5,250	7,956	161,783	42,382	131,716	13,215	53,280	-	645,250	415,582	393,917
Administrative services and supplies	16,579	233,669	12,879	108,433	22,768	-	10,439	20,939	13,260	516,540	438,966	398,286
Utilities	1,060	18,585	6,040	-	42,484	-	30,872	59,496	34,036	205,400	192,575	210,124
Rentals and contractual obligations	-	13,037	39,073	31,000	6,173	-	3,905	-	-	108,250	93,188	93,824
Debt financing	-	18,557	-	-	-	-	-	-	6,899	28,800	25,456	23,638
Amortization	-	211,905	4,325	-	361,143	-	94,367	145,345	148,027	880,000	965,112	899,421
	113,230	1,047,620	205,814	361,113	858,717	179,929	483,909	703,739	419,994	4,731,168	4,374,064	4,179,024
Annual Surplus (Deficit)	\$ (113,230)	\$ 2,296,769	\$ (205,813)	\$ (228,948)	\$ (389,417)	\$ (60,760)	\$ (441,608)	\$ 221,925	\$ 1,874,542	\$ 4,073,594	\$ 2,953,462	\$ 1,664,975



VILLAGE OF HARRISON HOT SPRINGS

REPORT TO COUNCIL

TO: Mayor and Council DATE: May 15, 2019
 FROM: Tracey Jones FILE: 1880-20-01
 Financial Officer
 SUBJECT: 2018 Annual Report

ISSUE:

The 2018 Annual Report is presented for approval by Council.

BACKGROUND:

Section 98 of the *Community Charter* requires that an annual report be prepared by June 30th each year and made available to the public at least two weeks prior to the meeting. The annual report was made available for public inspection on May 16th, 2019. Section 99 of the *Community Charter* requires that council must consider the report at a meeting held at least 14 days after the report is made available for public inspection.

RECOMMENDATION:

THAT the 2018 Annual Report be approved.

Respectfully submitted:

REVIEWED BY:

Tracey Jones
Tracey Jones
Financial Officer

Madeline McDonald
Madeline McDonald
Chief Administrative Officer



Photo Credit: Tourism Harrison

VILLAGE OF HARRISON HOT SPRINGS BRITISH COLUMBIA
CANADA
2018 ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018



HARRISON HOT SPRINGS

Naturally Refreshed



HARRISON HOT SPRINGS

Naturally Refreshed

MUNICIPALITY

Village of Harrison Hot Springs

ANNUAL REPORT

For the year ended December 31, 2018

PREPARED BY

Financial Services & Community Services

LOCATION

Harrison Hot Springs
British Columbia, Canada

CONTACT

604-796-2171

info@harrisonhotsprings.ca

www.harrisonhotsprings.ca



VILLAGE OF HARRISON HOT SPRINGS BRITISH COLUMBIA CANADA 2018 ANNUAL REPORT



Photo Credit: Tourism Harrison

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Photo Credit: Tourism Harrison

MAYOR'S MESSAGE



In 2018, The Village of Harrison Hot Springs said a grateful farewell to some long serving Councillors and welcomed a new Council for the 2018-2021 term. I want to say thank you to both Councils who made significant contributions to the community in the past year. I also want to thank the B.C. Wildfire Service and crews who worked tirelessly to combat the 2018 Mount Hicks wildfire and protect our residents and natural assets.

The Village experienced significant growth in 2018. Residential developments saw a 20% increase in permits being issued over 2017. There was also a sign of healthy growth in the business sector with a 10% increase in business licenses issued over the prior year. In 2018, infrastructure improvements to the municipal water distribution system were completed, bringing municipal water to approximately 100 additional homes. Three new bus shelters were added and BC Transit service was increased. A comprehensive Waterfront Safety Assessment was completed by the BC Lifesaving Society. We were pleased to find that there were no major safety risks identified in the assessment. However, as safety is a priority for the Village, several projects will be implemented to enhance safety and provide an inclusive, accessible, and fun environment.

We enjoy excellent relationships with our neighbouring communities and will continue to actively take part in the Community to Community Forum meetings. This important Forum brings together Mayors, Chiefs and Councils from the surrounding communities to discuss common goals and issues.

As a Resort Municipality, we continue to fulfill our mandate to provide both residents and tourists opportunities to take in our natural beauty, rich history and relaxed lifestyle. The Provincial Resort Municipality Initiative (RMI) was renewed for an additional three years. There are new and exciting infrastructure improvements and events that will come to life beginning in 2019, made possible by the RMI funding.

It was wonderful to see the many visitors who came out to view the inaugural Lights by the Lake event. This event was a tremendous success which created an inviting and festive atmosphere along the lake front from November to January. This event is sure to continue for years to come, we invite you to visit.

MAYOR LEO FACIO

“It was wonderful to see the many visitors who came out to view the inaugural Lights by the Lake event.

This event is sure to continue for years to come, we invite you to visit.”

VILLAGE COUNCIL



L-R Councillor Ray Hooper, Councillor Michie Vidal, Mayor Leo Facio, Councillor Gerry Palmer, Councillor Samantha Piper

About Village Council

Harrison Hot Springs Village Council consists of the mayor and four councillors, all of whom are elected village-wide and serve four-year terms. Council's role is to establish policies to guide the growth, development and operation of the Village, set budgets and levy taxes to provide services.

Council meets regularly and the public is welcome to attend any open meeting and participate in the question period at the end of the meeting. To make a presentation or address Council, a delegation request may be submitted to the Village.

Mayor and Council give administrative responsibility to the Chief Administrative Officer who oversees Village operations and ensures that staff work to meet community, corporate and Council priorities.

VILLAGE COUNCIL



Mayor Leo Facio

COUNCIL APPOINTMENTS

Fraser Valley Regional District Board,
Municipal Director

Fraser Valley Regional Hospital District Board,
Municipal Director

Kent Harrison Joint Emergency Program Committee



Councillor Samatha Piper

COUNCIL APPOINTMENTS

Corrections Canada Citizen's Advisory Committee

Harrison Agassiz Chamber of Commerce

Kent Harrison Joint Emergency Program Committee

Resort Development Strategy Committee, Chair

Tourism Harrison



Councillor Gerry Palmer

COUNCIL APPOINTMENTS

Fraser Valley Aboriginal Relations Committee

Fraser Valley Regional Library, Municipal Director

Kent Harrison Joint Emergency Program Committee



Councillor Ray Hooper

COUNCIL APPOINTMENTS

Age-Friendly Committee, Chair
Agassiz Harrison Healthy Communities
Fraser Health Authority



Councillor Michie Vidal

COUNCIL APPOINTMENTS

Fraser Valley Aboriginal Relations Committee

Fraser Valley Regional District Board,
Alternate Municipal Director

Fraser Valley Regional Hospital District Board,
Alternate Municipal Director

Fraser Valley Regional Library, Alternate Municipal Director



April 16, 2019

To the Mayor and Council,

It is my pleasure to submit the 2018 Annual Report for the Village of Harrison Hot Springs (the Village). The purpose of this report is to present the financial results for the fiscal year ended December 31, 2018 in accordance with the Community Charter and the Local Government Act. This report includes the Audit Report from BDO Canada LLP, the Financial Statements of the Village, and supplementary information for the year ended December 31, 2018.

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.

This report presents fairly and accurately the financial position of the Village of Harrison Hot Springs. The purpose is to provide readers with a clear understanding of the financial information and operations of the Village. The report is divided into three sections:

1. **Introductory Section:** Provides an overview of the Village and our role, vision and strategic direction. It includes the nature and scope of the services provided as well as highlights and accomplishments.
2. **Financial Section:** Presents the 2018 financial statements, notes, supplementary schedules and the independent Auditors' Report for the Village.
3. **Statistical Section:** Presents a variety of statistical and financial information on a five year comparative basis.

Financial Overview

Significant Financial Management Policies:

The Village of Harrison Hot Springs is governed by bylaws and policies, many of which are financial in nature. Significant accounting policies are described in Note One (1) to the financial statements.

Statement of Financial Position:

The statement of financial position shows the results of net financial assets and tangible capital assets. Tangible capital assets are accounted for at net value (acquisition cost less accumulated amortization). In

2018 there was a net increase to tangible capital assets in the amount of \$2,582,019, this was primarily as a result of an expansion to the potable water distribution system that provided potable water to approximately 100 homes at the south end of the Village and replaced the supply lines to the water reservoir with more earthquake resilient infrastructure.

Development cost charges (DCC's) are contributions collected from developers to pay for growth in infrastructure and to support new development in the future. In 2018 DCC's were collected for Sewer, Water, Drainage and Parks and the net increase to DCC's was \$1,254,710. Some of these funds are budgeted to be spent to increase the capacity in Sanitary Sewer Lift Station #3 in 2019.

Long-term debt, interim debt and liabilities under agreement were reduced overall by \$183,950. Interim debt relating to the Water Fund in the amount of \$220,000 will be fully paid by 2020 and is serviced through water fees. All other debt relates to the General Fund and is serviced by taxation.

Accumulated surplus includes investment in tangible capital assets. Equity in tangible capital assets is the net Tangible Capital Assets less debt used to purchase the assets. The Village's investment increased by \$2,765,971 in 2018 and totaled \$35,847,640. The majority of assets purchased were water infrastructure assets and were funded by the Canada-BC Clean Water and Wastewater Fund grant.

Statement of Operations:

Revenues

In 2018 total revenues increased by over \$1,483,500 compared to 2017. Government transfers for grant funding comprised most of this amount. Utility service fees increased due to additional participants in the water service area with the expansion of the potable water distribution system. Increases in property taxes collected included properties added to the rolls from new development within the Village. Sale of services was down slightly in 2018 as pay parking revenues from day visitors was affected by smoke from forest fires in BC and Washington State during the month of August. Investment income was approximately \$24,000 more in 2018 than 2017 as bank rates continued to increase throughout 2018.

Expenses

Expenses include operational items, capital expenditures that do not meet the requirement for capitalization and amortization. A five year (2017-2021) collective agreement with the local union was ratified in July of 2018, increases resulting from negotiated wage and benefit contracts and the filling of a vacant position increased wage and benefits cost by \$86,000 and amortization of new asset acquisitions increased the expense by \$65,000. Overall expenses increased in 2018 by just over \$195,000 compared to 2017 but still remained within budget.

Reserves

Reserve funds provide a mechanism to set aside funds to:

- Finance all or part of future infrastructure or equipment requirements
- Provide a degree of financial stability
- Provide a budgetary option to mitigate the need to cut service or raise taxes in uncertain economic times

All of these funds are intended to accomplish two goals:

- Achieve tax stability, and
- Contribute to the orderly provision of services

Additions to reserves consist of transfers from operations and interest earnings on those reserve funds. A net amount of over \$581,000 was transferred to reserves to fund future capital projects (Note 15).

Financial Planning Process

The Community Charter section 165 and 166 require the Village to complete a five year Financial Plan and institute a public process for consultation on the plan. The Financial Plan in the form of a bylaw must be adopted by May 15th of each year. On March 4th, 2019 the Council adopted the 2019-2023 Financial Plan as part of its financial planning process. A summary can be found within the "Five Year Financial Plan" section of the Annual Report.

Future Outlook

The Village of Harrison Hot Springs is a resort municipality which presents both opportunities and challenges. Non-resident property owners hold over 40% of the properties within the Village and while census population statistics show no growth, demands on services remain high when the non-resident owners and tourists arrive during the summer season.

While the traditional summer season is a popular time for tourist visits the off-season visits drop dramatically in the winter season which impacts the local businesses that are pre-dominantly tourism driven. Tourism Harrison continues to strive to expand the tourist season with added events and activities outside the summer season. In 2018 they introduced the "Lights by the Lake" event which ran from November 23rd 2018 to January 28th 2019 and was very successful in attracting tourists to the Village in the "off season". The Village has entered into another three (3) year agreement under the Resort Municipality Initiative that provides the Village with funding for tourism infrastructure and event programming.

The Village continues to develop its asset management program. With asset management grants awarded in 2018 progress is expected to continue in 2019. The Village is committed to fiscal responsibility and will continue to seek out grants as they become available for specific eligible and relevant projects. Grants remain a key source of funding for the Village as large projects are most often not possible without supplemental funding sources or the need for debt borrowing. The Village is unable to generate the level of taxation revenues necessary to fund certain large projects without grant funding; a 1% tax increase generates just over \$21,000.

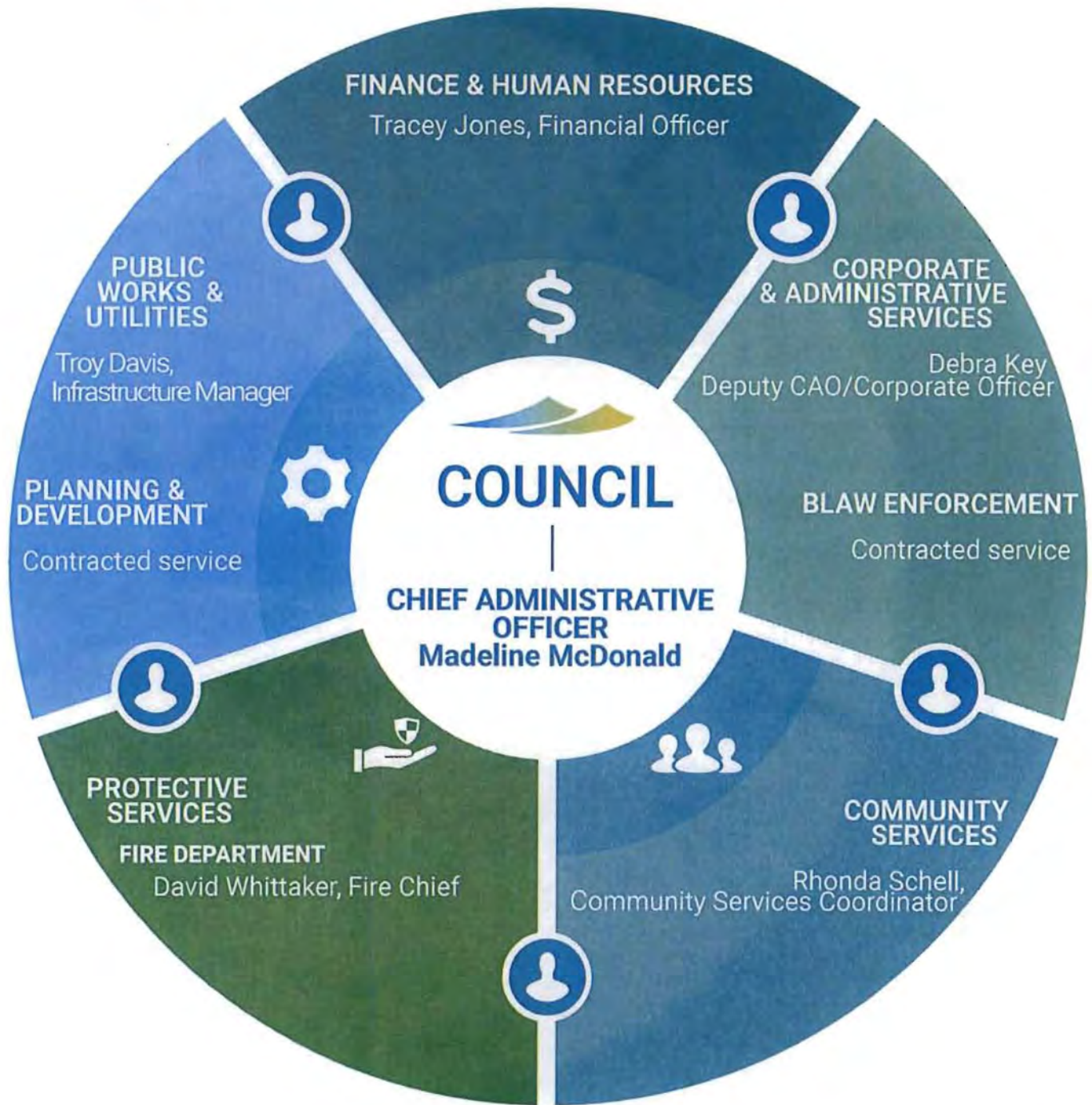
The Village has a limited amount of land available for development. With the increased demand in the Fraser Valley for real estate the Village has seen an increase in applications for development of single family and multi-family residential properties. In 2018 this resulted in Non-Market Change (growth) that added an additional \$34,600 to the tax base which was an equivalent to a 1.75% growth in tax base. This Non-Market Growth has continued into 2019 with growth to the tax base of \$64,000 or 3.13% and is estimated at 2% for 2020. This growth is subject to the ups and downs of the real estate market and the limited land available for development within the Village, it is difficult to predict how long this growth will continue into the future. In addition to the growth in tax base there was a general tax increase of 2.62% in 2018 and a projected tax increase of 2.37% in 2019.

Respectfully submitted,



Tracey Jones,
Financial Officer

ORGANIZATIONAL CHART



DEPARTMENTS



Corporate & Administrative Services

Corporate & Administrative Services

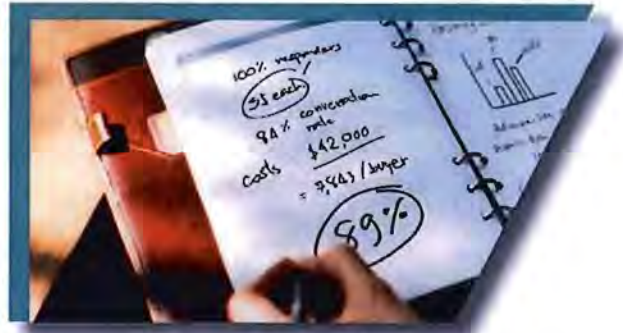
Corporate Services provides the corporate and administrative communication link between the residents of Harrison Hot Springs and their Village Council. Corporate Services prepare and preserve records of the official business of the corporation, including bylaws, minutes of Council and Committee meetings, and Council policies. The department is also responsible for the coordination of municipal elections, and referendums.

Bylaw Enforcement Services

Bylaw Enforcement Services supports a safe and healthy environment for the residents of Harrison Hot Springs by ensuring compliance with Village bylaws, from parking to noise complaints. An educational approach is used to resolve infractions whenever possible with a focus on quality customer service.

Animal Control

Dog control and licencing services are provided to the Village by the Fraser Valley Regional District.



Financial Services & Human Resources

Financial Services

Financial Services provides financial reporting and control services, manages Village assets, and offers guidance for maintaining the overall financial stability of the municipality. Specific functions include preparing and monitoring operating and capital budgets, levying and collecting property taxes and utilities, administering payroll, processing accounts payable and accounts receivable and maintaining a high level of client service for municipal payments and inquiries.

Human Resources

Human Resources supports all stages of the employee experience, from job applications to retirement planning. Human Resources is responsible for providing strategic advice and leadership to managers within the Village to create a culture of employee empowerment and recognition.



Community Services

Community Services

Community Services helps build strong and healthy relationships with the people and organizations that make up the community. They coordinate the Resort Municipality Initiative (RMI), organize community events and promote effective communications and engagement throughout the Village. Among many things, Community Services helps administer curbside waste collection, pay parking, BC Transit and provides support on emerging projects.



Planning & Development Services

Planning & Development Services

Planning and Development Services is responsible for developing a wide range of land use plans and strategies and for processing applications for land use and development. This contracted service provides advice to senior staff and works with Council on the development, implementation and administration of the Official Community Plan and Zoning Bylaws.

Building development and building inspection services are provided by the Fraser Valley Regional District.



DEPARTMENTS



Protective Services

Fire Protection

The Harrison Hot Springs Fire Department provides fire prevention and awareness information to the Village. The Fire Department is comprised of dedicated paid-on-call fire fighters who are committed to public safety through the delivery of a wide variety of services including fire suppression, first responder medical service, and fire extinguisher training. The Village of Harrison Hot Springs and the District of Kent have a Mutual Aid Agreement in place to lend assistance across jurisdictional boundaries in the case of an emergency.

Emergency Preparedness

The Kent Harrison Joint Emergency Program Committee oversees the development of the Hazard Emergency Response and Recovery Plan. This plan guides the operations, organization, responsibilities and coordination necessary to provide for effective response and recovery from major emergencies or disasters in the jurisdictional area of the Village of Harrison Hot Springs and the District of Kent.

Public Works & Utility Services

Public Works

Public Works is responsible for the repair, maintenance and beautification of Village-owned assets including municipal facilities, beachfront and parks. Public works is also responsible for road maintenance including snow clearing, solid waste collection in public spaces, street maintenance, and flood protection among many other things.

Utility Services

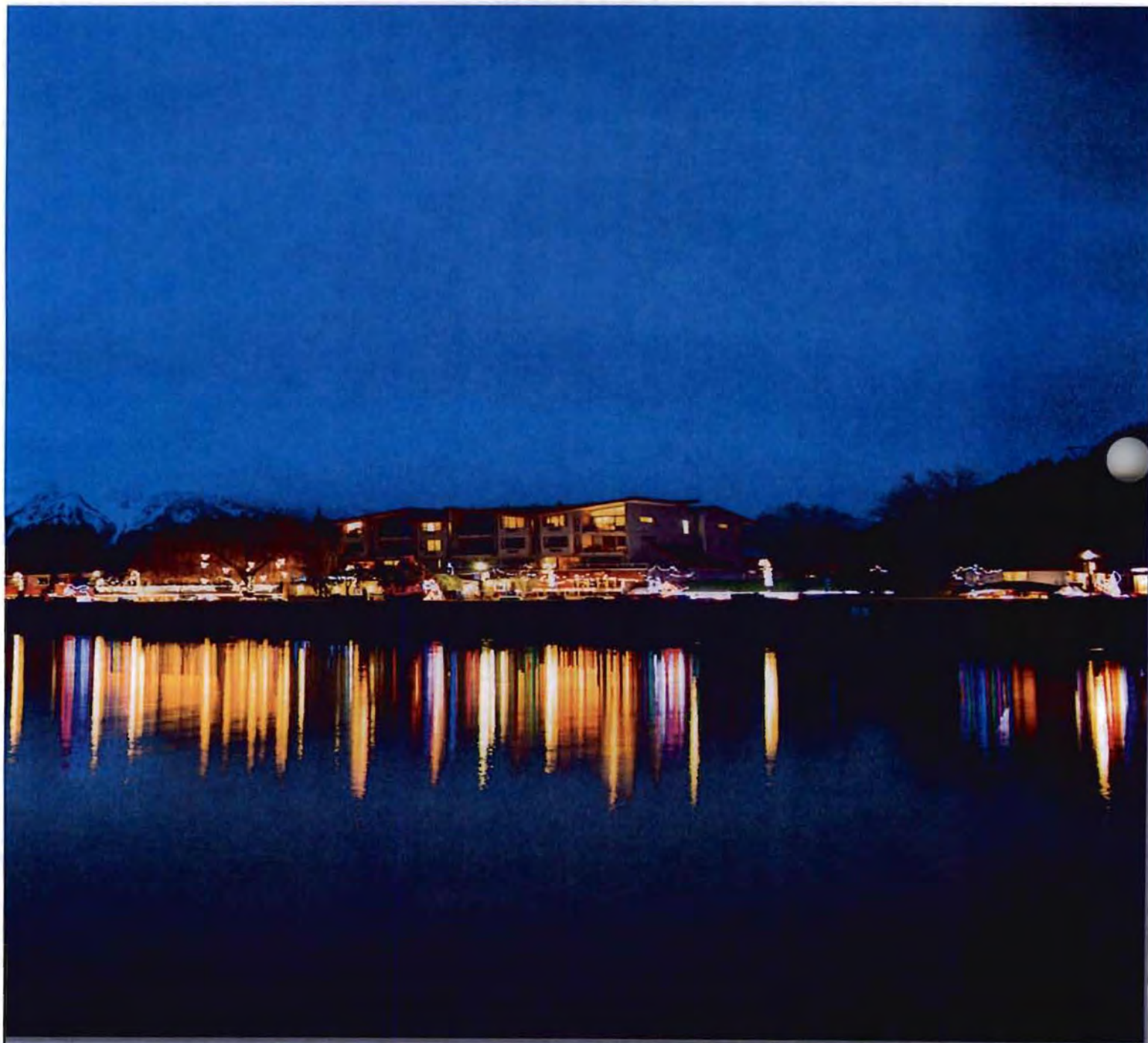
Utility Services operates and maintains the Village's potable water supply, treatment and distribution system, the sanitary sewer system including a level three secondary waste water treatment facility and the storm water collection system. This critical infrastructure meets or exceeds legislated health and safety requirements and provides high-quality potable water.



GOALS & OBJECTIVES



Photo Credit: Tourism Harrison





INFRASTRUCTURE & UTILITIES

2018 ACHIEVEMENTS

2019 GOALS

Completed an Infiltration and Inflow Study to identify ways to reduce influent flows and energy consumption at the Waste Water Treatment Plant

- Improve drainage infrastructure on an incremental basis
- Rebuild Lift Station Number 3 on McCombs Drive to increase capacity
- Install Lift Station Number 7 on Hot Springs Road to increase capacity, replacing 'siphon' infrastructure

Completed an Infrastructure Planning Review of the Waste Water Treatment Plant

- Make improvements to the treatment process at the Waste Water Treatment Plant
- Increase capacity at the Waste Water Treatment Plant

Reviewed garbage collection fees to ensure that service is fully user-pay

- Build out new park with historical and environmental interpretive signage at the Flood Pump Facility
- Upgrade decking on government wharf
- Complete Subdivision Servicing and Development Bylaw

Completed Water System Upgrades and added up to 100 residential properties to the municipal water system

Replaced the supply and return lines to the water reservoir

- Upgrade water mains on Hot Springs Road to improve fire protection
- Expand Water Treatment Plant capacity

Upgraded water mains on Hot Springs Road to improve fire protection

Expanded Water Treatment Plant capacity





RECREATION, CULTURE & TOURISM

2018 ACHIEVEMENTS

2019 GOALS

<p>Continued participation in Joint Council Meetings with District of Kent</p>	<ul style="list-style-type: none"> - Continue to foster and improve partnerships with neighbouring jurisdictions and other agencies
<p>Continued participation in Community to Community Forum</p>	<ul style="list-style-type: none"> - Continued partnerships with the Community to Community Forum members
<p>Implemented user surcharge at the Harrison Hot Springs Public Boat Launch to support Kent Harrison Search and Rescue</p>	<ul style="list-style-type: none"> - Make waterfront and beach improvements
<p>Installed digital sign to promote Village and Tourism events</p>	<ul style="list-style-type: none"> - Improve community signage - Install interpretive signage relating to the history of the region - Review Memorial Recognition Policy
<p>Inaugural Lights by the Lake event lighting the waterfront for residents and visitors.</p>	<ul style="list-style-type: none"> - Continue to enhance annual winter light display
<p>Hosted Canada Day</p> <p>Co-hosted Sasquatch Days with the Sts'ailes First Nation</p>	<ul style="list-style-type: none"> - Continue to host Canada Day featuring high-quality entertainment and activities - Continue to co-host Sasquatch Days and build on the relationship with the Sts'ailes First Nation
<p>Lobbied provincial government to continue support for the Resort Municipality Initiative (RMI)</p>	<ul style="list-style-type: none"> - Identify new goals for the 2019-2021 Resort Development Strategy



ENVIRONMENT & SUSTAINABILITY

2018 ACHIEVEMENTS

Collaborated with the University of the Fraser Valley - Trades and Technology Centre on the Street Lighting Program

Implemented technology to combat nuisance weeds using **steam** in and around public parks and spaces

Completed beach and lagoon safety assessment

2019 GOALS

- Complete LED street lighting upgrade throughout the Village
- Upcycle HPS lights to send to El Salvador

- Continue to promote waste diversion

- Create Lagoon Redesign Master Plan





TRANSPORTATION

2018 ACHIEVEMENTS

2019 GOALS

Initiated Active Transportation Plan

- Complete Active Transportation Plan

Initiated Roads & Bridges Master Plan

- Complete Roads & Bridges Master Plan

Installed three additional covered bus shelters within the community



Replaced tractor for year round use to maintain public lawns and clear sidewalks of snow

Added a snowblower to winter equipment





FAIRNESS & FISCAL RESPONSIBILITY

2018 ACHIEVEMENTS

2019 GOALS

Improved tax fairness between residential, recreational & commercial tax classes

- Continue to pursue tax fairness in all classes
- Review tax multipliers with Council to incorporate in a strategic plan going forward

Began development of an Asset Management Strategy, Policy & Plan

- Continue to develop the Asset Management Strategy, Policy & Plan in order to inform long term fiscal planning

Completed review of sewer utility billing system & metered rates

- Update the Sewer Fees Bylaw to reflect appropriate cost recovery for operational needs

- Continued improvements to the Annual Report



Residential Tax Rate

Rank



1 = Lowest Tax Rates

These rankings are from lowest to highest out of 162 municipalities in British Columbia.

162 = Highest Tax Rates

	2015	2016	2017	2018
■ Provincial Average	\$8.6317	\$8.5979	\$8.2029	\$7.7969
■ Village	\$7.2146	\$6.9458	\$6.0014	\$5.2898

Business Tax Rate

Rank



The Village shows improved rankings year over year.

	2015	2016	2017	2018
■ Provincial Average	\$21.4203	\$21.0866	\$20.3289	\$19.1882
■ Village	\$20.2233	\$19.4380	\$16.3100	\$14.3430

Recreational Tax Rates

Rank



	2015	2016	2017	2018
■ Provincial Average	\$11.1798	\$10.9930	\$10.4551	\$9.9431
■ Village	\$20.9811	\$20.3105	\$16.2301	\$14.4214



Average tax rates for all purposes includes:
Municipal, Regional District, Hospital District, School and Other

FINANCIAL SECTION



Photo Credit: Tourism Harrison

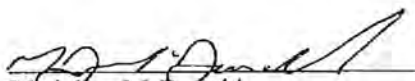
Management's Responsibility for Financial Reporting

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.

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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 16, 2018


Tracey Jones
Financial Officer
April 16, 2018

Five Year Financial Plan 2019-2023

	2019	2020	2021	2022	2023
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUES:					
PROPERTY TAXES - RESIDENTIAL	1,450,641	1,510,000	1,540,000	1,570,000	1,601,400
PROPERTY TAXES - BUSINESS	616,846	630,000	642,600	655,500	668,610
PROPERTY TAXES - RECREATION/NON-PROFIT	110,388	112,600	114,800	117,200	119,544
COLLECTIONS FOR OTHER GOVERNMENTS & AGENCIES	1,781,250	1,817,110	1,851,331	1,889,884	1,927,682
PENALTIES & INTEREST - TAXES	8,000	4,000	-	-	-
UTILITY CO. 1% REVENUE TAXES	36,951	37,262	37,262	37,597	38,348
PAYMENTS IN LIEU OF TAXES	4,350	4,350	4,350	4,437	4,526
TOTAL TAXES COLLECTED	4,008,426	4,115,322	4,190,343	4,274,618	4,360,110
REMITTANCES TO OTHER GOVERNMENTS & AGENCIES	-\$1,781,250	-\$1,817,110	-\$1,851,331	-\$1,889,884	-\$1,927,682
NET TAXES FOR MUNICIPAL PURPOSES	2,227,176	2,298,212	2,339,012	2,384,734	2,432,428
REVENUE FROM OWN SOURCES	1,902,560	1,946,700	1,959,700	1,986,970	2,026,109
GRANTS AND DONATIONS	3,001,745	539,000	539,000	539,028	549,811
DCC	896,529	-	-	-	-
CONTRIBUTED ASSETS	-	174,000	-	-	-
TOTAL REVENUE	8,028,010	\$4,957,912	\$4,837,712	\$4,910,732	\$5,008,348
EXPENSES:					
LEGISLATIVE	142,280	137,010	137,010	138,369	141,136
GENERAL GOVERNMENT	1,112,623	1,110,992	1,124,140	1,156,045	1,179,166
PROTECTIVE SERVICES	258,526	250,282	250,282	254,559	259,650
DEVELOPMENT PLANNING	362,200	122,200	122,200	122,344	124,791
TOURISM AND COMMUNITY IMPROVEMENT	285,211	254,697	256,808	259,184	264,368
ENGINEERING, TRANSPORTATION, STORM WATER	857,774	844,886	849,625	857,742	874,898
SOLID WASTE	199,145	201,946	210,948	197,785	201,741
PARKS, RECREATION & CULTURAL SERVICES	523,270	477,630	482,318	489,169	498,952
WASTEWATER UTILITY	800,360	809,000	822,000	835,882	852,600
WATER UTILITY	471,172	472,435	485,575	481,523	491,153
DEBT- INTEREST	26,450	20,700	15,700	16,014	16,335
TOTAL EXPENDITURES	5,039,011	4,701,778	4,756,606	4,808,616	4,904,789
SURPLUS (DEFICIT)	2,988,999	\$256,134	\$81,106	\$102,116	\$103,559
CAPITAL, DEBT, RESERVES, TRANSFERS & BORROWING					
CAPITAL EXPENDITURES	-\$4,024,274	-\$785,500	-\$254,500	-\$219,000	-\$111,180
REPAYMENT ON DEBT	-\$221,355	-\$163,100	-\$53,100	-\$54,162	-\$55,245
PROCEEDS OF DEBT	-	-	-	110,000	-
CONTRIBUTIONS TO RESERVES	-\$773,212	-\$929,034	-\$888,006	-\$1,057,954	-\$1,078,514
TRANSFERS FROM RESERVES	846,800	611,500	104,500	109,000	111,180
APPROPRIATION FROM SURPLUS	173,042	-	-	-	-
EQUITY IN TANGIBLE CAPITAL ASSETS	1,010,000	1,010,000	1,010,000	1,010,000	1,030,200
	-\$2,988,999	-\$256,134	-\$81,106	-\$102,116	-\$103,559
SURPLUS (DEFICIT) PLUS CAPITAL, DEBT,	\$ -	\$ -	\$ -	\$ -	\$ -



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Independent Auditor's Report

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

We have audited the financial statements of the Village of Harrison Hot Springs ("the Village") which comprise the Statement of Financial Position as at December 31, 2018 and the Statements 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 and other explanatory information.

In our opinion, the Village's financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018 and results of its operations, changes in net financial assets, and 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.

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.

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:

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- 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 15, 2019

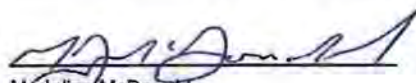
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Village of Harrison Hot Springs

Statement of Financial Position

As at December 31, 2018

	2018	2017
Financial assets		
Cash (Note 2)	9,847,890	9,216,348
Accounts Receivable (Note 3)	1,188,913	882,299
MFA Deposits (Note 4)	6,549	6,410
	11,043,352	10,105,057
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	363,287	271,924
Employee Future Benefits (Note 6)	113,696	108,727
Developer's Deposits and Other Trust Liabilities (Note 7)	199,320	409,950
Deferred Revenue (Note 8)	702,726	1,099,323
Development Cost Charges (Note 9)	3,106,272	1,851,562
Liabilities under Agreement (Note 10)	148,883	189,524
Long-term debt (Note 11)	503,412	536,721
Interim financing debt (Note 12)	220,000	330,000
	5,357,596	4,797,731
Net financial assets	5,685,756	5,307,326
Non-financial assets		
Tangible Capital Assets (Note 13, Schedule 1)	36,719,932	34,137,913
Prepaid expenses	61,981	68,970
	36,781,913	34,206,883
Accumulated surplus	\$ 42,467,669	\$ 39,514,209
Represented by:		
Operating fund (Note 15)	3,151,719	3,545,757
Appropriated Surplus (Note 15)	1,617,960	1,298,522
Statutory Reserves (Note 15)	1,850,350	1,588,261
Equity in tangible capital assets (Note 14)	35,847,640	33,081,669
	\$ 42,467,669	\$ 39,514,209


 Madeline McDonald,
 Chief Administrative Officer


 Leo Fazio
 Mayor

The accompanying notes and schedule are an integral part of these financial statements.

Village of Harrison Hot Springs

Statement of Operations

for the year ended December 31, 2018

	Budget (Note 20)	2018	2017
Revenue			
Property Taxes (Note 16)	\$ 2,104,964	\$ 2,095,811	\$ 2,016,765
Sale of Services (Note 17)	1,281,980	1,239,637	1,253,427
Utility Service Fees (Note 18)	414,000	440,408	410,951
Government Transfers (Note 19)	3,430,631	2,745,539	678,512
Investment Income	47,000	109,545	85,617
Penalties and interest	18,837	78,006	89,390
Development Cost Charges (Note 9)	1,345,000	130,059	-
Contributed Assets	-	509,800	993,500
Other revenue	162,350	(21,279)	315,837
	8,804,762	7,327,526	5,843,999
Expenses (Note 21)			
Legislative Services	129,950	113,230	113,859
General Government	1,060,470	1,047,620	977,516
Protective Services	265,742	205,814	213,754
Public Works	358,990	360,080	328,650
Transportation Services	544,419	495,319	488,422
Public Health	4,950	3,317	4,354
Planning and Development	325,200	167,128	109,754
Tourism, Community and Economic Development	243,022	193,985	186,272
Solid Waste Management and Recycling	187,146	179,929	210,784
Beaches, Parks, Recreation and Culture	483,535	483,909	447,065
Water Services	390,514	419,994	343,941
Sewer Services	737,230	703,739	754,653
	4,731,168	4,374,064	4,179,024
Annual surplus	4,073,594	2,953,462	1,664,975
Accumulated surplus, beginning of year (Note 15)	39,514,207	39,514,207	37,849,232
	\$ 43,587,801	\$ 42,467,669	\$ 39,514,207

The accompanying notes and schedule are an integral part of these financial statements.

Village of Harrison Hot Springs

Statement of Change in Net Financial Assets

For the Year Ended December 31, 2018

	Budget (Note 20)	2018	2017
Annual Surplus	4,073,594	2,953,462	1,664,975
Acquisition of tangible capital assets	(5,938,900)	(4,041,405)	(1,524,463)
Amortization of tangible capital assets Note1., Schedule 1	860,000	965,112	899,421
Proceeds from the sale of tangible capital assets	-	10,250	8,000
(Gain) loss from sale of tangible capital assets	-	484,024	(3,759)
	(1,005,306)	371,443	1,044,176
Acquisition of prepaid expenses	-	(61,981)	(68,970)
Use of prepaid expenses	-	68,970	65,840
	-	6,989	(3,130)
Increase (decrease) in net financial assets	(1,005,306)	378,432	1,041,046
Net financial assets, beginning of year	5,307,326	5,307,326	4,266,280
Net financial assets, end of year	\$ 4,302,020	\$ 5,685,758	\$ 5,307,326

The accompanying notes and schedule are an integral part of these financial statements.

Village of Harrison Hot Springs

Statement of Cash Flows

For the Year Ended December 31, 2018

	2018	2017
Cash provided by (used in):		
Operating Transactions		
Annual surplus	2,953,462	1,664,975
Items not involving cash:		
Amortization	965,112	899,421
(Gain)/ Loss on disposal of assets	484,024	(3,759)
Changes to cash items:		
Accounts receivable	(306,614)	14,607
MFA deposits	(139)	(123)
Accounts payable and accrued liabilities	91,363	(148,218)
Developer's deposits and other trust liabilities	(210,630)	32,285
Prepaid expenses	6,989	(3,130)
Employee future benefits	4,969	14,927
Deferred revenue	(396,597)	836,230
Development cost charges	1,254,710	275,743
Net change in cash from operating transactions	4,846,649	3,582,958
Capital Transactions:		
Proceeds from sale of tangible capital assets	10,250	8,000
Acquisition of tangible capital assets	(4,041,405)	(1,524,463)
Net change in cash from capital transactions	(4,031,155)	(1,516,463)
Financing Transactions		
Debt repayment	(183,952)	(168,704)
Proceeds from MFA equipment borrowing	-	110,000
Net change in cash from financing transactions	(183,952)	(58,704)
Net change in cash	631,542	2,007,791
Cash at beginning of year	9,216,348	7,208,557
Cash, end of year	\$ 9,847,890	\$ 9,216,348

The accompanying notes and schedule are an integral part of these financial statements.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

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) of the Chartered Professional Accountants Canada. 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 any 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 incurred.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

1. Significant Accounting Policies

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 donation.

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, 2018

1. Significant Accounting Policies

e. Non-financial Assets

iv. Leased tangible capital assets

Leases which 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, 2018, 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, 2018

2. Cash

	2018	2017
Restricted cash		
Statutory Reserves	\$ 1,850,350	\$ 1,588,261
Non-Statutory Reserves	1,617,960	1,298,522
Development Cost Charges/Deposits in Trust	4,008,320	3,360,835
	7,476,630	6,247,618
Unrestricted cash	2,371,260	2,968,730
Total cash	\$ 9,847,890	\$ 9,216,348

3. Account Receivable

	2018	2017
Accounts Receivable - Property Taxes	\$ 495,739	\$ 446,175
Accounts Receivable - Other Governments	226,842	54,453
Accounts Receivable - Trade and Other	466,332	381,671
	\$ 1,188,913	\$ 882,299

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, 2018

5. Accounts Payable and Accrued Liabilities

	2018	2017
Trade and Other	\$ 198,062	\$ 121,680
Holdbacks payable	24,252	2,655
Other government	59,040	72,511
Accrued Employee benefits	81,933	75,078
	\$ 363,287	\$ 271,924

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 an actuarial evaluation prepared by an independent firm and will be reviewed on a periodic basis. The date of the last actuarial evaluation was as of December 31, 2018.

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 2018 is based on an actuarial evaluation prepared by an independent firm and will be reviewed on a periodic basis. The date of the last actuarial evaluation was as of December 31, 2018.

As of December 31, 2018, \$113,696 (2017 - \$108,727) of accrued benefit liability has been charged to operations. The significant actuarial assumptions adopted in measuring the Village's accrued benefit liability are as follows:

	2018	2017
Discount rates	3.00%	1.90%
Expected future inflation	2.00%	1.75%

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

6. Employee Future Benefits

Accrued Benefit Obligation as at December 31, 2018

	2018	2017
Beginning benefit obligation	\$ 108,727	\$ 93,800
Current service cost	20,776	19,052
Interest on accrued benefit obligation	-	2,000
Actuarial (gain) loss	-	-
Benefits paid during the year	(15,807)	(6,125)
Ending benefit obligation	113,696	108,727
Less Unamortized net actuarial (loss)	-	-
Accrued Benefit Liability	\$ 113,696	\$ 108,727

7. Developers Deposits and Other Trust Liabilities

	2018	2017
Property and event damage deposits	\$ 146,948	\$ 19,100
Developers Deposit	-	340,365
Community groups funds held in trust	52,372	50,485
	\$ 199,320	\$ 409,950

8. Deferred Revenue

	Opening Balance	Externally Restricted Inflows	Revenue Earned	December 31, 2018
Prepaid taxes	\$ 120,103	\$ 240,107	\$ (221,739)	\$ 138,471
Resort Municipality Initiative	271,622	374,183	(132,166)	513,639
Deferred Revenue	700,683	-	(660,546)	40,137
Facility rentals and other	6,915	186,459	(182,895)	10,479
	\$ 1,099,323	\$ 800,749	\$ (1,197,346)	\$ 702,726

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

9. Development Cost Charges

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance
Sewer DCC	\$ 1,126,796	\$ 473,697	\$ 27,856	\$ 86,115	\$ 1,542,234
Water DCC	452,168	381,421	13,031	43,944	802,676
Drainage DCC	170,732	308,307	6,838	-	485,877
Parks DCC	101,866	169,918	3,701	-	275,485
	\$ 1,851,562	\$ 1,333,343	\$ 51,426	\$ 130,059	\$ 3,106,272

10. Liabilities under Agreement

In 2014, the Village entered into a capital lease agreement with Caterpillar Financial Services Limited to finance the acquisition of a new backhoe in the amount of \$132,725. The term of the lease is five years with an option to purchase at the end of the lease for \$47,723. In 2017, the Village entered into an agreement with the Municipal Finance Authority to borrow funds to purchase capital equipment in the amount of \$110,000. The term of the agreement is for five years.

Changes in liabilities under agreement are as follows:

	2018	2017
Balance, January 1,	\$ 189,524	\$ 106,046
Add: Borrowing additions	-	110,000
Less: Principal repayments	(40,641)	(26,522)
Balance, December 31	\$ 148,883	\$ 189,524

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

2019	\$ 85,704
2020	23,079
2021	23,079
2022	23,079
Less: Amount representing interest	(6,058)
	\$ 148,883

Total interest expense during the year was \$5,357. Total interest over the term of the agreements is \$26,320.

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

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. 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	\$ 536,721	\$ -	\$ 31,094	\$ 2,215	\$ 503,412

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

	General	Water	Sewer
2019	\$ 31,095	\$ -	\$ -
2020	\$ 31,095	\$ -	\$ -
2021	\$ 31,095	\$ -	\$ -
2022	\$ 31,095	\$ -	\$ -
2023	\$ 31,095	\$ -	\$ -
Thereafter	\$ 347,936	\$ -	\$ -
Total	\$ 503,412	\$ -	\$ -

* Actuarial Adjustments represent earnings on sinking funds held by the Municipal Finance Authority. The amounts are 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 has until 2020 to pay back the principal amount. Any principal balance unpaid will be converted into long-term debt at that time. The Village can pay down any amount on the principal in the next year. Interest was paid monthly in 2018 at daily interest rates that varied between 1.94% and 2.79%. During 2018 the Village paid \$6,899 in interest (2017 \$6,576).

	2018	2017
Beginning Balance Jan 1,	\$ 330,000	\$ 440,000
Principal repayments	(110,000)	(110,000)
Ending Balance, December 31	\$ 220,000	\$ 330,000

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

13. Tangible Capital Assets

	2018	2017
Land and improvements	\$ 10,680,913	\$ 10,444,913
Buildings	3,244,548	3,384,007
Machinery, equipment, furniture, IT and vehicles	815,384	728,766
Engineering Structures:		
Engineering structures - water	8,188,220	6,252,781
Engineering structures - sewer and drainage	7,012,897	6,819,202
Engineering structures - roads	5,178,987	4,900,117
Engineering structures - parks and other	1,162,765	1,126,193
Other tangible capital assets	225,086	191,507
Work in Progress	211,132	290,427
Total	\$ 36,719,932	\$ 34,137,913

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

Included in equipment, furniture and vehicles are vehicles and equipment purchased under capital lease totalling \$151,342 with accumulated amortization to the end of 2018 of \$68,104.

Contributed assets recognized in 2018 totalled \$509,800; Storm drainage \$111,800, Sidewalks \$22,500, Roads \$335,000 and Sewer \$40,500.

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:

	2018	2017
Equity in TCA, beginning of year	\$ 33,081,669	\$ 32,402,164
Add:		
Capital Expenditures	4,041,405	1,524,464
Debt Repayments	181,737	168,704
Actuarial adjustment	2,215	-
Less:		
MFA equipment borrowing	-	(110,000)
Dispositions at NBV	(494,274)	(4,241)
Amortization	(965,112)	(899,421)
Equity in TCA, end of year	\$ 35,847,640	\$ 33,081,669

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

15. Accumulated Surplus

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

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 35,847,640	\$ 33,081,669
Operating Fund	3,151,719	3,545,757
Total surplus	38,999,359	36,627,426
Reserves set aside by Council:		
Appropriated Surplus:		
Fire Department	26,521	26,000
Assessment appeal	131,529	128,943
Beach	38,006	37,259
Building	62,667	61,436
Contingencies	11,459	11,234
Dock replacement	31,793	21,274
Boat Launch	51,860	45,893
Flood box / drainage	15,548	15,243
General	63,357	28,821
Insurance	9,957	9,762
Memorial Hall restoration	5,561	5,452
Parking / traffic management	57,366	56,239
Office Equipment	44,501	37,959
Property	47,449	46,516
Road/Sidewalk	13,482	13,216
Sick leave/Retirement	50,966	49,965
Community Works Fund	222,969	219,397
Sewer	529,639	401,587
Water	203,330	82,326
Total Appropriated Surplus	1,617,960	1,298,522
Statutory Fund Reserves:		
Community amenities	154,279	151,247
Fire department capital	464,293	421,610
Land unexpended funds	13,180	12,921
Parkland acquisition	347,635	201,930
Public works capital	32,789	70,026
Sewage treatment replacement	733,761	628,167
Sewer unexpended funds	83,517	81,875
Port Divestiture income	20,896	20,485
Total Statutory Fund Reserves	1,850,350	1,588,261
	\$ 42,467,669	\$ 39,514,209

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

16. Property Taxes

The Village is reliant upon one taxpayer for approximately 19.3% of municipal property tax revenue. Taxation revenue, reported on the statement of operations, is made up of the following:

	Budget	2018	2017
Taxes collected			
Municipal property taxes	\$ 2,064,192	\$ 2,055,178	\$ 1,977,592
1 % Utility taxes	36,122	36,121	34,504
Payments in lieu of taxes	4,650	4,512	4,669
School taxes	1,330,000	1,327,913	1,262,698
Regional District	145,600	145,369	144,549
Regional hospital district	107,700	99,962	95,185
Police tax	130,000	142,410	129,436
Other agencies	30,515	29,912	27,628
	3,848,779	3,841,377	3,676,261
Less transfers to other governments			
School taxes paid	1,330,000	1,327,913	1,262,698
Regional district taxes paid	145,600	145,369	144,549
Regional hospital district taxes paid	107,700	99,962	95,185
Police taxes paid	130,000	142,410	129,436
Other agencies taxes paid	30,515	29,912	27,628
	1,743,815	1,745,566	1,659,496
	\$ 2,104,964	\$ 2,095,811	\$ 2,016,765

17. Sale of Services

	Budget	2018	2017
Sewer user fees	\$ 588,980	\$ 537,118	\$ 544,245
Water user fees	301,100	306,627	303,337
Curbside collection fees	116,000	117,742	116,493
Pay Parking Revenue	192,000	185,378	194,540
Licenses and permits	28,200	42,535	36,025
Facility rentals	49,500	42,300	46,348
Fines	2,700	4,312	8,926
Other	3,500	3,625	3,513
	\$ 1,281,980	\$ 1,239,637	\$ 1,253,427

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

18. Utility Service Fees

	Budget	2018	2017
Sewer service utility fee - residential	\$ 193,000	\$ 195,196	\$ 187,331
Sewer service utility fee - business	20,000	20,601	20,532
Water service utility fee - residential	180,000	203,231	181,792
Water service utility fee - business	21,000	21,380	21,296
Total	\$ 414,000	\$ 440,408	\$ 410,951

19. Government Transfers

The Government transfers reported on the Statement of Operations are:

	Budget	2018	2017
Provincial:			
Conditional			
Infrastructure	\$ 1,288,931	\$ 854,431	\$ 128,024
Resort Municipality Initiative	272,500	132,166	101,778
WWTP Assessment	-	-	10,000
Other	1,400	2,986	2,935
Unconditional	316,000	317,314	316,487
Federal			
Conditional			
Infrastructure	1,383,800	1,314,652	-
Gas tax	115,000	119,990	115,288
Other	53,000	4,000	4,000
	\$ 3,430,631	\$ 2,745,539	\$ 678,512

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

20. Budget Data

The data presented in these financial statements is based upon the 2018 operating and capital budgets adopted by Council on March 5, 2018. The table below reconciles the approved balanced budget to the budget figures reported in these financial statements.

2018 Adopted Operating and Capital Budget	Budget Amount
Revenues:	
Operating budget	\$ 4,731,168
Capital budget	6,762,676
Total revenue	11,493,844
Expenses:	
Operating budget	4,731,168
Capital Budget	6,762,676
Total expenses	11,493,844
Budgeted surplus (deficit)	\$ -
Add:	
Capital expenses	\$ 5,938,900
Transfers to reserves	642,376
Principal repayments	181,400
Less:	
Transfers from reserves	(694,590)
Appropriation from Surplus	(1,134,492)
Amortization	(860,000)
Annual budgeted surplus (see statement of operations)	\$ 4,073,594

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	2018	2017
Salaries, wages and employee benefits	\$ 1,691,351	\$ 1,605,894	\$ 1,519,685
Operating Materials and supplies	675,577	637,291	640,129
Contracted services	645,250	415,582	393,917
Administrative services and supplies	516,540	438,966	398,286
Utilities	205,400	192,575	210,124
Rentals and contractual obligations	108,250	93,188	93,824
Debt financing	28,800	25,456	23,638
Amortization	860,000	965,112	899,421
Total expenditures by object	\$ 4,731,168	\$ 4,374,064	\$ 4,179,024

Village of Harrison Hot Springs

Notes to the Financial Statements

December 31, 2018

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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 \$110,951 (2017 \$97,239) for employer contributions to the Plan in fiscal 2018. Employee contributions in fiscal 2018 were \$95,835 (2017 \$85,847)

The most recent valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged. The next valuation will be as at December 31, 2018 with results available in 2019. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

- 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 an agreement with the Harrison Hot Springs Tourism Society to provide annual funding of \$21,000. The term of the agreement ends December 31st, 2023.
- 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, 2018

23. 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, 2018

	Engineered Structures								Other Tangible Capital Assets	2018	2017
	Land	Building	Equipment Furniture Vehicles	Water	Sewer Drainage	Roads	Other	Work In Progress			
COST											
Opening balance	\$10,444,913	\$4,604,890	\$2,238,607	\$7,770,415	\$9,255,851	\$9,705,979	\$1,945,824	\$290,428	\$371,783	\$46,628,690	\$45,132,481
Add: Additions	236,000	-	188,806	2,524,082	397,472	609,823	121,838	(79,296)	42,680	4,041,405	1,524,463
Less: Disposals	-	-	(107,740)	(524,745)	(64,938)	(295,638)	-	-	-	(993,061)	(28,254)
Closing Balance	10,680,913	4,604,890	2,319,673	9,769,752	9,588,385	10,020,164	2,067,662	211,132	414,463	49,677,034	46,628,690
ACCUMULATED AMORTIZATION											
Opening Balance	-	1,220,883	1,509,840	1,517,634	2,436,650	4,805,863	819,631	-	180,276	12,490,777	11,615,369
Add: Amortization	-	139,459	92,747	148,027	166,110	324,402	85,266	-	9,101	965,112	899,421
Less: Acc. Amortization on Disposals	-	-	(98,298)	(84,129)	(27,272)	(289,088)	-	-	-	(498,787)	(24,013)
Closing Balance	-	1,360,342	1,504,289	1,581,532	2,575,488	4,841,177	904,897	-	189,377	12,957,102	12,490,777
	\$10,680,913	\$3,244,548	\$ 815,384	\$8,188,220	\$7,012,897	\$5,178,987	\$1,162,765	\$211,132	\$225,086	\$ 36,719,932	\$34,137,913

Village of Harrison Hot Springs

Schedule 2 - Table of Segmented Information

For the Year Ended December 31, 2018

	Legislative	General Government	Protective Services	Development Planning	Engineering, Transportation & Storm Water	Solid Waste	Parks, Recreation & Cultural Services	Wastewater Utility	Water Utility	Budget	2018	2017
Revenue:												
Property Taxes	\$ -	\$ 2,095,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,104,964	\$ 2,095,811	\$ 2,016,765
Sale of Services	-	235,850	-	-	-	117,742	42,300	537,119	306,627	1,281,980	1,239,638	1,253,427
Utility Service Fees	-	-	-	-	-	-	-	215,797	224,611	414,000	440,408	410,951
Government Transfers	-	624,844	-	132,166	-	-	-	-	1,988,728	3,430,631	2,745,538	678,512
Investment Income	-	85,339	-	-	-	-	-	22,287	1,919	47,000	109,545	85,617
Penalties and interest	-	63,558	-	-	-	1,427	-	6,897	6,124	18,837	78,006	89,390
Development Cost Charges	-	-	-	-	-	-	-	88,115	43,944	1,345,000	130,059	-
Contributed Assets	-	-	-	-	489,300	-	-	40,500	-	-	509,800	993,500
Other revenue	-	239,186	-	-	-	-	-	16,950	(277,416)	162,350	(21,280)	315,837
	-	3,344,389	-	132,166	469,300	119,169	42,300	925,665	2,294,537	8,804,762	7,327,526	5,843,999
Expenses:												
Salaries, wages and employee benefits	95,591	542,195	6,382	59,328	248,786	48,019	230,448	212,961	162,184	1,691,351	1,605,894	1,519,685
Operating Materials and supplies	-	4,421	129,158	570	134,981	194	100,862	211,717	55,589	675,577	637,291	640,129
Contracted services	-	5,250	7,956	161,783	42,382	131,716	13,215	53,280	-	645,250	415,582	393,917
Administrative services and supplies	16,579	233,669	12,879	108,433	22,768	-	10,439	20,939	13,260	516,540	438,966	398,286
Utilities	1,060	18,585	6,040	-	42,484	-	30,872	58,498	34,036	205,400	192,575	210,124
Rentals and contractual obligations	-	13,037	39,073	31,000	6,173	-	3,905	-	-	108,250	93,188	93,824
Debt financing	-	18,557	-	-	-	-	-	-	6,899	28,800	25,456	23,638
Amortization	-	211,905	4,325	-	361,143	-	94,367	145,345	148,027	860,000	965,112	899,421
	113,230	1,047,620	205,814	361,113	858,717	178,929	483,909	703,739	419,894	4,731,168	4,374,064	4,178,024
Annual Surplus (Deficit)	\$ (113,230)	\$ 2,296,769	\$ (205,813)	\$ (228,948)	\$ (389,417)	\$ (60,760)	\$ (441,608)	\$ 221,925	\$ 1,874,542	\$ 4,073,594	\$ 2,953,462	\$ 1,664,975

STATISTICAL SECTION



Photo Credit: Tourism Hamilton



STATEMENT OF FINANCIAL POSITION

Statement of Financial Position

Financial Assets	2014	2015	2016	2017	2018
Cash and Equivalents	\$6,401,201	\$7,794,822	\$7,208,557	\$9,216,348	\$9,847,890
Accounts Receivable	\$805,739	\$820,704	\$896,906	\$882,299	\$1,188,913
MFA Deposits		\$6,103	\$6,287	\$6,410	\$6,549
	\$7,206,940	\$8,621,629	\$8,111,750	\$10,105,057	\$11,043,352

Financial Liabilities	2014	2015	2016	2017	2018
Accounts Payable & Accrued Liabilities	\$421,257	\$393,735	\$420,142	\$271,924	\$363,287
Employee Future Benefits	\$-	\$78,000	\$93,800	\$108,727	\$113,696
Developer Deposit & Other Trust Liabilities	\$391,277	\$378,097	\$377,665	\$409,950	\$199,320
Deferred Revenue	\$648,936	\$500,267	\$263,093	\$1,099,323	\$702,726
Development Cost Charges	\$978,021	\$1,212,301	\$1,575,819	\$1,851,562	\$3,106,272
Liabilities Under Agreement	\$161,989	\$139,211	\$106,046	\$189,524	\$148,883
Long-term Debt	\$-	\$600,000	\$568,905	\$536,721	\$503,412
Interim Financing Debt	\$600,000	\$550,000	\$440,000	\$330,000	\$220,000
	\$3,201,480	\$3,851,611	\$3,845,470	\$4,797,731	\$5,357,596

	2014	2015	2016	2017	2018
Net Financial Assets	\$4,005,460	\$4,770,018	\$4,266,280	\$5,307,326	\$5,685,756

Non-Financial Assets	2014	2015	2016	2017	2018
Tangible Capital Assets	\$31,421,843	\$31,234,292	\$33,517,112	\$34,137,913	\$36,719,934
Prepaid Expenses	\$54,696	\$35,302	\$65,840	\$68,970	\$61,981
	\$31,476,539	\$31,269,594	\$33,582,952	\$34,206,883	\$36,781,915

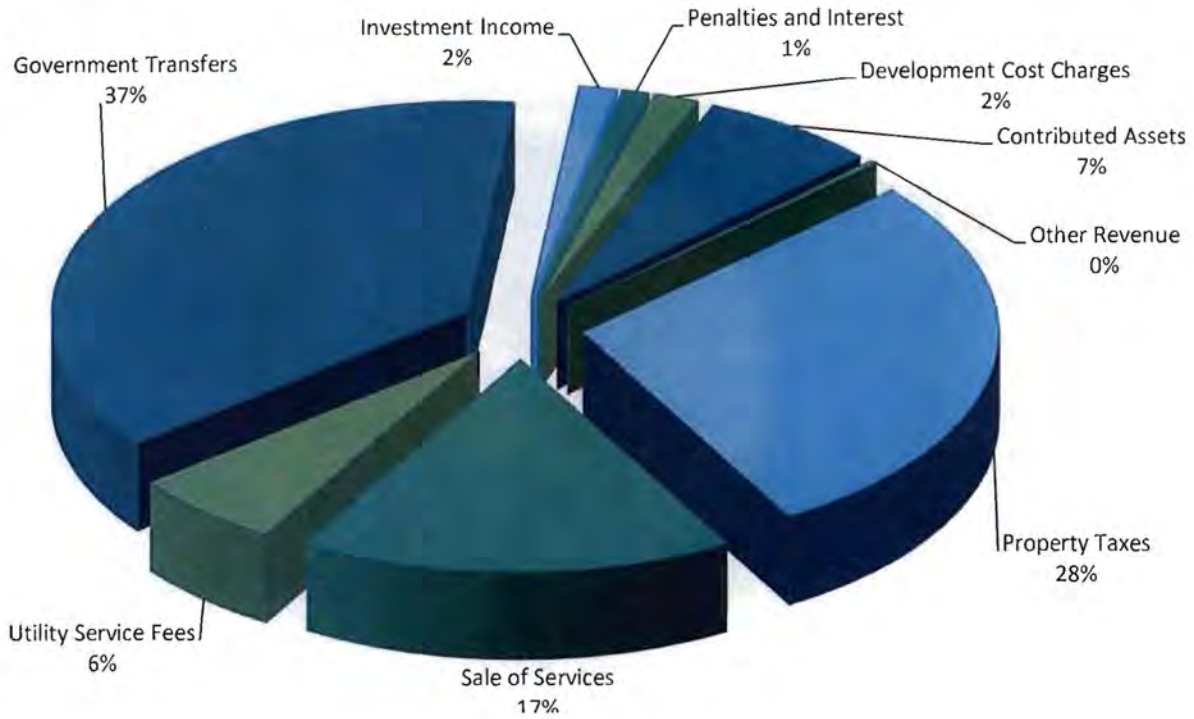
	2014	2015	2016	2017	2018
Accumulated Surplus	\$35,481,999	\$36,039,612	\$37,849,232	\$39,514,209	\$42,467,671

Accumulated Surplus - Represented By	2014	2015	2016	2017	2018
Operating fund	\$2,608,376	\$3,385,784	\$3,147,858	\$3,545,757	\$3,151,721
Appropriated Surplus	\$1,389,874	\$1,690,730	\$1,040,150	\$1,298,522	\$1,617,960
Statutory Reserves	\$855,580	\$1,018,016	\$1,259,060	\$1,588,261	\$1,850,350
Equity in Tangible Capital Assets	\$30,628,169	\$29,945,082	\$32,402,164	\$33,081,669	\$35,847,640
	\$35,481,999	\$36,039,612	\$37,849,232	\$39,514,209	\$42,467,671

	2014	2015	2016	2017	2018
Annual Surplus	\$1,364,821	\$635,613	\$1,809,620	\$1,664,975	\$2,953,462

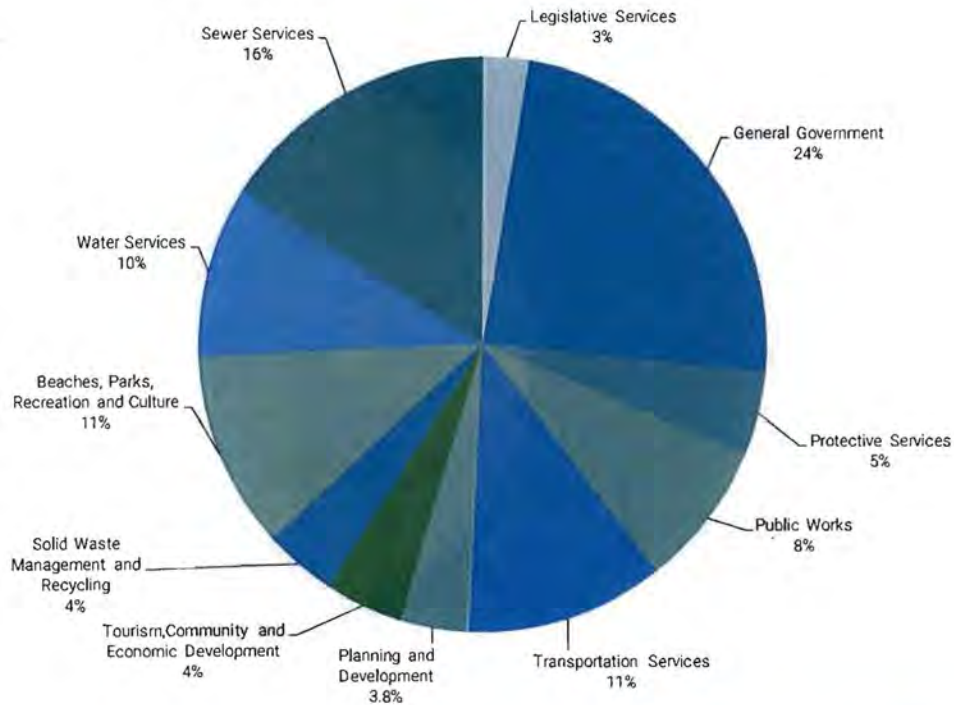
	2014	2015	2016	2017	2018
Acquisition of Tangible Capital Assets	\$2,121,402	\$604,698	\$3,135,321	\$1,524,463	\$4,041,405

Revenues by Source



	2014	2015	2016	2017	2018
Property Taxes	\$1,886,821	\$1,920,696	\$1,972,081	\$2,016,765	\$2,095,811
Sale of Services	\$900,016	\$897,704	\$1,171,999	\$1,253,427	\$1,239,637
Utility Service Fees	\$395,167	\$395,923	\$401,154	\$410,951	\$440,408
Government Transfers	\$1,785,708	\$1,036,076	\$1,937,998	\$678,512	\$2,745,539
Investment Income	\$28,859	\$56,795	\$54,759	\$85,617	\$109,545
Penalties and Interest	\$39,561	\$44,121	\$57,222	\$89,390	\$78,006
Development Cost Charges	\$-	\$16,480	\$7,065		\$130,059
Contributed Assets	\$-	\$-	\$-	\$993,500	\$509,800
Other Revenue	\$53,308	\$36,548	\$117,856	\$315,837	\$(21,279)
	\$5,089,440	\$4,404,343	\$5,720,134	\$5,843,999	\$7,327,526

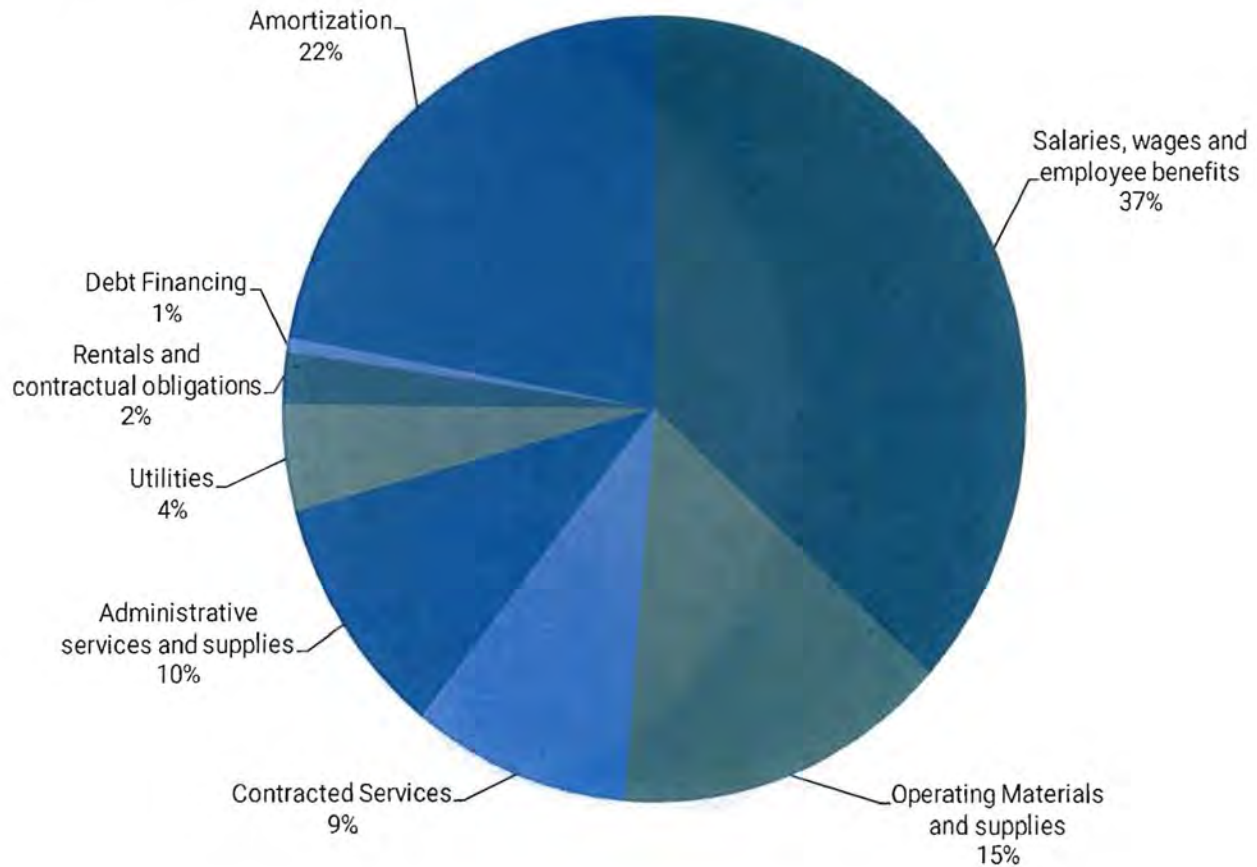
Expenses by Function



	2014	2015	2016	2017	2018
Legislative Services	\$117,012	\$109,463	\$108,704	\$113,859	\$113,230
General Government	\$900,771	\$1,065,420	\$888,867	\$977,516	\$1,047,620
Protective Services	\$161,697	\$181,428	\$182,432	\$213,754	\$205,814
Public Works	\$204,036	\$266,367	\$410,781	\$328,650	\$360,080
Transportation Services	\$102,711	\$389,137	\$455,551	\$488,422	\$495,319
Public Health	\$6,284	\$3,838	\$5,657	\$4,354	\$3,317
Planning and Development	\$47,842	\$33,422	\$156,114	\$109,754	\$167,128
Tourism, Community and Economic Dev.	\$136,406	\$146,511	\$95,242	\$186,272	\$193,985
Sustainability	\$8,856	\$9,559	\$7,711	-	-
Solid Waste Management and Recycling	\$121,232	\$171,070	\$141,299	\$210,784	\$179,929
Beaches, Parks, Recreation and Culture	\$395,987	\$434,127	\$448,369	\$447,065	\$483,909
Water Services	\$238,233	\$358,300	\$308,845	\$343,941	\$419,994
Sewer Services	\$556,318	\$600,088	\$700,942	\$754,653	\$703,739
Debt Financing	\$14,987	-	-	-	-
Amortization	\$747,915	-	-	-	-
	\$3,760,287	\$3,768,730	\$3,910,514	\$4,179,024	\$4,374,064

Starting in 2015, Debt Financing and Amortization were allocated directly to each function.

Expenses by Object



	2014	2015	2016	2017	2018
Salaries, Wages & Employee Benefits	\$1,477,416	\$1,483,864	\$1,402,953	\$1,519,685	\$1,605,894
Operating Materials & Supplies	\$645,628	\$565,655	\$565,753	\$640,129	\$637,291
Contracted Services	\$213,005	\$243,202	\$413,209	\$393,917	\$415,582
Administrative Services & Supplies	\$418,462	\$405,967	\$375,690	\$398,286	\$438,966
Utilities	\$149,031	\$153,099	\$177,435	\$210,124	\$192,575
Rentals & Contractual Obligations	\$93,844	\$97,523	\$97,362	\$93,824	\$93,188
Debt Financing	\$14,987	\$27,172	\$25,610	\$23,638	\$25,456
Amortization	\$747,914	\$792,248	\$852,502	\$899,421	\$965,112
	\$3,760,287	\$3,768,730	\$3,910,514	\$4,179,024	\$4,374,064

Assessed Values

	2014	2015	2016	2017	2018
Residential (Class 1)	\$305,450,972	\$309,095,070	\$320,301,375	\$396,052,196	\$495,974,100
Business (Class 6)	\$54,121,470	\$54,119,925	\$58,847,211	\$67,017,223	\$71,206,624
Recreation/Non-Profit (Class 8)	\$4,234,300	\$6,722,800	\$6,837,600	\$7,898,500	\$9,218,900
	\$363,806,742	\$369,937,795	\$385,986,186	\$470,967,919	\$576,399,624

These totals are Land & Improvements combined.

Municipal Property Taxes

	2014	2015	2016	2017	2018
Residential (Class 1)	\$1,097,135	\$1,098,400	\$1,107,945	\$1,219,829	\$1,345,575
Business (Class 6)	\$680,474	\$671,716	\$712,151	\$656,319	\$614,322
Recreation/Non-Profit (Class 8)	\$72,252	\$113,478	\$112,361	\$101,444	\$104,295
	\$1,849,861	\$1,883,594	\$1,932,456	\$1,977,592	\$2,064,192

Debt

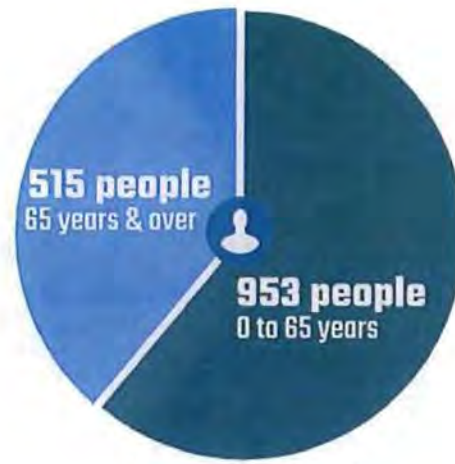
	2014	2015	2016	2017	2018
General		\$600,000	\$568,905	\$536,721	\$503,412
Water	\$600,000	\$550,000	\$440,000	\$330,000	\$220,000
Sewer					
Liabilities Under Agreement	\$161,989	\$139,211	\$106,046	\$189,524	\$148,883
Total Debt	\$761,989	\$1,289,211	\$1,114,951	\$1,056,245	\$872,295

	2014	2015	2016	2017	2018
Population Estimates (BC Stats 2011 and 2016 survey)	1,468	1,468	1,468	1,468	1,468
Debt per Capita	\$519.07	\$878.21	\$759.50	\$719.51	\$594.21

	2014	2015	2016	2017	2018
Principal		\$82,120	\$174,262	\$167,614	\$183,950
Interest	\$14,987	\$23,571	\$25,609	\$23,638	\$25,456
Debt Servicing Costs	\$133,491	\$105,691	\$199,871	\$191,252	\$209,406

	2014	2015	2016	2017	2018
Liability Servicing Limit	\$884,227	\$921,695	\$1,099,511	\$929,651	\$1,121,411

Demographics & Tourism



*2016 Statistics Canada

Who makes up the Village?

The Village of Harrison Hot Springs is one of 14 Resort Municipalities in British Columbia. We have a full-time resident population of 1,468* and welcome an estimated 600,000** visitors to the community every year. In 2018, the Village received \$365,133 in Resort Municipality Initiative (RMI) funding from the provincial government which helps maintain and develop tourism infrastructure, creating a more dynamic community for both visitors and residents. On average, the Village spends approximately 10% of the annual budget (general revenues) on visitor amenities including beach-front maintenance.



*2016 Statistics Canada

**Tourism Harrison

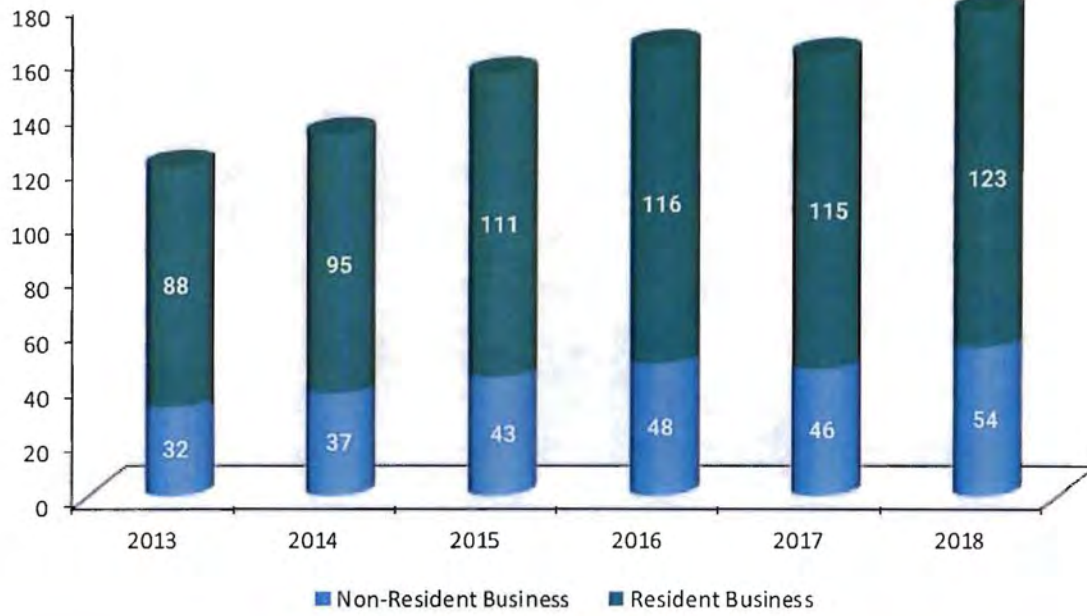
Building Permits Issued



Value of Building Permits Issued



Business Licenses Issued





HARRISON HOT SPRINGS



Naturally Refreshed



RECOMMENDATION:

THAT staff be authorized to apply to the UBCM Housing Needs Reports Program;

AND THAT an expenditure of up to \$1,500 from the 2019 Federal Gas Tax Fund be allocated to complete the Harrison Hot Springs Housing Needs Report for 2019.

Respectfully submitted:

REVIEWED BY:

REVIEWED BY:

Rhonda Schell

Rhonda Schell
Community Services
Coordinator

Madeline McDonald

Madeline McDonald
Chief Administrative Officer

Tracey Jones

Tracey Jones
Financial Officer



VILLAGE OF HARRISON HOT SPRINGS

REPORT TO COUNCIL

TO: Mayor and Council **DATE:** May 29, 2019
FROM: Madeline McDonald, CAO **FILE:** 0390-20-04/1765-20
SUBJECT: UBCM Resolution for Fire Protection DCC

ISSUE: Capital expenditures for Fire Fighting Equipment are not an eligible expense for Development Cost Charges (DCCs).

BACKGROUND: In addition to fire protection, local government Fire Departments typically provide emergency response services for emergency events and provide extensive support to the provincial Ambulance Service, through the First Responder Service. Local governments incur substantial and ongoing capital costs to support these services through the purchase and regular replacement of specialty vehicles, rescue equipment and buildings.

DISCUSSION: Fire departments are regularly called upon for comment relating to proposed developments and are expected to provide service to a growing population and an increasing inventory of properties, both commercial and residential. Currently there is no mechanism in place, other than discretionary Community Amenity Contributions, to allow the development community to contribute to this infrastructure. Development Cost Charges (DCCs) are a mechanism by which developers contribute to capital infrastructure costs caused by or related to development growth. Local governments are allowed to charge DCCs in support of water, sewer, drainage, parks and roads. Currently, fire protection equipment such as fire halls or equipment, is not eligible for support under the DCC process.

The Union of BC Municipalities is accepting resolutions for consideration until June 30th, 2019. Council may wish to put forth a resolution seeking support for DCCs for fire protection equipment.

RECOMMENDATION:

THAT staff be authorized to prepare a resolution for the 2019 Union of BC Municipalities Convention to request that the Province make fire capital equipment an eligible expense under the provisions of Development Cost Charges.

Respectfully submitted:

Madeline McDonald
 Madeline McDonald
 Chief Administrative Officer

VILLAGE OF HARRISON HOT SPRINGS



REPORT TO COUNCIL

TO: Mayor and Council **DATE:** May 22, 2019

FROM: Ken Cossey, MCIP, RPP **FILE:** 3900-01
 Planning Consultant

SUBJECT: Riparian Area Protection Bylaw No. 852

ISSUE:

To repeal Riparian Area Protection Bylaw No. 852, 2006.

BACKGROUND:

Originally the province created the *Fish Protection Act* and the subsequent Streamside Protection Regulation (SPR) to protect the riparian areas for fish and their respective habitat areas. Along the way this regulation was repealed and replaced with the Riparian Area Regulations (RAR) and the Act that created the regulations was repealed and replaced with the *Riparian Areas Protection Act*. The current RAR came into effect on March 31, 2005.

Part of the requirements for the RAR was to have local governments “meet or beat” the RAR directive. Along the way there was a bit of confusion on how or should a local government implement the RAR requirements and what authority does a local government actually have on this issue. This all came to a head with a legal challenge in 2011. In the *Yanke vs the City of Salmon Arm* decision, the BC Court of Appeal ruled that local government variances of the requirements are not supported by the then *Fish Protection Act* and the related RAR. Since this court ruling the Office of the Ombudsman has reviewed the RAR in 2014 and a new RAR Guidebook has been released by the Ministry in 2016.

The RAR requirements are applicable to the Village in respect of any development, as per the definition contained within the RAR. The RAR development definition is applicable to any residential, commercial or industrial development proposal within or partially within a riparian assessment area, regardless of whether a bylaw has identified a particular area as a development permit area or by the use of any other local government planning tool. The standard riparian assessment area for any freshwater body of water is 30M but this could be increased if a ravine is involved.

With the original implementation of the RAR there was an expectation that all affected local governments would have a development approval system that utilizes

With the original implementation of the RAR there was an expectation that all affected local governments would have a development approval system that utilizes the RAR requirements. The Village implemented the RAR requirements into their land approval process twice.

In 2006 Council adopted Bylaw 852, the Riparian Areas Regulation Bylaw and in May 2007 the Village adopted the current Official Community Plan Bylaw 864. The RAR Bylaw adopted the RAR regulations and requires either Council or staff to review and approve an assessment report. Within the OCP Bylaw, Council implemented the RAR requirements as the Miami River Development Permit Area #5. Development Permits are the most common tool used by local governments for implementing the RAR requirements.

With the adoption of RAR Bylaw 852, there is the perception that as this is a Harrison Hot Springs Bylaw, we can waive or amend the provincial RAR requirements. Upon a review of this issue by the Village's legal team, we can vary the requirements only after receiving:

- a notice from the ministry (FLNRO) that indicates that both the Fisheries and Oceans Canada (DFO) and FLNRO have been notified of the development proposal and provided with a copy of the required report, prepared by a qualified environmental professional (QEP);

or

- if the Minister of Fisheries and Oceans Canada (DFO) has authorized any harm to fish habitat located within the riparian assessment area which could result from the implementation of the proposed development.

Please note that the above referenced notification requirements are currently outlined in section 4.2(b) and 4.3 of the RAR. With the adoption of Bylaw 852, we can approve any variance request only after we have been officially notified by the province. This official notification process is already a part of the RAR standard operating process that is currently in place and will still be used whether or not Bylaw 852 remains active. If we keep Bylaw 852 as an active bylaw, we are asking the developer to go through an approvals process twice; first by the province and then by the Village.

RECOMMENDATION:

THAT Riparian Area Protection Repeal Bylaw No.1140, 2019 be given first, second and third reading.

Respectfully submitted:

**REVIEWED BY and Concurrence
with the RECOMMENDATIONS**

Ken Cossey

Ken Cossey, MCIP, RPP,
Planning Consultant

Attachments (2) Bylaw 1140, 2019
RAR

Madeline McDonald

Madeline McDonald
Chief Administrative Officer



VILLAGE OF HARRISON HOT SPRINGS
BYLAW NO.1140, 2019

A bylaw to repeal the "Riparian Area Protection Bylaw, 852, 2006"

WHEREAS the Council adopted the Riparian Area Protection Bylaw, 852 on March 6th, 2006;

AND WHEREAS the Council deemed that this Bylaw is no longer required;

AND WHEREAS the Village of Harrison Hot Springs "Riparian Area Protection, Bylaw 852, 2006" must be repealed;

NOW THEREFORE in open meeting assembled, the Council of the Village of Harrison Hot Springs enacts as follows:

1. CITATION

This Bylaw may be cited for all purposes as the "Riparian Area Protection Repeal Bylaw No. 1140, 2019".

2. The following bylaw is hereby repealed:

(a) The Village of Harrison Hot Springs "Riparian Area Protection Bylaw, 852, 2006" and any amendments thereto.

READINGS AND ADOPTION

READ A FIRST TIME THIS ____ DAY OF _____, 2019

READ A SECOND TIME THIS ____ DAY OF _____, 2019

READ A THIRD TIME THIS ____ DAY OF _____, 2019

ADOPTED THIS ____ DAY OF _____, 2019

Mayor

Corporate Officer

B.C. Reg. 376/2004
O.C. 837/2004

Deposited July 27, 2004
effective March 31, 2005

This consolidation is current to May 21, 2019.

Link to Point in Time

Riparian Areas Protection Act

RIPARIAN AREAS REGULATION

[includes amendments up to B.C. Reg. 41/2016, February 29, 2016]

Contents

- 1 Definitions and interpretation
- 2 Purposes of this regulation
- 3 Application
- 4 Assessment reports required before development
- 5 Development of strategies for monitoring, enforcement and education
- 6 Use of local government powers for protection and enhancement of areas
- 7 Preparation of assessment report by qualified environmental professional
- 8 Transitional

Schedule

Definitions and interpretation

1 (1) In this regulation:

"Act" means the *Riparian Areas Protection Act*;

"active floodplain" means an area of land that supports floodplain plant species and is

(a) adjacent to a stream that may be subject to temporary, frequent or seasonal inundation, or

(b) within a boundary that is indicated by the visible high water mark;

"assessment methods" means the methods set out in the Schedule;

"assessment report" means a report prepared in accordance with the assessment methods to assess the potential impact of a proposed development in a riparian assessment area and which is certified for the purposes of this regulation by a qualified environmental professional;

"development" means any of the following associated with or resulting from the local government regulation or approval of residential, commercial or

industrial activities or ancillary activities to the extent that they are subject to local government powers under Part 26 of the *Local Government Act*:

- (a) removal, alteration, disruption or destruction of vegetation;
- (b) disturbance of soils;
- (c) construction or erection of buildings and structures;
- (d) creation of nonstructural impervious or semi-impervious surfaces;
- (e) flood protection works;
- (f) construction of roads, trails, docks, wharves and bridges;
- (g) provision and maintenance of sewer and water services;
- (h) development of drainage systems;
- (i) development of utility corridors;
- (j) subdivision as defined in section 872 of the *Local Government Act*;

"development proposal" means any development that is proposed in a riparian assessment area that is within or partly within the boundaries of an area administered by a local government;

"fish" means all life stages of

- (a) salmonids,
- (b) game fish, and
- (c) regionally significant fish;

"floodplain plant species" means plant species that are typical of an area of inundated or saturated soil conditions and that are distinct from plant species on freely drained adjacent upland sites;

"high water mark" means the visible high water mark of a stream where the presence and action of the water are so common and usual, and so long continued in all ordinary years, as to mark on the soil of the bed of the stream a character distinct from that of its banks, in vegetation, as well as in the nature of the soil itself, and includes the active floodplain;

"ministry" means the minister's ministry;

"natural features, functions and conditions" include but are not limited to the following:

- (a) large organic debris that falls into the stream or streamside area, including logs, snags and root wads;
- (b) areas for channel migration, including active floodplains;
- (c) side channels, intermittent streams, seasonally wetted contiguous areas and floodplains;
- (d) the multicanopied forest and ground cover adjacent to streams that

- (i) moderates water temperatures,
 - (ii) provides a source of food, nutrients and organic matter to streams,
 - (iii) establishes root matrices that stabilize soils and stream banks, thereby minimizing erosion, and
 - (iv) buffers streams from sedimentation and pollution in surface runoff;
- (e) a natural source of stream bed substrates;
- (f) permeable surfaces that permit infiltration to moderate water volume, timing and velocity and maintain sustained water flows in streams, especially during low flow periods;

"permanent structure" means any building or structure that was lawfully constructed, placed or erected on a secure and long lasting foundation on land in accordance with any local government bylaw or approval condition in effect at the time of construction, placement or erection;

"qualified environmental professional" means an applied scientist or technologist, acting alone or together with another qualified environmental professional, if

- (a) the individual is registered and in good standing in British Columbia with an appropriate professional organization constituted under an Act, acting under that association's code of ethics and subject to disciplinary action by that association,
- (b) the individual's area of expertise is recognized in the assessment methods as one that is acceptable for the purpose of providing all or part of an assessment report in respect of that development proposal, and
- (c) the individual is acting within that individual's area of expertise;

"ravine" means a narrow, steep-sided valley that is commonly eroded by running water and has a slope grade greater than 3:1;

"riparian area" means a streamside protection and enhancement area;

"riparian assessment area" means

- (a) for a stream, the 30 meter strip on both sides of the stream, measured from the high water mark,
- (b) for a ravine less than 60 metres wide, a strip on both sides of the stream measured from the high water mark to a point that is 30 metres beyond the top of the ravine bank, and
- (c) for a ravine 60 metres wide or greater, a strip on both sides of the stream measured from the high water mark to a point that is 10 metres beyond the top of the ravine bank;

- (a) a watercourse, whether it usually contains water or not;
- (b) a pond, lake, river, creek or brook;
- (c) a ditch, spring or wetland that is connected by surface flow to something referred to in paragraph (a) or (b);

"streamside protection and enhancement area" means an area

- (a) adjacent to a stream that links aquatic to terrestrial ecosystems and includes both existing and potential riparian vegetation and existing and potential adjacent upland vegetation that exerts an influence on the stream, and
- (b) the size of which is determined according to this regulation on the basis of an assessment report provided by a qualified environmental professional in respect of a development proposal;

"top of the ravine bank" means the first significant break in a ravine slope where the break occurs such that the grade beyond the break is flatter than 3:1 for a minimum distance of 15 metres measured perpendicularly from the break, and the break does not include a bench within the ravine that could be developed;

"wetland" means land that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal conditions does support, vegetation typically adapted for life in saturated soil conditions, including swamps, marshes, bogs, fens, estuaries and similar areas that are not part of the active floodplain of a stream.

- (2) For the purposes of the definition of "streamside protection and enhancement area," vegetation must be considered to be "potential" if there is a reasonable ability for regeneration either with assistance through enhancement or naturally, but an area covered by a permanent structure must be considered to be incapable of supporting potential vegetation.

[am. B.C. Regs. 4/2010, s. 3; 41/2016, s. 31.]

Purposes of this regulation

2 The purposes of this regulation are

- (a) to establish directives to protect riparian areas from development so that the areas can provide natural features, functions and conditions that support fish life processes, and
- (b) to facilitate an intergovernmental cooperation agreement between the ministry, Fisheries and Oceans Canada and the Union of British Columbia Municipalities including the ability for individual intergovernmental cooperation agreements with local governments for any of the following:
 - (i) the implementation of this regulation;

- (ii) the confirmation of regionally significant fish by the ministry;
- (iii) providing, sharing or confirming information on fish habitat conditions;
- (iv) describing roles and responsibilities with reference to applicable and appropriate use of authority and program mandates;
- (v) dispute resolution;
- (vi) a compliance strategy, including education, training, monitoring, reporting, enforcement and auditing.

[am. B.C. Reg. 148/2006, s. 1.]

Application

- 3 (1) This regulation applies within the geographic boundaries of the following regional districts:

- (a) Capital;
- (b) Central Okanagan;
- (c) Columbia-Shuswap;
- (d) Comox-Strathcona;
- (e) Cowichan Valley;
- (f) Fraser Valley;
- (g) Greater Vancouver, other than within the boundaries of the City of Vancouver;
- (h) Nanaimo;
- (i) North Okanagan;
- (j) Okanagan-Similkameen;
- (k) Powell River;
- (l) Squamish-Lillooet;
- (m) Sunshine Coast;
- (n) Thompson-Nicola.

(1.1) This regulation applies to the exercise, in relation to development, of local government powers under Part 26 of the *Local Government Act* by local governments in those parts of British Columbia described in subsection (1).

(2) This regulation does not apply to a development permit or development variance permit issued only for the purpose of enabling reconstruction or repair of a permanent structure described in section 911 (8) of the *Local Government Act* if the structure remains on its existing foundation.

[am. B.C. Reg. 148/2006, s. 2.]

Assessment reports required before development

- 4 (1) In respect of development proposals related wholly or partially to riparian assessment areas within the jurisdiction of a local government, a local government must not approve or allow development to proceed in those riparian assessment areas unless the development proceeds in accordance with subsection (2) or (3).
- (2) A local government may approve or allow development to proceed if the local government is notified by the ministry that Fisheries and Oceans Canada and the ministry have been
- (a) notified of the development proposal, and
 - (b) provided with a copy of an assessment report, prepared by a qualified environmental professional who has carried out an assessment, that
 - (i) certifies that the qualified environmental professional is qualified to carry out the assessment,
 - (ii) certifies that the assessment methods have been followed, and
 - (iii) provides the professional opinion of the qualified environmental professional that
 - (A) if the development is implemented as proposed there will be no harmful alteration, disruption or destruction of natural features, functions and conditions that support fish life processes in the riparian assessment area, or
 - (B) if the streamside protection and enhancement areas identified in the report are protected from the development, and the measures identified in the report as necessary to protect the integrity of those areas from the effects of the development are implemented by the developer, there will be no harmful alteration, disruption or destruction of natural features, functions and conditions that support fish life processes in the riparian assessment area.
- (3) A local government may approve or allow development to proceed if the Minister of Fisheries and Oceans or a regulation under the *Fisheries Act* (Canada) authorizes the harmful alteration, disruption or destruction of natural features, functions and conditions that support fish life processes in the riparian assessment area that would result from the implementation of the development proposal.

[am. B.C. Reg. 148/2006, s. 3.]

Development of strategies for monitoring, enforcement and education

- 5 The local government must cooperate in developing strategies with the ministry and Fisheries and Oceans Canada
- (a) for obtaining certificates by qualified environmental professionals that the conditions set out in assessment reports have been properly implemented,

- (b) for monitoring and enforcement to ensure that assessment reports have been properly prepared in accordance with the assessment methods and properly implemented, and
- (c) for public education with respect to the protection of riparian areas.

Use of local government powers for protection and enhancement of areas

- 6 When exercising its powers with respect to development, a local government must protect its riparian areas in accordance with this regulation.

Preparation of assessment report by qualified environmental professional

- 7 An assessment report for the purposes of this regulation must employ the assessment methods set out in the Schedule and must report on all of the following:
 - (a) the width of the streamside protection and enhancement area which must be protected;
 - (b) the measures necessary to protect the integrity of the streamside protection and enhancement area.

Transitional

- 8 (1) In this section, "**former regulation**" means the Streamside Protection Regulation, B.C. Reg. 10/2001.
- (2) If, before this regulation came into force, a local government had established streamside protection and enhancement areas in accordance with the former regulation, the local government is deemed to have met the requirements of this regulation in respect of those areas.
- (3) Despite section 6 (5) of the former regulation, an amendment of a streamside protection and enhancement area referred to in subsection (2) of this section must be in accordance with this regulation.

Schedule

[en. B.C. Reg. 148/2006, s. 4.]

Note: *the Schedule of Assessment Methods is exempt from publication. It may be seen at the office of the Resource Stewardship Division, Resource Management Objectives Branch, Ministry of Forests, Lands and Natural Resource Operations, 3rd Floor, 1520 Blanshard Street, Victoria, B.C. V8W 3K2.*

[Provisions relevant to the enactment of this regulation: *Riparian Areas Protection Act*, S.B.C. 1997, c. 21, section 13]