



**VILLAGE OF HARRISON HOT SPRINGS
NOTICE OF MEETING
AND
MEETING AGENDA**

SPECIAL COUNCIL MEETING

Date: Tuesday, June 1, 2010

Time: 1:00 p.m.

Place: Council Chambers, Village of Harrison Hot Springs

1. CALL TO ORDER

Meeting called to order by Mayor Becotte
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2. ITEMS FOR DISCUSSION

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3. REPORTS FROM STAFF

<input type="checkbox"/> 2009 Audited Financial Statements
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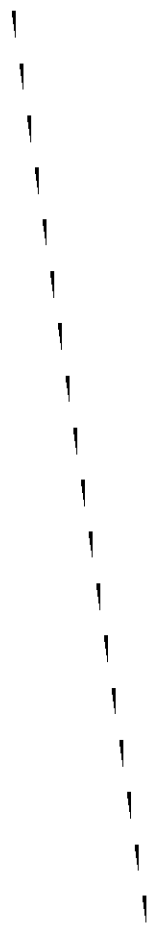
THAT Council adopts the 2009 Audited Financial Statements.

4. BYLAWS

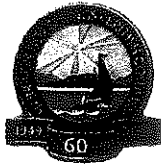
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5. ADJOURNMENT

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VILLAGE OF HARRISON HOT SPRINGS

REPORT TO COUNCIL

TO: Mayor and Council

DATE: May 28, 2010

FROM: Director of Finance

FILE: 1680

SUBJECT: 2009 Audited Financial Statements

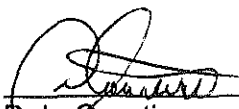
RECOMMENDATION:

THAT Council adopts the 2009 Audited Financial Statements.

BACKGROUND:

The 2009 audit is complete and included with the 2009 Audited Financial Statements is the Auditor's Report.

Respectfully submitted for your
consideration;



Dale Courtice
Director of Finance

Consolidated Financial Statements of

THE VILLAGE OF HARRISON HOT SPRINGS

Year Ended December 31, 2009

Village of Harrison Hot Springs
Consolidated Financial Statements
For the year ended December 31, 2009

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Village of Harrison Hot Springs

MANAGEMENT REPORT


The accompanying consolidated financial statements are the responsibility of the Village's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Management is also responsible for all the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Council. The Council reviews internal financial statements on a monthly basis and external Audited Financial Statements annually.

The external auditors, McConnell, Voelkl, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the consolidated financial statements. Their examination includes a review and evaluation of the Village's system of internal control and appropriate tests and procedures to provide reasonable assurance that the consolidated financial statements are presented fairly. The external auditors have full and free access to financial management of the Village of Harrison Hot Springs and meet when required.

On behalf of the Village of Harrison Hot Springs


Dale Courtice, CGA
Director of Finance
May 15, 2010



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AUDITOR'S REPORT

To the Council of

The VILLAGE OF HARRISON HOT SPRINGS

We have audited the Consolidated Statement of Financial Position of the VILLAGE OF HARRISON HOT SPRINGS as at DECEMBER 31, 2009, the Consolidated Statement of Operations, the Consolidated Statement of Changes in Net Financial Assets and the Consolidated Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit and its result.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether these financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the VILLAGE OF HARRISON HOT SPRINGS as at DECEMBER 31, 2009, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McConnell, Voelkl

CHARTERED ACCOUNTANTS

May 15, 2010

Hope, B.C.

Canada

These consolidated financial statements were examined and this Audit Opinion issued solely for the use of the VILLAGE OF HARRISON HOT SPRINGS. *McConnell, Voelkl* makes no representations of any kind to any other person in respect to these consolidated financial statements and accepts no responsibility for their use by any other person in the absence of the written consent of *McConnell, Voelkl*, CHARTERED ACCOUNTANTS.

Village of Harrison Hot Springs
Consolidated Statement of Financial Position
As at December 31, 2009

	2009	2008
Financial assets		
Cash and investments (Note 3)	\$ 6,944,897	\$ 7,040,400
Accounts receivable (Note 4)	777,537	843,274
Lease receivable (Note 5)	51,730	-
MFA deposits (Note 6)	40,360	40,009
	<u>7,814,524</u>	<u>7,923,683</u>
Financial liabilities		
Accounts payable and accrued liabilities (Note 7)	554,448	706,968
Developer's deposits and other trust liabilities (Note 8)	61,159	65,470
Deferred revenue (Note 9)	29,279	25,150
Development cost charges (Note 10)	1,277,580	1,240,774
MFA demand notes (Note 6)	40,360	40,009
Capital lease (Note 11)	30,517	41,287
Long-term debt (Note 12)	470,571	504,524
Interim financing debt (Note 13)	1,500,000	-
	<u>3,963,914</u>	<u>2,624,182</u>
Net financial assets	<u>3,850,610</u>	<u>5,299,501</u>
Non-financial assets		
Tangible capital assets (Note 14, Schedule I)	24,990,430	22,018,501
Prepaid expenses	24,363	30,926
	<u>25,014,793</u>	<u>22,049,427</u>
Accumulated surplus	<u>\$ 28,865,403</u>	<u>\$ 27,348,928</u>
Represented by:		
Operating fund	\$ 1,717,779	\$ 1,730,332
Capital fund (Note 16)	1,616,353	1,574,454
Statutory reserve fund (Note 16)	2,541,928	2,571,452
Equity in tangible capital assets (Note 15)	22,989,343	21,472,690
	<u>\$ 28,865,403</u>	<u>\$ 27,348,928</u>

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

Approved on behalf of Mayor and Council

Dale Courtice, CGA
Director of Finance

**Village of Harrison Hot Springs
Consolidated Statement of Operations
for the year ended December 31, 2009**

	Budget	2009	2008
	(Unaudited - note 20)		(Restated - Note 2)
Revenue			
Property taxes (Note 17)	\$ 1,947,600	\$ 1,951,290	\$ 1,963,898
Sale of services (Note 18)	501,400	573,327	556,124
Government transfers (Note 19)	2,105,310	1,800,529	1,199,445
Investment income	25,080	11,129	54,590
Penalties and interest	16,200	34,035	38,158
Development cost charges (Note 10)	-	36,806	44,431
Other	13,900	52,318	48,330
	4,609,490	4,459,434	3,904,976
Expenses (Note 21)			
Legislative	96,950	93,231	66,896
General government	725,220	633,265	828,059
Protective services	130,450	88,863	99,275
Public Works	227,720	197,749	184,811
Transportation services	206,700	162,475	107,624
Public health	3,700	1,452	8,669
Planning and development	35,700	27,229	57,842
Community and tourism services	101,690	87,781	101,977
Solid waste management and recycling	109,050	102,508	101,268
Beaches, parks, recreation and culture	321,410	388,212	252,529
Water services	146,870	154,643	115,256
Sewer services	265,970	240,338	350,099
Joint divestiture dissolution	-	131,212	-
Capital items expensed	-	7,488	38,067
Debt financing	85,310	47,809	41,736
Amortization (Note 1, Schedule I)	-	578,704	499,170
	2,456,740	2,942,959	2,853,278
Annual surplus	2,152,750	1,516,475	1,051,698
Prior Period Adjustment	-	-	88,177
Accumulated surplus, beginning of year	27,348,928	27,348,928	26,209,053
Accumulated surplus, end of year	\$ 29,501,678	\$ 28,865,403	\$ 27,348,928

Commitments and contingencies are specified in Note 22

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

Village of Harrison Hot Springs
Consolidated Statement of Change in Net Financial Assets
for the year ended December 31, 2009

	Budget	2009	2008
	(unaudited - note 20)		
Annual Surplus	\$ 2,152,750	\$ 1,516,475	\$ 1,051,698
Acquisition of tangible capital assets	(4,713,500)	(3,568,201)	(1,208,484)
Amortization of tangible capital assets	-	578,704	499,170
Disposal of tangible capital assets at NBV	-	17,568	-
Prior period adjustment	-	-	50,486
	(2,560,750)	(1,455,454)	392,870
Acquisition of prepaid expenses	-	(24,363)	(30,926)
Use of prepaid expenses	-	30,926	46,235
	-	6,563	15,309
Increase (decrease) in net financial assets	(2,560,750)	(1,448,891)	408,179
Net financial assets, beginning of year	5,299,501	5,299,501	4,891,322
Net financial assets, end of year	\$ 2,738,751	\$ 3,850,610	\$ 5,299,501

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

Village of Harrison Hot Springs
Consolidated Statement of Cash Flows
for the year ended December 31, 2009

	2009	2008
		(Restated - Note 2)
Cash provided by (used in):		
Operating Activities:		
Annual surplus / (deficit)	\$ 1,516,475	\$ 1,051,698
Non cash items:		
Amortization	578,704	499,170
Decrease in prepaid expenses	6,563	15,309
Prior period adjustment	-	50,486
Changes to financial assets / liabilities:		
Accounts receivable	65,737	(463,290)
Lease Receivable	(51,730)	-
Accounts payable and accrued liabilities	(156,831)	263,796
Deferred revenue	4,129	-
Development cost charges	36,806	44,431
Net change in cash from operating activities	1,999,853	1,461,600
Capital Activities:		
Disposal of tangible capital assets at net book value	17,568	-
Acquisition of tangible capital assets	(3,568,201)	(1,208,484)
Net change in cash from capital activities	(3,550,633)	(1,208,484)
Financing Activities:		
Proceeds from debt issues	1,500,000	41,287
Debt repayment	(33,075)	(45,589)
Actuarial adjustments	(11,648)	(10,032)
Net change in cash from financing activities	1,455,277	(14,334)
Net change in cash	(95,503)	238,782
Cash and cash equivalents, beginning of year	\$ 7,040,400	6,801,618
Cash and cash equivalents, end of year	\$ 6,944,897	\$ 7,040,400

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

1. Significant Accounting Policies

The Consolidated Financial Statements of the Village of Harrison Hot Springs 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 Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Village are as follows:

a. Basis of consolidation

The Consolidated 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 on consolidation.

- 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 property and equipment 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 an approved council budget and resolution before these funds can be expended.

b. Revenue Recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues, and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services, user fee revenues, investment income, penalties and interest and other revenues are recognized when they are rendered by the Village or are due by convention, bylaw, or received. Grant revenues are recognized when the funding becomes receivable. Revenue unearned in the current period is recorded as deferred revenue and is recognized as revenue in the fiscal year the services are performed.

c. Investments

Investments are recorded at cost. When in the opinion of management, there is a permanent decline in value, investments are written down to their net realizable value.

d. Long-term debt

Long-term debt is recorded net of related sinking fund balances.

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

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. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service.

Asset	Useful Life - Years
Land improvements	10 – 25
Parks infrastructure	10 – 50
Buildings	40 – 50
Machinery and equipment	5 – 10
IT infrastructure	4 – 10
Vehicles	5 – 20
Roads infrastructure	15 – 20
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.

iv. Leased tangible capital assets

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

f. Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period.

In addition, the Village's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

2. Change in Accounting Policies

The Village has implemented Public Sector Accounting Board (PSAB) sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Village applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Engineering News Record (ENR) or Consumer Price Index (CPI) was used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated surplus at January 1, 2008:	
Operating fund balance	\$1,693,590
Reserves for future capital expenses	1,390,459
Statutory reserves	2,375,960
Accumulated surplus, as previously reported	5,460,009
Equity in tangible capital assets recorded	20,749,044
Accumulated surplus, as restated	\$26,209,053
Annual surplus for 2008:	
Net revenues, as previously reported	\$ (950)
Assets capitalized but previously expensed	1,208,484
Amortization expense not previously recorded	(499,170)
Net transfers to capital and statutory reserves	217,858
DCC contributions and interest	44,431
Proceeds on debt retirement	35,456
Debt principal payments	45,589
Annual surplus, as restated	\$1,051,698

3. Cash and Investments

	2009	2008
Restricted cash and investments		
Statutory Reserves	\$3,678,529	\$3,678,973
Non-statutory reserves	1,938,280	1,759,967
	5,616,809	5,438,940
Unrestricted cash and investments	1,328,088	1,601,460

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

Total cash and investments	\$6,944,897	\$7,040,400
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4. Account Receivable

	2009	2008
Property taxes	\$305,273	\$262,364
Other governments	400,384	483,115
Trade and other	72,326	97,795
	777,983	843,274
Less allowance for doubtful accounts	(446)	-
	\$777,537	\$843,274

5. Lease Receivable

The Village has entered into a lease agreement with the Harrison Hot Springs Pre-School Society. The Village committed a maximum of \$52,000 towards the purchase of a portable trailer for their use as a classroom. The lease is amortized over 15 years with the first term due December 1, 2014. Interest is at 6.25% (prime + 2%) blended payments of \$476.65 (principal and interest plus applicable taxes) are due on the first of each month until maturity.

	2009	2008
Principal amount of lease	\$52,000	\$ -
Less: Principal repayments	(270)	-
Balance, December 31, 2009	\$51,730	\$ -

6. Deposit and Reserve – Municipal Finance Authority

The Municipal Finance Authority of British Columbia (the Authority) provides capital funding for regional districts and their member municipalities. The Authority is required to establish a Debt Reserve Fund. The Authority 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 Authority to the regional districts.

Upon the maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, the total of the Debt Reserve fund was comprised of:

	2009	2008
Cash deposits	\$40,360	\$40,009
Demand notes	\$40,360	\$40,009

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

7. Accounts Payable and Accrued Liabilities

	2009	2008
Trade and other	\$412,672	\$697,266
Holdbacks payable	140,485	-
Other government	305	679
Accrued benefits	986	9,023
	<u>\$554,448</u>	<u>\$706,968</u>

8. Developer's Deposits and Other Trust Liabilities

	2009	2008
Property and event damage deposits	\$25,173	\$28,313
Non-refundable deposits	26,392	26,169
Letter of credit	2,873	2,851
Community groups funds held in trust	6,721	8,137
	<u>\$61,159</u>	<u>\$65,470</u>

9. Deferred Revenue

	2009	2008
Prepaid taxes	\$20,495	\$23,276
Facility rentals and other	8,784	1,874
	<u>\$29,279</u>	<u>\$25,150</u>

10. Development Cost Charges

Development Cost Charges are restricted revenue liabilities representing funds received from developers and deposited into separate reserve fund for capital expenses. In accordance with generally accepted accounting principles, the Village records these funds as restricted revenue which is then recognized when the related costs are incurred.

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance
Sewer	\$ 893,532	\$ 830	\$ 9,848	\$ -	\$ 904,210
Water	347,242	23,373	2,755	-	373,370
	<u>\$1,240,774</u>	<u>\$ 24,203</u>	<u>\$12,603</u>	<u>\$ -</u>	<u>\$1,277,580</u>

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

11. Capital Lease Liability

The Village has entered into a capital lease agreement with the Municipal Finance Authority to finance the acquisition of a portable trailer used as additional office space. The minimum lease payments over the remaining years of the lease are as follows:

2010	\$10,771
2011	10,771
2012	8,975
	<u>\$30,517</u>

Total interest expense during the year was \$734 (\$122 in 2008). Total interest over the term of the lease is \$2,934.

12. Long-Term Debt

	Balance, beginning of Year	Additions	Principal Repayments	Actuarial * Adjustment	Balance, end of year
General Fund					
MFA Issue 75	\$226,129	\$ -	\$9,073	\$3,693	\$213,363
Sewer Fund					
MFA Issue 60	82,416	-	5,368	4,754	72,294
Water Fund					
MFA Issue 75	195,979	-	7,863	3,202	184,914
	<u>\$504,524</u>	<u>\$ -</u>	<u>\$22,304</u>	<u>\$11,649</u>	<u>\$470,571</u>

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

	2010	2011	2012	2013	2014
General Fund	\$9,073	\$9,073	\$9,073	\$9,073	\$9,073
Sewer Fund	5,368	5,368	5,368	5,368	5,368
Water Fund	7,863	7,863	7,863	7,863	7,863
	<u>\$22,304</u>	<u>\$22,304</u>	<u>\$22,304</u>	<u>\$22,304</u>	<u>\$22,304</u>

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

13. Interim Financing

The Village was approved to borrow \$1,500,000 from the Municipal Finance Authority of British Columbia for the purpose of constructing a new water reservoir. Under the Interim Financing Program, the Village has until 2014 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 each of the next five years. Interest is paid monthly. During the year the village paid \$7,513 in interest.

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

14. Tangible Capital Assets

	2009	2008
Land	\$9,984,913	\$9,752,913
Buildings	573,760	607,562
Equipment, furniture and vehicles	472,679	412,065
Engineering structures:		
Water	3,198,071	3,180,796
Sewer	2,467,406	2,206,892
Drainage	1,243,720	1,261,230
Roads	4,260,404	3,685,068
Other	1,013,915	143,735
Other tangible capital assets	1,775,562	768,240
Total	\$24,990,430	\$22,018,501

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

The Village has \$1,743,316 of tangible capital assets under construction in 2009.

15. 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:

	2009	2008
Equity in TCA, beginning of year	\$21,472,690	\$20,749,042
Add: Capital acquisitions	3,568,201	1,208,484
Debt principal repayment	33,075	45,589
Actuarial adjustment	11,649	10,032
Less: Proceeds from the issue of debt	(1,500,000)	(41,287)
Dispositions at NBV	(17,568)	-
Amortization	(578,704)	(499,170)
Equity in TCA, end of year	\$22,989,343	\$21,472,690

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

16. Accumulated Surplus

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

	2009	2008
Surplus:		
Invested in tangible capital assets	\$22,989,343	\$21,472,690
Operating fund	1,717,779	1,730,332
Total surplus	24,707,122	23,203,022
Reserves set aside by Council:		
Capital Fund Reserves		
Assessment appeal	115,865	114,774
Beach	33,771	28,536
Building	45,724	35,425
Contingencies	10,191	10,111
Dock replacement	26,376	26,169
Flood box / drainage	13,808	13,697
General	26,124	25,919
Insurance	8,847	8,778
Memorial Hall restoration	434,079	31,957
Office equipment	20,720	20,558
Property	42,162	41,832
Road/Sidewalk	109,815	47,997
Sick leave	157,663	156,106
Tourism revenue sharing	24,240	368,302
Sewer	178,370	186,924
Water	368,598	457,369
Total Capital Fund Reserves	1,616,353	1,574,454
Statutory Fund Reserves:		
Community amenities	67,891	101,620
Community Works Fund (Gas Tax)	185,669	184,219
Fire department capital	395,936	342,724
Land unexpended funds	7,195	7,139
Parkland acquisition	114,940	104,099
Public works capital	160,005	153,781
Sewage treatment replacement	1,268,734	1,205,515
Sewer unexpended funds	74,099	73,517
Transport Canada	205,197	211,633
Port Divestiture income	62,262	60,463
Joint Divestiture – District of Kent	-	126,742
Total Statutory Fund Reserves	2,541,928	2,571,452
	\$28,865,403	\$27,348,928

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

17. Taxation

Taxation revenue, reported on the consolidated statement of operations, is made up of the following:

	Budget	2009	2008
Taxes collected			
Municipal property taxes	\$1,589,500	\$1,589,998	\$1,589,047
Municipal debt taxes	26,250	26,151	26,225
Frontage taxes - Sewer	133,300	130,836	198,172
Frontage taxes - Water	164,500	169,978	116,671
1 % Utility taxes	28,550	28,593	27,890
Payments in lieu of taxes	5,500	5,734	5,739
School taxes	1,386,520	1,386,511	1,371,877
Regional District	100,740	100,735	103,618
Regional Hospital District	127,570	127,111	126,042
Police tax	99,350	99,341	100,547
Other agencies	35,410	35,410	34,538
	3,697,190	3,700,398	3,700,366
Less transfers to other governments			
School District	1,386,520	1,386,511	1,371,877
Regional District	100,740	100,735	103,561
Regional Hospital District	127,570	127,111	125,976
Police	99,350	99,341	100,547
Other agencies	35,410	35,410	34,507
	1,749,590	1,749,108	1,736,468
Net taxes available for municipal purposes	\$1,947,600	\$1,951,290	\$1,963,898

18. Sale of Services, User Rates, Rentals

	Budget	2009	2008
Sewer user fees	\$290,000	\$323,452	\$319,073
Water user fees	102,000	111,712	110,086
Licenses and permits	24,750	33,318	31,502
Facility rentals	75,500	95,748	85,541
Fines	4,300	2,468	6,057
Other	4,850	6,629	3,865
Total	\$501,400	\$573,327	\$556,124

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

19. Government Transfers

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

	Budget	2009	2008
Provincial:			
Conditional			
Infrastructure - pedestrian bridge	\$87,500	\$87,500	\$ -
Infrastructure - marine sanitation station	32,350	26,514	33,707
Infrastructure - sewer	76,900	32,361	155,529
Infrastructure - plaza	140,000	140,000	140,000
Infrastructure - Memorial Hall	-	400,000	-
Tourism Revenue Sharing	340,000	330,771	349,445
Other	733,710	85,896	43,556
Unconditional	561,500	562,188	262,624
Federal:			
Conditional			
Infrastructure - Sewer	32,350	32,362	155,529
Gas tax	91,000	92,937	59,055
Regional:			
Conditional			
Infrastructure - marine sanitation station	10,000	10,000	-
	\$2,105,310	\$1,800,529	\$1,199,445

20. Budget Data

The unaudited budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council on May 4, 2009. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

2009 Adopted Operating and Capital Budget	Budget Amount
Revenues:	
Operating budget	\$ 3,479,890
Capital budget	4,124,670
Total revenue	7,604,560
Expenses:	
Operating budget	2,891,060
Capital budget	4,713,500
Total expenses	7,604,560
Budgeted surplus (deficit)	\$ -
Budgeted surplus (deficit)	\$ -
Add:	
Transfers from reserves	791,500
Transfer from surplus	403,570
Proceeds on debt issues	1,800,000
Less:	
Capital expenses	(4,713,500)
Transfers to reserves	(412,000)
Principal repayments	(22,320)
Restated annual budgeted surplus (see statement of operations page 4)	\$ 2,152,750

Village of Harrison Hot Springs
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

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	2009	2008
Salaries, wages and employee benefits	\$1,171,000	\$1,076,886	\$908,841
Operating materials and supplies	410,390	407,939	403,010
Contracted services	169,900	122,547	125,405
Administrative services and supplies	365,590	325,360	610,060
Utilities	123,850	108,355	115,590
Rentals and contractual obligations	130,700	112,456	111,399
Debt financing	85,310	47,809	41,736
Other	-	162,903	38,067
Amortization	-	578,704	499,170
Total expenditures by object	\$2,456,740	\$2,942,959	\$2,853,278

22. Commitments and Contingencies

- a. The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The Village of Harrison Hot Springs paid \$60,043 for employer contributions to the plan in fiscal 2009.

- 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 \$31,000. The term of the agreement is until December 31, 2013.

23. Significant Taxpayer

The Village is reliant upon one taxpayer for approximately 23 % of the property tax revenue.

Village of Harrison Hot Springs
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2009

	Land	Building	Equipment / Furniture / Vehicles	Water	Engineering Structures Sewer / Drainage	Roads	Other	Other Tangible Capital Assets	2009 Total	2008 Total
										(restated)
COST										
Opening Balance (restated)	\$ 9,752,913	\$ 1,216,952	\$ 1,304,779	\$ 3,853,843	\$ 6,562,280	\$ 6,406,150	\$ 354,806	\$ 886,904	\$ 30,338,627	\$ 29,130,143
Add: Additions	232,000	-	168,517	64,219	362,309	809,834	919,995	1,011,327	3,568,201	1,208,484
Less: Disposals	-	-	12,091	-	46,880	-	-	-	58,971	-
Less: Write-downs	-	-	-	-	-	-	-	-	-	-
Closing Balance	9,984,913	1,216,952	1,461,205	3,918,062	6,877,709	7,215,984	1,274,801	1,898,231	33,847,857	30,338,627
ACCUMULATED AMORTIZATION										
Opening Balance	-	609,390	892,714	673,047	3,094,158	2,721,082	211,071	118,664	8,320,126	7,820,956
Add: Amortization	-	33,802	100,648	46,944	108,992	234,498	49,815	4,005	578,704	499,170
Less: Acc. Amortization on Disposals	-	-	4,836	-	36,567	-	-	-	41,403	-
Closing Balance	-	643,192	988,526	719,991	3,166,583	2,955,580	260,886	122,669	8,857,427	8,320,126
Net Book Value for year ended December 31, 2009	\$ 9,984,913	\$ 573,760	\$ 472,679	\$ 3,198,071	\$ 3,711,126	\$ 4,260,404	\$ 1,013,915	\$ 1,775,562	\$ 24,990,430	\$ 22,018,501