



DISTRICT OF UCLUELET

2018
STATEMENT
OF FINANCIAL
INFORMATION

THE CORPORATION OF THE DISTRICT OF UCLUELET

2018 Statement of Financial Information

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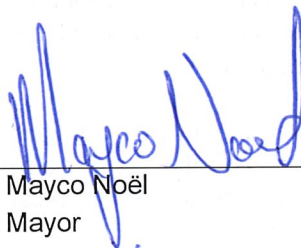
STATEMENT OF FINANCIAL INFORMATION APPROVAL

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



Donna Monteith
Chief Financial Officer

Date: July 9/19



Mayco Noël
Mayor

Date: July 9.19.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the District of Ucluelet (the "District") are the responsibility of management and have been prepared in compliance with applicable legislation, and in accordance with generally accepted accounting standards for local governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the District's financial statements.


Chief Financial Officer



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone (250) 480-3500
Fax (250) 480-3539

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the District of Ucluelet

Opinion

We have audited the consolidated financial statements of the District of Ucluelet (the Entity), which comprise:

- the consolidated statement of financial position as at end of December 31, 2018;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies;

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Entity 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.



Emphasis of Matter – Comparative Information

We draw attention to Note 17 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2017 has been restated.

Note 17 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

As part of our audit of the financial statements for the year ended December 31, 2018, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2017. In our opinion, such adjustments are appropriate and have been properly applied.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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



District of Ucluelet

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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
June 7, 2019

DISTRICT OF UCLUELET

Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
		(Restated - note 17)
Financial assets:		
Cash and cash equivalents	\$ 1,212,327	\$ 1,378,389
Restricted cash	28,978	28,361
Investments	8,976,814	4,836,939
Accounts receivable (note 2)	810,239	1,236,376
Investment in Government Business Enterprise (note 12)	540,658	539,065
	<u>11,569,016</u>	<u>8,019,130</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 3)	1,118,931	373,007
Refundable deposits	119,084	7,469
Deferred revenue (note 4)	538,515	448,629
Development cost charges (note 5)	727,399	839,727
Debt (note 6)	2,024,214	2,115,000
	<u>4,528,143</u>	<u>3,783,832</u>
Net financial assets	7,040,873	4,235,298
Non-financial assets:		
Tangible capital assets (note 7)	40,700,278	40,773,355
Inventory of supplies	20,944	20,944
Prepaid expenses	68,198	54,311
	<u>40,789,420</u>	<u>40,848,610</u>
Commitments and contingencies (note 14)		
Accumulated surplus (note 8)	<u>\$ 47,830,293</u>	<u>\$ 45,083,908</u>

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

On behalf of the District:


Chief Financial Officer

DISTRICT OF UCLUELET

Consolidated Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Financial plan (note 15)	2018	2017 (Restated - note 17)
Revenue:			
Taxation, net (note 9)	\$ 2,988,875	\$ 3,224,952	\$ 3,011,950
Sale of services	2,214,873	1,910,610	1,765,456
Other revenue from own sources	85,360	577,150	342,249
Investment income	-	100,656	44,203
Grants and contributions (note 10)	1,868,301	874,058	5,086,310
Equity in investment of Government Business Enterprise (note 12)	-	2,001,593	539,065
Total revenue	7,157,409	8,689,019	10,789,233
Expenses:			
General government services	1,590,038	1,282,095	1,077,456
Protective services	317,833	474,905	349,639
Transportation services	1,151,377	1,180,844	1,229,522
Planning and environmental services	587,419	397,460	229,066
Recreation and cultural services	1,548,177	1,468,887	1,350,739
Sewer utility	793,346	561,732	469,875
Water utility	622,843	576,711	667,610
	6,611,033	5,942,634	5,373,907
Annual surplus	546,376	2,746,385	5,415,326
Accumulated surplus, beginning of year	45,083,908	45,083,908	39,668,582
Accumulated surplus, end of year	\$ 45,630,284	\$ 47,830,293	\$ 45,083,908

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

DISTRICT OF UCLUELET

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	Financial plan (note 15)	2018	2017 (Restated - note 17)
Annual surplus	\$ 546,376	\$ 2,746,385	\$ 5,415,326
Acquisition of tangible capital assets	(3,285,720)	(1,051,336)	(2,144,620)
Amortization of tangible capital assets	746,000	1,134,363	1,112,567
Contributions of tangible capital assets	-	(9,950)	(2,970,000)
	(2,539,720)	73,077	(4,002,053)
Net acquisition of inventory of supplies	-	-	(6,810)
Net consumption of prepaid expenses	-	(13,887)	(10,384)
Change in net financial assets	(1,993,344)	2,805,575	1,396,079
Net financial assets, beginning of year	4,235,298	4,235,298	2,839,219
Net financial assets, end of year	\$ 2,241,954	\$ 7,040,873	\$ 4,235,298

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

DISTRICT OF UCLUELET

Consolidated Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
		(Restated - note 17)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,746,385	\$ 5,415,326
Items not involving cash:		
Amortization of tangible capital assets	1,134,363	1,112,567
Contributions of tangible capital assets	(9,950)	(2,970,000)
Investment in Government Business Enterprise	(2,001,593)	(539,065)
Actuarial adjustment on debt	(13,492)	(10,633)
Changes in non-cash operating assets and liabilities:		
Accounts receivable	426,137	(605,837)
Accounts payable and accrued liabilities	745,924	(231,477)
Refundable deposits	111,615	4,444
Deferred revenue	89,886	(71,885)
Development cost charges	(112,328)	7,065
Inventory of supplies	-	(6,810)
Prepaid expenses	(13,887)	(10,384)
	<u>3,103,060</u>	<u>2,093,311</u>
Capital activities:		
Acquisition of tangible capital assets	(1,051,336)	(2,144,620)
	<u>(1,051,336)</u>	<u>(2,144,620)</u>
Investing activities:		
Increase in restricted cash	(617)	(5,270)
Decrease (increase) in investments	(4,139,875)	906,025
Dividends received from Government Business Enterprise	2,000,000	-
	<u>(2,140,492)</u>	<u>900,755</u>
Financing activities:		
Proceeds on debt	-	470,250
Debt repaid	(77,294)	(54,854)
	<u>(77,294)</u>	<u>415,396</u>
Increase (decrease) in cash and cash equivalents	(166,062)	1,264,842
Cash and cash equivalents, beginning of year	1,378,389	113,547
Cash and cash equivalents, end of year	<u>\$ 1,212,327</u>	<u>\$ 1,378,389</u>

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

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements

Year ended December 31, 2018

District of Ucluelet (the "District") is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. The District's principal activities include the provision of local government services to residents of the incorporated area.

1. Significant accounting policies:

The consolidated financial statements of the District are prepared by management in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the combination of all the assets, liabilities, revenues, expenses, and accumulated surplus of the District. Inter-departmental balances and transactions have been eliminated.

The consolidated financial statements of the District include the activities of the Ucluelet Economic Development Corporation which is owned by the District.

The consolidated financial statements include the District's investment in government business enterprises using the equity method of accounting.

The District administers certain trust assets on behalf of external parties which are excluded from the financial statements.

(b) Basis of accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(d) Property tax revenue:

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

(e) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired, thereby extinguishing the related liability.

(f) Development cost charges:

Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenditures are incurred development cost charges are recognized as revenue in amounts which equal the associated expenses.

(g) Cash and cash equivalents:

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less at acquisition. Cash equivalents also include investments in the Municipal Finance Authority of British Columbia ("MFA") Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

(h) Investments in government business enterprise:

The District is a limited partner in Barkley Community Forest Limited Partnership, a government business enterprise. The District's investment is accounted for on a modified equity basis. Under the modified equity basis, the government business enterprise's accounting policies are not adjusted to conform with those of the District and interorganizational transactions and balances are not eliminated. The District recognizes its equity interest in the annual income or loss of the government business enterprise in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the District may receive from the government business enterprise are reflected as reductions in the investment asset account.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(i) Deposits and prepayments:

Receipts restricted by third parties are deferred and recorded as deposits and are refundable under certain circumstances. Deposits and prepayments are recognized as revenue when qualifying expenditures are incurred.

(j) Employee future benefits:

The District and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and other benefits are available to the District's employees. The costs of these benefits are estimated based on accumulated sick leave and best estimates of future usage and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(k) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue, development cost charges and deposits and prepayments is added to the investment and forms part of the liability balance.

(l) Debt:

Debt is recorded net of related payments and actuarial earnings.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(m) Non-financial assets:

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

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings	10 - 60
Equipment	5 - 25
Other structures	15 - 50
Roads	20 - 60
Sewer structures	10 - 50
Drainage structures	30 - 50
Water structures	10 - 50

Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(n) Non-financial assets (continued):

(iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iv) Works of art and cultural and historic assets:

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

(v) Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) 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. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vii) Inventory of supplies:

Inventory of supplies held for consumption are recorded at lower of cost and replacement cost.

(n) Contaminated sites:

The District records a liability in its financial statements when contamination on non-active property exceeds an accepted environmental standard and the District is directly responsible, or accepts responsibility for, the damage. The liability is measured at the District's best estimate of the costs directly attributable to remediation of the contamination. No contaminated sites liabilities have been recorded in these financial statements.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(o) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets and estimating provisions for accrued liabilities including employee future benefits and contingencies. Actual results could differ from these estimates.

2. Accounts receivable:

	2018	2017
Property taxes	\$ 194,084	\$ 187,777
Due from other governments	244,081	864,923
General, business licenses, utilities	368,426	180,102
Other	3,883	3,809
Allowance for doubtful accounts	(235)	(235)
	<u>\$ 810,239</u>	<u>\$ 1,236,376</u>

3. Accounts payable and accrued liabilities:

	2018	2017
Trade accounts payable	\$ 784,026	\$ 177,773
Salaries and wages payable	189,702	74,037
Accrued employee benefits	57,998	95,123
Due to other governments	10,932	9,101
Accrued interest	16,973	16,973
Other accrued liabilities	59,300	-
	<u>\$ 1,118,931</u>	<u>\$ 373,007</u>

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

4. Deferred revenue:

	2018	2017
Hotel resort tax	\$ 442,255	\$ 341,231
Property taxes	33,547	52,817
Grants	-	43,760
Other	62,713	10,821
	\$ 538,515	\$ 448,629

5. Development cost charges:

Development cost charges represent funds received from developers and deposited into a separate reserve fund for capital expenditures. The District records these funds as a liability upon receipt which is then recognized as revenue when the related costs are incurred.

	Opening balance	Net receipts	Draw down	Interest	Closing balance
Roads	\$ 18,977	\$ 33,480	\$ -	\$ 140	\$ 52,597
Storm water	203,483	-	-	1,500	204,983
Sewer	416,997	31,952	(262,700)	3,074	189,323
Water	46,996	53,400	-	346	100,742
Parks	153,274	25,350	-	1,130	179,754
	\$ 839,727	\$ 144,182	\$ (262,700)	\$ 6,190	\$ 727,399

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

6. Debt:

- (a) The District issues debt instruments through the Municipal Finance Authority (MFA), pursuant to security issuing bylaws under authority of the Local Government Act, to finance certain capital expenditures.

	Gross debt	Repayments and actuarial earnings	Net debt 2018	Net debt 2017
MFA Issue 117	\$ 1,948,000	\$ 372,684	\$ 1,575,316	\$ 1,635,021
MFA Issue 1195	475,000	26,102	448,898	470,250
Equipment financing	-	-	-	9,729
	\$ 2,423,000	\$ 398,786	\$ 2,024,214	\$ 2,115,000

As a condition of the borrowing through the MFA, the District is obligated to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. The deposits are included in the District's financial statements as restricted cash. If the debt is repaid without default, the deposits are refunded to the District. The notes, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the financial statements. Upon the maturity of a debt issue the demand notes are released and deposits refunded to the District. As at December 31, 2018 there were contingent demand notes of \$50,232 (2017 - \$50,232) which are not included in the financial statements of the District.

The loan agreements with the Alberni-Clayoquot Regional District and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect to such borrowings, the resulting deficiency becomes a liability of the District.

- (b) Principal and interest payments on debt for the next five years are as follows:

2019	\$ 148,924
2020	148,924
2021	148,924
2022	148,924
2023	148,924

- (c) Interest expense:

Interest paid during the year was \$76,708 (2017 - \$69,977).

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Tangible capital assets:

2018	Land	Sewer structures	Buildings	Vehicles and equipment	Other structures	Roads	Drainage structures	Water structures	Work In Progress	Total 2018
Cost:										
Balance, beginning of year	\$14,858,568	8,675,985	10,971,381	2,814,132	3,468,499	7,774,731	1,559,012	5,607,315	\$ 1,855,518	\$57,585,141
Additions	-	-	-	22,876	-	38,780	-	7,481	992,149	1,061,286
Transfers	-	-	-	-	-	-	-	27,358	(27,358)	-
Balance, end of year	14,858,568	8,675,985	10,971,381	2,837,008	3,468,499	7,813,511	1,559,012	5,642,154	2,820,309	58,646,427
Accumulated amortization:										
Balance, beginning of year	-	4,366,300	2,394,886	1,586,078	1,691,239	3,655,598	650,198	2,467,487	-	16,811,786
Amortization	-	207,892	229,108	132,488	153,517	187,990	35,333	188,035	-	1,134,363
Balance, end of year	-	4,574,192	2,623,994	1,718,566	1,844,756	3,843,588	685,531	2,655,522	-	17,946,149
Net book value,										
end of year	\$14,858,568	4,101,793	8,347,387	1,118,442	1,623,743	3,969,923	873,481	2,986,632	\$ 2,820,309	\$40,700,278

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Tangible capital assets (continued):

2017	Land	Sewer structures	Buildings	Vehicles and equipment	Other structures	Roads	Drainage structures	Water structures	Work In Progress	Total 2017 (Restated - note 17)
Cost:										
Balance, beginning of year	\$11,588,490	8,675,985	10,959,619	2,471,122	3,346,214	7,646,936	1,559,012	5,607,315	759,828	52,614,521
Additions	3,270,078	-	11,762	320,770	122,285	91,771	-	-	1,297,954	5,114,620
Disposals	-	-	-	(144,000)	-	-	-	-	-	(144,000)
Transfers	-	-	-	166,240	-	36,024	-	-	(202,264)	-
Balance, end of year	14,858,568	8,675,985	10,971,381	2,814,132	3,468,499	7,774,731	1,559,012	5,607,315	1,855,518	57,585,141
Accumulated amortization:										
Balance, beginning of year	-	4,158,843	2,163,470	1,603,787	1,542,306	3,465,646	614,855	2,294,312	-	15,843,219
Disposals	-	-	-	(144,000)	-	-	-	-	-	(144,000)
Amortization	-	207,457	231,416	126,291	148,933	189,952	35,343	173,175	-	1,112,567
Balance, end of year	-	4,366,300	2,394,886	1,586,078	1,691,239	3,655,598	650,198	2,467,487	-	16,811,786
Net book value, end of year	\$14,858,568	4,309,685	8,576,495	1,228,054	1,777,260	4,119,133	908,814	3,139,828	1,855,518	\$40,773,355

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

Contributed assets of \$9,950 (2017 - \$2,970,000) were recognized during the year.

(b) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset has been recognized at a nominal value.

(c) Works of art and historical treasures:

The District manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at District sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(d) Write-down of tangible capital assets:

No write-down of tangible capital assets occurred during the year.

(e) Work in progress:

During the year there were net additions to work in progress of \$992,149 (2017 - \$1,095,691). Amortization of work in progress commences in the year the asset is transferred to tangible capital assets and is put into service.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

8. Accumulated surplus:

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

	2018	2017 (Restated - note 17)
Investment in tangible capital assets	\$ 38,676,064	\$ 38,658,355
Reserve funds and other surplus	7,777,441	5,139,119
Gas Tax Agreement Reserve	1,376,788	1,287,409
	<u>\$ 47,830,293</u>	<u>\$ 45,084,883</u>

9. Taxation:

Taxation revenue, reported on the statement of operations, is comprised of the following:

	2018	2017
Municipal purposes:		
General	\$ 2,883,573	\$ 2,655,919
Utility	42,012	42,381
Parcel taxes	224,975	218,530
Grants in lieu of taxes	74,392	95,120
	<u>3,224,952</u>	<u>3,011,950</u>
Taxes levied for other authorities:		
School authorities	1,214,477	1,148,961
RCMP	144,133	129,070
Regional Hospital	174,652	157,193
Regional District	276,046	249,029
BC Assessment Authority	16,740	25,886
Vancouver Island Regional Library	104,626	98,878
Municipal Finance Authority	202	107
	<u>1,930,876</u>	<u>1,809,124</u>
Total taxes collected	<u>\$ 5,155,828</u>	<u>\$ 4,821,074</u>

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

10. Grants and contributions:

The District recognizes the transfer of government funding received as revenues in the period that the events giving rise to the transfer occurred and the eligibility criteria have been met. Grants and contributions reported on the statement of operations are comprised of:

	2018	2017
		(Restated - note 17)
Operating transfers:		
Small communities and equalization payments	\$ 332,863	\$ 325,148
Other	155,307	132,167
	488,170	457,315
Capital transfers:		
Other	258,873	4,506,907
Gas Tax Agreement Funds	127,015	122,088
	385,888	4,628,995
	\$ 874,058	\$ 5,086,310

11. Pension plan:

The District 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 Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits. The next valuation will be as at December 31, 2018 with results available later 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The District paid \$141,473 (2017 - \$139,814) for employer contributions to the plan in fiscal 2018.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

12. Investment in government business enterprise:

Barkley Community Forest Limited Partnership is limited partnership owned by the District and Toquaht Nation as limited partners and Barkley Community Forest Corporation as the General Partner. The objective and purpose of the partnership is to hold one or more Community Forest Agreements and to carry on such business and activities as may be desirable and permitted under the Community Forest Agreements.

The following table provides draft condensed supplementary financial information for the limited partnership at December 31, 2018.

	2018	2017
Financial Position:		
Assets:		
Current	\$ 2,500,506	\$ 1,529,344
	<u>\$ 5,560,988</u>	<u>\$ 1,529,344</u>
Liabilities:		
Current	\$ 259,976	\$ 151,213
Silviculture accrual	300,000	300,000
	<u>559,976</u>	<u>451,213</u>
Equity:		
Retained earnings	1,940,530	1,078,131
	<u>\$ 2,500,506</u>	<u>\$ 1,529,344</u>
Operations:		
Revenues	\$ 6,063,154	\$ 1,769,750
Expenses	1,200,755	633,655
	<u>\$ 4,862,399</u>	<u>\$ 1,136,095</u>

The District has estimated accruals for liabilities outstanding by the limited partnership at December 31, 2018. These amounts may change by a material amount and will be adjusted in the 2019 fiscal year when final financial statements are available. The District's share of income in the government business enterprise was \$2,001,593 (2017 - \$539,065). During 2018, the District received \$2,000,000 of dividends from the government business enterprise, which was recorded as a reduction in its investment. No other transactions occurred between the two entities.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

13. Trust funds:

Trust funds administered by the District have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. The District holds trust funds under British Columbia law for the purposes of maintaining a public cemetery.

	2018	2017
Opening balance	\$ 25,516	\$ 25,024
Interest earned	-	492
Ending balance	\$ 25,516	\$ 25,516

14. Commitments and contingencies:

- (a) Debt issued by the Alberni Clayoquot Regional District ("ACRD"), under provisions of the Local Government Act, is a direct, joint and several liability of the ACRD and each member municipality within the ACRD, including the District.
- (b) In the normal course of a year, claims for damages are made against the District. The District records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The District is self-insured for general liability claims through membership in the Municipal Insurance Association of British Columbia. Under this program, member municipalities are to share jointly for general liability claims against any member in excess of \$5,000. Should the Association pay out claims in excess of premiums received, it is possible that the District, along with the other participants, would be required to contribute towards the deficit.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

15. Financial plan data:

The financial plan data presented in these financial statements is based upon the 2018 operating and capital budgets approved by Council on May 8, 2018. The chart below reconciles the approved financial plan to the financial plan figures reported in these financial statements. Cemetery expenses are included in the financial plan but excluded from annual deficit because these funds are held in trust and not reported in the financial statements of the District (note 13).

	Financial plan amount
Revenues:	
Financial plan	\$ 7,157,409
Total revenue	7,157,409
Expenses:	
Financial plan	6,624,675
Less cemetery expenses	13,642
Total expenses	6,611,033
Annual surplus	\$ 546,376

16. Segmented information:

The District is a diversified municipal organization that provides a wide range of services to its citizens. District services are provided by departments and their activities reported separately. Certain functions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

The general government operations provide the functions of corporate administration and legislative services and any other functions categorized as non-departmental.

Protective services

Protective services is comprised of three different functions, including the District's emergency management agency, fire, and regulatory services. The emergency management agency prepares the District to be more prepared and able to respond to, recover from, and be aware of, the devastating effects of a disaster or major catastrophic event that will impact the community. The fire department is responsible for providing critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies. The mandate of the regulatory services function is to promote, facilitate and enforce general compliance with the provisions of bylaws that pertain to the health, safety and welfare of the community and provide a full range of planning services related to zoning, development permits, variance permits, and current regulatory issues.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

16. Segmented information (continued):

Transportation services

Transportation services is responsible for a wide variety of transportation functions such as roads and streets. As well, services are provided around infrastructure, transportation planning, pedestrian and cycling issues, harbour facilities, and on-street parking regulations, including street signs and painting.

Planning and environmental services

Planning works to achieve the District's community planning goals through the official community plan, and other policy initiatives. Environmental services was established to assist the Emergency, Planning, Public Works, and Recreation Departments with programs associated with the maintenance or improvement of natural ecosystems.

Recreation and cultural services

Parks is responsible for the maintenance and development of all park facilities. Cultural services facilitate the provision of recreation and wellness programs and services.

Water and Sewer Utilities

The Water and Sewer Utilities operate and distribute the water and sewer networks. They are responsible for the construction and maintenance of the water and sewer distributions systems, including mains and pump stations.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. Taxation revenue is recognized as general government revenue and has not been allocated to other segments.

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

16. Segmented information (continued):

2018	General Government	Protective Services	Transportation Services	Planning and		Recreation and Cultural Services	Water Utility	Sewer Utility	Total
				Environmental Services	Services				
Revenue:									
Taxation, net	\$ 2,999,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,640	\$ 123,335	\$ 3,224,952
Sale of services	13,111	-	316,745	34,405	308,340	538,957	699,052	1,910,610	
Grants and contributions	588,841	15,900	7,000	-	134,064	128,253	-	874,058	
Investment income	100,656	-	-	-	-	-	-	100,656	
Other revenue from own sources	2,042,717	-	33,480	205,561	25,350	267,155	4,480	2,578,743	
Total revenue	5,745,302	15,900	357,225	239,966	467,754	1,057,700	805,172	8,689,019	
Expenses:									
Salaries and wages	699,755	115,082	284,416	304,374	529,473	148,688	167,007	2,248,795	
Contracted services	98,417	16,886	292,918	64,580	153,781	109,682	65,038	801,302	
Materials and supplies	74,243	69,359	145,933	16,587	191,115	27,033	86,012	610,282	
Interest and other	229,026	118,491	47,815	8,603	165,979	862	2,402	573,178	
Audit and legal	66,401	-	963	118,409	-	-	-	185,773	
Telephone and utilities	127,637	7,695	61,460	-	56,355	67,575	68,218	388,940	
Amortization	-	-	355,811	-	382,625	207,893	188,035	1,134,364	
Total expenses	1,295,479	327,513	1,189,316	512,553	1,479,328	561,733	576,712	5,942,634	
Annual surplus (deficit)	\$ 4,449,823	\$ (311,613)	\$ (832,091)	\$ (272,587)	\$ (1,011,574)	\$ 228,460	\$ 495,967	\$ 2,746,385	

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

16. Segmented information (continued):

2017	General Government	Protective Services	Transportation Services	Planning and Environmental Services	Recreation and Cultural Services	Water Utility	Sewer Utility	Total Restated (note 17)
Revenue:								
Taxation, net	\$ 2,793,420	\$ -	\$ -	\$ -	\$ -	\$ 94,770	\$ 123,760	\$ 3,011,950
Sale of services	4,129	-	373,046	29,625	239,439	678,279	440,938	1,765,456
Grants and contributions	3,433,347	15,900	7,000	-	426,536	-	1,203,527	5,086,310
Investment income	44,203	-	-	-	-	-	-	44,203
Other revenue from own sources	680,797	7,000	-	181,219	-	8,915	3,383	881,314
Total revenue	6,955,896	22,900	380,046	210,844	665,975	781,964	1,771,608	10,789,233
Expenses:								
Salaries and wages	567,698	122,982	306,747	196,750	466,664	199,257	116,663	1,976,761
Contracted services	161,873	12,919	278,198	16,482	145,166	127,147	62,035	803,820
Materials and supplies	28,998	35,418	146,451	28,568	175,602	60,329	23,958	499,324
Interest and other	174,674	75,130	64,314	1,722	153,335	25,338	890	495,403
Audit and legal	106,634	-	29,490	61,694	-	-	-	197,818
Telephone and utilities	37,184	4,151	54,274	-	51,370	82,364	58,871	288,214
Amortization	-	-	351,586	-	380,349	173,175	207,457	1,112,567
Total expenses	1,077,061	250,600	1,231,060	305,216	1,372,486	667,610	469,874	5,373,907
Annual surplus (deficit)	\$ 5,878,835	\$ (227,700)	\$ (851,014)	\$ (94,372)	\$ (706,511)	\$ 114,354	\$ 1,301,734	\$ 5,415,326

DISTRICT OF UCLUELET

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

17. Restatement of comparative figures:

During the year The District noted it had not accounted for its ownership in Barkley Community Forest Limited Partnership, an entity incorporated in 2013 and in which the District is a limited partner. There were no significant operations in Barkley Community Forest Limited Partnership until 2017, when forest logging activities commenced. The District has restated its 2017 revenue and financial assets by \$539,063 to recognize the income and investment in this government business enterprise.

The District also determined that land donated to the District in 2017 was not recognized as a tangible capital asset and revenue. The value of this land at the time of donation was \$2,970,000. The District has restated its tangible capital assets and grants and contributions revenue by \$2,970,000 to recognize the donated land.

The above restatements have changed amounts reported in the prior period as follows:

Accumulated surplus at December 31, 2017, as previously stated:

Accumulated surplus, as previously reported	\$ 41,574,843
Recognition of investment in government business enterprise	539,065
Recognition of donated land	2,970,000
<hr/>	
Accumulated surplus, as restated	\$ 45,083,908

Annual surplus for 2017, as previously stated:

Annual surplus, as previously reported	\$ 1,906,261
Recognition of investment in government business enterprise	539,065
Recognition of donated land	2,970,000
<hr/>	
Annual surplus, as restated	\$ 5,415,326

THE CORPORATION OF THE DISTRICT OF UCLUELET

2018 Statement of Financial Information

Schedule of Council Remuneration and Expenses (unaudited)

Name		Position	Remuneration	Expense Allowance *	Expenses
Cole	Rachelle	Councillor	1,542.24	4,733.07	0.00
Hoar	Jennifer	Councillor	1,092.24	4,733.07	67.89
Kemps	Lara	Councillor	2,102.24	4,733.07	0.00
McEwen	Marilyn	Councillor	22,417.11	4,733.07	4,974.73
Mole	Sally	Councillor	17,084.85	4,733.07	4,827.32
Noel	Mayco	Councillor	17,811.74	4,733.07	4,140.17
Oliwa	Randy	Councillor	16,444.85	4,733.07	4,532.83
St Jacques	Dianne	Mayor	<u>24,671.79</u>	<u>8,280.94</u>	<u>5,343.16</u>
			<u>\$ 103,167.00</u>	<u>\$ 41,412.43</u>	<u>\$ 23,886.10</u>

* Tax exempt expense allowance as per Subsection 81(3) of the Income Tax Act

The Schedule of Employee Remuneration has been prepared on a cash basis. The financial statements have been prepared on an accrual basis, and no reconciliation of this schedule with the financial statements has been prepared.

THE CORPORATION OF THE DISTRICT OF UCLUELET

2018 Statement of Financial Information

Schedule of Employee Remuneration and Expenses (unaudited)

	Name	Position	Remuneration (\$)	Expenses (\$)
	Ashton Brent	Bylaw Officer	75,438.03	0.00
	Boysen Mark	Chief Administrative Officer	128,287.94	7,570.71
	Cannon Warren	Manager of Public Works	94,920.22	5,101.18
	Fortune Abigail	Manager of Parks & Recreation	95,304.16	2,779.80
	Greig Bruce	Manager of Community Planning	94,219.48	1,835.14
	Lang Steven	Public Works Foreman	80,617.64	2,200.67
	Towgood John	Planner 1	80,909.39	541.16
	Aggregate over 75,000		<u>649,696.86</u>	<u>20,028.66</u>
	Aggregate under 75,000		1,035,572.15	24,774.87
	Totals (43)		\$1,685,569.01	\$44,803.53

The Schedule of Employee Remuneration has been prepared on a cash basis. The financial statements have been prepared on an accrual basis, and no reconciliation of this schedule with the financial statements has been prepared.

THE CORPORATION OF THE DISTRICT OF UCLUELET
2018 Statement of Severance Agreements

There were two severance agreements in 2018 under which payment was made by the Corporation:

- One employee representing six months' salary
- One employee representing eight month's salary

THE CORPORATION OF THE DISTRICT OF UCLUELET

2018 Statement of Financial Information

Schedule of Payment to Supplier for the Provision of Goods and Services (unaudited)

Supplier Name	Amount (\$)
A-MAIS TECHNOLOGIES INC.	\$ 27,377.64
ACRD	\$ 387,246.64
ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DIST	\$ 177,951.91
AON REED STENHOUSE INC.	\$ 67,073.00
ASSOCIATED ENGINEERING (B.C.) (LTD)	\$ 201,890.64
ATAP INFRASTRUCTURE MANAGEMENT LTD.	\$ 31,185.00
BC ASSESSMENT AUTHORITY	\$ 28,808.40
BC HYDRO	\$ 288,789.42
BEAVER ELECTRICAL MACHINERY	\$ 43,627.36
BOWERMAN EXCAVATING LTD	\$ 46,478.17
CIBC - VISA CENTRE	\$ 124,979.99
COOK ROBERTS LLP IN TRUST	\$ 41,624.17
FOUR STAR WATERWORKS LTD.	\$ 32,609.96
FREUNDLICH CONSULTING, CPA	\$ 36,586.90
FYFE WELL & WATER SERVICES	\$ 53,277.00
GIBSON BROS. CONTRACTING LTD.	\$ 45,449.17
GREATPACIFIC CONSULTING LTD	\$ 43,642.95
HAYLOCK BROS. PAVING LTD.	\$ 118,345.50
HOLISTIC EMERGENCY PREPAREDNESS	\$ 38,723.78
HOULE ELECTRIC LIMITED	\$ 49,437.21
ISLAND CONCRETE FINISHING LTD.	\$ 30,247.35
KASSLYN CONTRACTING	\$ 144,453.10
KOERS & ASSOCIATES ENGINEERING LTD.	\$ 82,629.47
KPMG LLP	\$ 41,658.75
McELHANNEY ASSOCIATES LAND SURVEYING LTD	\$ 32,875.50
MUNICIPAL PENSION PLAN	\$ 263,738.39
PUBLIC SECTOR DIGEST INC (THE)	\$ 68,684.04
S & J SERVICES	\$ 30,861.60
SMITH ROAD MARKING LTD	\$ 29,120.86
SONBIRD REFUSE & RECYCLING LTD.	\$ 45,183.61
SUEZ WATER TECHNOLOGIES AND SOLUTIONS	\$ 31,500.00
SUN LIFE ASSURANCE COMPANY OF CANADA	\$ 83,113.88
TELUS COMMUNICATIONS INC.	\$ 68,410.67
TOFINO DISTRICT OF	\$ 32,236.15
TOURISM UCLUELET	\$ 389,922.17
UCLUELET CONSUMER'S CO-OPERATIVE ASSN	\$ 50,059.07
UCLUELET RENT-IT CENTER LTD	\$ 43,447.10
UKEE INFO TECH	\$ 47,107.21
VANCOUVER ISLAND REGIONAL LIBRARY	\$ 104,444.00
WILD PACIFIC TRAIL SOCIETY	\$ 32,500.00
WINDSOR PLYWOOD - UCLUELET DIV.	\$ 31,012.41
WORKSAFE BC	\$ 38,063.43
YOUNG ANDERSON	\$ 63,149.44
Aggregate over \$25,000 (32)	\$ 3,669,523.01
Aggregate UNDER \$25,000 (358)	\$ 1,126,224.92
TOTAL	\$ 4,795,747.93

The Schedule of Payment to Suppliers for the Provision of Goods and Services has been prepared on a cash basis, and due to the limitations imposed by the accounts payable system includes certain disbursements that are not purchases of goods and services. The financial statements have been prepared on an accrual basis, and no reconciliation of this schedule with the financial statement has been prepared.

THE CORPORATION OF THE DISTRICT OF UCLUELET

2018 Statement of Financial Information

Payments for the Purposes of Grants Contributions

Supplier	Total (\$)
FOOD BANK ON THE EDGE SOCIETY	2,000.00
ARMY, NAVY AND AIRFORCE VETERANS	1,875.00
JUNIOR CANADIAN RANGERS	500.00
PACIFIC RIM ARTS SOCIETY	4,000.00
PACIFIC RIM HOSPICE SOCIETY	2,000.00
PACIFIC RIM WHALE FESTIVAL SOCIETY	1,500.00
SURFRIDER – PACIFIC RIM CHAPTER	2,000.00
UCLUELET SECONDARY SCHOOL	500.00
UCLUELET MARKET SOCIETY	2,500.00
TOTAL	16,875.00