

Consolidated Financial Statements of



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



And Independent Auditor's Report thereon

Year ended December 31, 2023



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



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# Village of Fraser Lake



## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

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

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

Mr. Ethan Fredeen, Chief Administrative Officer





**KPMG LLP**

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Council of The Corporation of the Village of Fraser Lake

***Opinion***

We have audited the consolidated financial statements of The Corporation of the Village of Fraser Lake (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change 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 Village as at December 31, 2023 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



### ***Emphasis of Matter - Restatement of Financial Statements***

We draw attention to Note 12 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 12 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 to this matter.

### ***Other Information***

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

- Information, other than the financial statements and the auditor's report thereon, included in Schedule 1 - Northern Capital Planning Reserve and Schedule 2 - Growing Communities Fund Reserve

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

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

We obtained the Information, other than the financial statements and the auditor's report thereon, included in Schedule 1 - Northern Capital Planning Reserve and Schedule 2 - Growing Communities Fund Reserve as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Village's financial reporting process.



### ***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 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.

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



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- 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.

*KPMG LLP*

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Chartered Professional Accountants

Prince George, Canada

April 15, 2024



# VILLAGE OF FRASER LAKE



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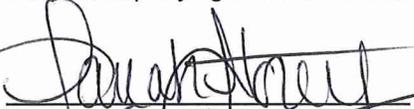


## Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (restated - note 12)
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 30,129,371	\$ 30,892,968
Accounts receivable (note 3)	1,124,335	485,594
	<u>31,253,706</u>	<u>31,378,562</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 4)	606,091	333,212
Deferred revenue	915,745	616,634
Silviculture obligation (note 5)	1,513,059	1,957,098
Asset retirement obligation (note 6)	932,206	932,206
	<u>3,967,101</u>	<u>3,839,150</u>
Net financial assets	27,286,605	27,539,412
<b>Non-financial assets:</b>		
Tangible capital assets (note 7)	19,390,295	14,102,291
Southside land held for resale	11,255	172,179
Prepaid expenses	168,294	25,641
	<u>19,569,844</u>	<u>14,300,111</u>
Commitments and contingencies (note 9)		
<b>Accumulated surplus (note 8)</b>	<u>\$ 46,856,449</u>	<u>\$ 41,839,523</u>

See accompanying notes to consolidated financial statements.

 Mayor

 Chief Administrative Officer



# VILLAGE OF FRASER LAKE



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## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget  (note 15)	2023 Actual	2022 Actual  (restated - note 12)
Revenue (note 14):			
Net taxation (note 10)	\$ 2,229,644	\$ 2,234,929	\$ 2,050,153
User fees	562,851	902,166	654,840
Government transfers (note 11)			
Provincial	2,799,265	3,163,661	1,209,276
Federal	-	141,366	175,059
Investments and penalties	69,500	1,578,328	700,781
Licenses and permits	8,900	12,172	18,387
Concession and franchises	18,300	250	300
Community forest	2,970,000	-	7,823,104
Miscellaneous	126,502	318,593	274,520
<b>Total revenue</b>	<b>8,784,962</b>	<b>8,351,465</b>	<b>12,906,420</b>
Expenses (note 14):			
Community forest	2,197,695	12,214	4,618,442
Environmental development services	201,098	92,881	156,279
Environmental health services	73,425	54,200	57,332
General government	1,536,075	1,663,208	1,610,137
Protective services	250,570	215,181	250,830
Recreation and cultural services	422,145	468,571	416,127
Transportation services	331,493	281,700	306,332
Waste water utility	145,000	275,498	231,486
Water utility	275,600	271,086	271,149
<b>Total expenses</b>	<b>5,433,101</b>	<b>3,334,539</b>	<b>7,918,114</b>
<b>Annual surplus</b>	<b>3,351,861</b>	<b>5,016,926</b>	<b>4,988,306</b>
Accumulated surplus, beginning of year	41,839,523	41,839,523	37,436,793
Adjustment on adoption of the asset retirement obligation standard	-	-	(585,576)
<b>Accumulated surplus, end of year</b>	<b>\$ 45,191,384</b>	<b>\$ 46,856,449</b>	<b>\$ 41,839,523</b>

See accompanying notes to consolidated financial statements.



# VILLAGE OF FRASER LAKE



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## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 15)	2023	2022 (restated - note 12)
Annual surplus	\$ 3,351,861	\$ 5,016,926	\$ 4,988,306
Acquisition of tangible capital assets	(18,883,023)	(5,962,243)	(2,067,481)
Amortization of tangible capital assets	-	674,239	539,534
	(18,883,023)	(5,288,004)	(1,527,947)
Change on Southside land held for resale	-	160,924	30,320
Acquisition of prepaid expenses	-	(168,294)	(25,641)
Use of prepaid expenses	-	25,641	22,067
	-	18,271	26,746
Change in net financial assets	(15,531,162)	(252,807)	3,487,105
Net financial assets, beginning of year	27,539,412	27,539,412	24,984,513
Adjustment on adoption of the asset retirement obligation standard	-	-	(932,206)
Net financial assets, end of year	\$ 12,008,250	\$ 27,286,605	\$ 27,539,412

See accompanying notes to consolidated financial statements.



# VILLAGE OF FRASER LAKE



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## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (restated - note 12)
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 5,016,926	\$ 4,988,306
Items not involving cash:		
Amortization of tangible capital assets	674,239	539,534
Gain on sale of Southside land	(76,156)	(32,963)
Accounts receivable	(638,741)	2,254,340
Inventory	-	227,817
Accounts payable and accrued liabilities	272,879	(1,200,444)
Deferred revenue	299,111	(448,544)
Silviculture obligation	(444,039)	47,826
Prepaid expenses	(142,653)	(3,574)
	<u>4,961,566</u>	<u>6,372,298</u>
Capital activities:		
Acquisition of tangible capital assets	(5,962,243)	(2,067,481)
Proceeds from sale of Southside land	237,080	63,283
(Decrease) increase in cash and cash equivalents	(763,597)	4,368,100
Cash and cash equivalents, beginning of year	30,892,968	26,524,868
Cash and cash equivalents, end of year	<u>\$ 30,129,371</u>	<u>\$ 30,892,968</u>

See accompanying notes to consolidated financial statements.



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



## Notes to Consolidated Financial Statements

Year ended December 31, 2023, with comparative information for 2022

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The Corporation of the Village of Fraser Lake (the "Village") is a municipality that was created in 1966 under the Community Charter, formerly the Municipal Act, a statute of the Province of British Columbia. The Village's principal activities include the provision of local government services to residents of the incorporated area. These services include administrative, protective, transportation, environmental, recreational, water, waste water and fiscal services.

### 1. Significant accounting policies:

The consolidated financial statements of the Village are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The Village's significant accounting policies are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Village. The Village is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Village and which are owned or controlled by the Village.

(ii) Accounting for Region and School Board transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Region and the School Board are not reflected in these consolidated financial statements.

(iii) Trust funds:

Trust funds and their related operations administered by the Village are not included in these consolidated financial statements.



# VILLAGE OF FRASER LAKE



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting:

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

### (c) Revenue recognition:

Revenues are recognized in accordance with the provisions of Community Charter. Property tax billings are prepared by the Village based on assessment rolls issued by the British Columbia Assessment Authority. Tax rates are established annually by the Village Council. Taxation revenue is recorded at the time tax billings are issued. The Village is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the Village's taxation revenues.

The Village is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

Revenue unearned in the current period is reported on the consolidated statement of financial position as deferred revenue.

### (d) 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 is added to the investment and forms part of the deferred revenue balance.

### (e) Cash and cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

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## 1. Significant accounting policies (continued):

(f) Guaranteed investment certificates:

Guaranteed investment certificates include investments with a term to maturity of 90 days or more at acquisition.

(g) Southside land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

(h) Inventory:

Inventory is comprised of harvested logs and is valued at the lower of cost and net realizable value. The cost is determined using the weighted average acquisition costs of logs. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and cost necessary to make the sale. The reversal of previously written down inventories is recognized in the consolidated statement of operations and accumulated surplus.

(i) Silviculture obligations:

The Village harvests timber under Community Forest Agreements with the Province of British Columbia. Estimated future timber reforestation and silviculture obligations are accrued and expensed based on the volume of timber removed.



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

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## 1. Significant accounting policies (continued):

(j) 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 cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Building and building improvements	10 - 40
Vehicles, machinery and equipment	5 - 60
Roads infrastructure	5 - 75
Water infrastructure	2 - 60
Waste water infrastructure	2 - 60

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Construction-in-progress is not amortized until the asset is available for productive use.

(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.

(iii) Interest capitalization:

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



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

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## 1. Significant accounting policies (continued):

### (k) Use of estimates:

The preparation of the consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period. Items subject to such estimates and assumptions include the silviculture obligations, the carrying value of tangible capital assets and Southside land held for sale, inventory, and as well as the collectibility of accounts receivable. Actual results could differ from these estimates.

### (l) Government transfers:

Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulations for liabilities are settled.

### (m) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the organization is directly responsible or accepts responsibility for the liability;
- iv) future economic benefits will be given up, and
- v) a reasonable estimate of the liability can be made.



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

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## 1. Significant accounting policies (continued):

### (n) Financial instruments:

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, deferred revenue, silviculture obligation, and asset retirement obligation.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently measured at cost or amortized cost unless the Village has elected to carry the financial instrument at fair value. The Village has not elected to carry any financial instruments at fair value.

Unrealized changes in fair value would be recognized on the consolidated statement of remeasurement gains and losses. They are recorded in the consolidated statement of operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the Village does not have a consolidated statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost or amortized cost are included in the cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations.



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

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## 1. Significant accounting policies (continued):

### (o) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the amortization policies outlined in (j).

## 2. Cash and cash equivalents:

The Village has established a \$1,000,000 operating line which bears interest at prime plus 1.0%. The operating line is secured by a charge over the taxation and general revenue of the Village in an amount sufficient to cover all credit facilities. As at December 31, 2023 borrowing against the operating line balance is nil (2022 - nil).

## 3. Accounts receivable:

	2023	2022
Taxes	\$ 66,403	\$ 104,955
Grants	829,997	125,988
Miscellaneous	213,112	239,828
Community forest	14,823	14,823
	<u>\$ 1,124,335</u>	<u>\$ 485,594</u>



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

#### 4. Accounts payable and accrued liabilities:

	2023	2022
Trade	\$ 547,437	\$ 276,124
Sales tax	2,325	1,191
Wages and related costs	56,329	55,897
	<u>\$ 606,091</u>	<u>\$ 333,212</u>

#### 5. Silviculture obligation:

	2023	2022
Silviculture obligation, beginning of year	\$ 1,957,098	\$ 1,909,272
Increase in accrual due to current year logging	-	475,212
Actual silviculture costs paid in the year	(444,039)	(427,386)
	<u>\$ 1,513,059</u>	<u>\$ 1,957,098</u>

#### 6. Asset retirement obligation:

The Village owns and operates several buildings, as well as water and sewer infrastructure that are known to have hazardous material, which represents a health hazard upon demolition or removal of the assets and there is a legal obligation to remove or encapsulate it. Following the adoption of PS 3280 - Asset Retirement Obligations, the Village recognized an obligation relating to the removal and post-removal care of the hazardous materials in these assets as estimated at January 1, 2022 in the amount of \$932,206.

The transition and recognition of the asset retirement obligations involved an accompanying increase to tangible capital assets and the restatement of prior year numbers (note 12).



# VILLAGE OF FRASER LAKE



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 7. Tangible capital assets:

	2023							
	Construction- in-progress	Land	Buildings and building improvements	Vehicles, machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure	Total
<b>Cost:</b>								
Balance, beginning of year	\$ 424,516	\$ 1,873,044	\$ 4,895,636	\$ 4,940,221	\$ 5,245,312	\$ 3,492,528	\$ 4,658,049	\$ 25,529,306
Additions	3,931,040	-	33,719	534,487	1,437,437	25,560	-	5,962,243
Balance, end of year	4,355,556	1,873,044	4,929,355	5,474,708	6,682,749	3,518,088	4,658,049	31,491,549
<b>Accumulated amortization:</b>								
Balance, beginning of year	-	-	2,189,387	3,267,301	2,023,876	1,341,709	2,604,742	11,427,015
Amortization expense	-	-	132,355	222,902	155,875	80,054	83,053	674,239
Balance, end of year	-	-	2,321,742	3,490,203	2,179,751	1,421,763	2,687,795	12,101,254
Net book value, end of year	\$ 4,355,556	\$ 1,873,044	\$ 2,607,613	\$ 1,984,505	\$ 4,502,998	\$ 2,096,325	\$ 1,970,254	\$ 19,390,295

Construction-in-progress represents capital projects at year end that have not been completed and are not ready for their intended use, no amortization has been charged against these assets.



# VILLAGE OF FRASER LAKE



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 7. Tangible capital assets (continued):

	2022 (restated - note 12)							
	Construction- in-progress	Land	Building and building improvements	Vehicles, machinery and equipment	Roads infrastructure	Water infrastructure	Waste water infrastructure	Total (restated - note 12)
<b>Cost:</b>								
Balance, beginning of year	\$ 617,559	\$ 1,873,044	\$ 3,945,951	\$ 4,355,231	\$ 4,361,986	\$ 3,015,849	\$ 4,367,975	\$ 22,537,595
Adjustment relating to recognition of asset retirement obligation	\$ -	\$ -	\$ 317,381	\$ -	\$ -	\$ 317,798	\$ 289,051	\$ 924,230
Additions	773,162	-	-	510,806	782,490	-	1,023	2,067,481
Transfer	(966,205)	-	632,304	74,184	100,836	158,881	-	-
Balance, end of year	424,516	1,873,044	4,895,636	4,940,221	5,245,312	3,492,528	4,658,049	25,529,306
<b>Accumulated amortization:</b>								
Balance, beginning of year	-	-	1,823,162	3,114,985	1,907,783	1,096,234	2,367,717	10,309,881
Adjustment relating to recognition of asset retirement obligation	-	-	253,920	-	-	169,504	154,176	577,600
Amortization expense	-	-	112,305	152,316	116,093	75,971	82,849	539,534
Balance, end of year	-	-	2,189,387	3,267,301	2,023,876	1,341,709	2,604,742	11,427,015
Net book value, end of year	\$ 424,516	\$ 1,873,044	\$ 2,706,249	\$ 1,672,920	\$ 3,221,436	\$ 2,150,819	\$ 2,053,307	\$ 14,102,291

Construction-in-progress represents capital projects at year end that have not been completed and are not ready for their intended use, no amortization has been charged against these assets.



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 8. Accumulated surplus:

	2023	2022 (restated - note 12)
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 18,458,089	\$ 13,170,085
General fund	3,074,512	2,681,350
Water utility fund	1,059,568	1,006,958
Waste water utility fund	160,677	291,886
	<u>22,752,846</u>	<u>17,150,279</u>
<b>Reserves set aside by Council:</b>		
Search and rescue	261	261
MFA unexpended funds	103,379	98,308
	<u>103,640</u>	<u>98,569</u>
<b>Reserve funds set aside for specific purposes by Council:</b>		
Capital expenditure replacement	2,284,966	1,937,943
Building reserve	237	237
Emergency vehicle and equipment	66,079	62,833
Recreation centre	23,645	22,486
Streets	1,889,329	1,798,123
Sewer reserve	210,619	140,570
Water reserve	579,989	247,877
CWF, Parks and trails and Arena reserve	127,131	120,835
Northern Capital Planning Grant (Schedule 1)	398,908	812,271
Cemetery development fund	4,476	4,289
Airport reserve	150,357	148,173
Community forest reserve	18,167,068	19,247,956
Climate action reserve	97,159	47,082
	<u>23,999,963</u>	<u>24,590,675</u>
	<u>\$ 46,856,449</u>	<u>\$ 41,839,523</u>



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

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## 9. Commitments and contingencies:

- (a) The Village is responsible, as a member of the Regional District of Bulkley-Nechako, for its portion of any operating deficits or capital debt related to functions in which it participates.
- (b) The Village 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 administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2023, the Plan has about 240,000 (2022 - 227,000) active members and approximately 124,000 (2022 - 118,000) retired members. Active members include approximately 43,000 (2022 - 42,000) 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 actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Plan as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$71,317 (2022 - \$75,992) for employer contributions to the Plan in fiscal 2023.

The next valuation will be as at December 31, 2024 with results available in 2025.

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 allocation of the obligation, assets and cost to the individual employers participating in the plan.



# VILLAGE OF FRASER LAKE



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 9. Commitments and contingencies (continued):

- (c) The Village is obligated to collect and transmit property taxes levied on Fraser Lake taxpayers in respect of the following bodies:

Ministry of Education, Province of British Columbia  
Regional District of Bulkley-Nechako  
British Columbia Assessment Authority  
Municipal Finance Authority  
Stuart-Nechako Regional Hospital District  
Royal Canadian Mounted Police

- (d) The Village is participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Village, along with other participants, would be required to contribute towards the deficit.

## 10. Net taxation revenue:

As disclosed in note 9(c), the Village is required to collect taxes on behalf of and transfer these amounts to the government agencies below:

	2023	2022
General purposes	\$ 2,156,395	\$ 1,982,849
Grants in lieu of taxes	80,454	74,349
Collection for other governments	904,718	829,740
	3,141,567	2,886,938
Ministry of Education, Province of British Columbia	384,527	358,053
Stuart-Nechako Regional Hospital District	260,200	243,213
Regional District of Bulkley-Nechako	177,149	159,516
British Columbia Assessment Authority	19,186	18,563
Municipal Finance Authority	43	39
Royal Canadian Mounted Police	65,533	57,401
	906,638	836,785
	\$ 2,234,929	\$ 2,050,153



# VILLAGE OF FRASER LAKE



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 11. 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 consolidated statement of operations and accumulated surplus are:

	2023	2022
Provincial grants:		
Unconditional	\$ 375,000	\$ 468,000
Miscellaneous	1,589,329	505,450
Northern Development Initiative Trust	1,128,832	89,652
Coastal Gas Link	-	50,000
Union of BC Municipalities	35,500	20,883
Nechako Development Fund	35,000	75,291
	<u>3,163,661</u>	<u>1,209,276</u>
Federal grants:		
Environmental	106,222	101,364
Miscellaneous	35,144	73,695
	<u>141,366</u>	<u>175,059</u>
	<u>\$ 3,305,027</u>	<u>\$ 1,384,335</u>

## 12. Change in accounting policy:

On January 1, 2022, the Village adopted Public Sector Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associate with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing PS 3270 - Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method the assumptions used on initial recognition are those as of the date of adoption of the standard.

The Village recognized an asset retirement obligation related to several buildings, sewer and water infrastructure owned by the Village that contained hazardous material. The liability was measured as of the date of when the Hazardous Materials Act was enacted in Canada in 1989 and asbestos was banned. In accordance with the provisions of this new standard, the Village reflected the following adjustments at January 1, 2022:



# VILLAGE OF FRASER LAKE



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 12. Change in accounting policy (continued):

	As previously reported	Increase (decrease)	As restated
Asset retirement obligation	\$ -	\$ 932,206	\$ 932,206
Tangible capital assets	13,773,711	328,580	14,102,291
Opening accumulated surplus	37,436,793	(585,576)	36,851,217
General government	1,602,202	7,935	1,610,137
Waste water utility	226,668	4,818	231,486
Water utility	265,852	5,297	271,149

## 13. Concentration of risk:

The Village derived community forest revenue from nil (2022 - one) major customer amounting to nil (2022 - \$6,337,699) In 2022, the one customer accounted for 81% of total community forest revenue.

## 14. Segmented information:

The Village is a diversified municipal organization that provides a wide range of services to its citizens. For management reporting purposes, the Village's operations and activities are organized and reported by service areas. Segmented information has been identified based upon those lines of service provided by the Village. Village services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of service that have been separately disclosed in the segments information are as follows:

### (a) General Government:

The general government operation provides the functions of corporate administration and legislative services and any other functions categorized as non-departmental in the Village.

### (b) Protective Services:

Protective services is comprised of emergency management and regulatory services.



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

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## 14. Segmented information (continued):

(c) Transportation Services:

Transportation services is responsible for a wide variety of services including the development and maintenance of the Village's roadway systems, snow removal and street lighting.

(d) Environmental Development and Environmental Health Services:

Environmental health and development services provides for garbage collection and disposal services to residents and businesses in the Village as well as maintenance of the cemetery.

(f) Recreation and Cultural Services:

Recreation and cultural services is responsible for the construction and maintenance of the Village's parks and green spaces. It provides funding for the operation of the arena, museum, library and wharf. It also administers economic development projects and provide grants to various community groups that provide recreational opportunities in the Village.

(g) Water Utility:

The water utility installs and maintains water mains, pump stations and the water treatment plant. The treatment and distribution of water in the Village is included in this segment.

(h) Waste Water Utility:

The waste water utility installs and maintains sewer mains, lift stations and the sewage treatment facility. The collection and treatment of sewage in the Village is included in this segment.

(i) Community Forest:

Community forest is comprised of all forestry related activities and services.

The following statement provides additional information for the foregoing functions. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 14. Segmented information (continued):

	2023				
	General Government	Protective Services	Transportation Services	Environmental Development Services	Environmental Health Services
<b>Revenues:</b>					
Net taxation	\$ 2,234,929	\$ -	\$ -	\$ -	\$ -
User fees and licenses and permits	-	12,172	-	-	-
Government transfers	3,305,027	-	-	-	-
Investment income	1,578,328	-	-	-	-
Other	318,843	-	-	-	-
<b>Total revenues</b>	<b>7,437,127</b>	<b>12,172</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses:</b>					
Salaries, wages and employee benefits	690,377	92,191	76,478	54,269	16,298
Operating	198,913	122,990	205,222	38,612	-
Legislature	109,999	-	-	-	-
Amortization	511,132	-	-	-	-
Insurance	98,069	-	-	-	3,420
Professional services	54,718	-	-	-	-
Garbage disposal	-	-	-	-	34,482
<b>Total expenses</b>	<b>1,663,208</b>	<b>215,181</b>	<b>281,700</b>	<b>92,881</b>	<b>54,200</b>
<b>Annual surplus (deficit)</b>	<b>\$ 5,773,919</b>	<b>\$ (203,009)</b>	<b>\$ (281,700)</b>	<b>\$ (92,881)</b>	<b>\$ (54,200)</b>



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 14. Segmented information (continued):

	2023 (continued)				
	Recreation and Cultural Services	Water Utility	Waste Water Utility	Community Forest	Total
<b>Revenues:</b>					
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ 2,234,929
User fees and licenses and permits	34,684	535,165	332,317	-	914,338
Government transfers	-	-	-	-	3,305,027
Investment income	-	-	-	-	1,578,328
Other	-	-	-	-	318,843
<b>Total revenues</b>	<b>34,684</b>	<b>535,165</b>	<b>332,317</b>	<b>-</b>	<b>8,351,465</b>
<b>Expenses:</b>					
Salaries, wages and employee benefits	211,777	50,045	39,410	-	1,230,945
Operating	256,794	140,987	153,035	12,214	1,128,667
Legislature	-	-	-	-	109,999
Amortization	-	80,054	83,053	-	674,239
Interest recovered	-	-	-	-	-
Insurance	-	-	-	-	101,489
Professional services	-	-	-	-	54,718
Garbage disposal	-	-	-	-	34,482
<b>Total expenses</b>	<b>468,571</b>	<b>271,086</b>	<b>275,498</b>	<b>12,214</b>	<b>3,334,539</b>
<b>Annual (deficit) surplus</b>	<b>\$ (433,887)</b>	<b>\$ 264,079</b>	<b>\$ 56,819</b>	<b>\$ (12,214)</b>	<b>\$ 5,016,926</b>



# VILLAGE OF FRASER LAKE



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 14. Segmented information (continued):

	2022 (restated - note 12)				
	General Government	Protective Services	Transportation Services	Environmental Development Services	Environmental Health Services
<b>Revenues:</b>					
Net taxation	\$ 2,050,153	\$ -	\$ -	\$ -	\$ -
User fees and licenses and permits	-	18,387	-	-	-
Government transfers	1,384,335	-	-	-	-
Investment income	700,781	-	-	-	-
Other	274,822	-	-	-	-
<b>Total revenues</b>	<b>4,410,091</b>	<b>18,387</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses:</b>					
Salaries, wages and employee benefits	601,355	82,600	89,959	107,313	17,450
Operating	382,394	168,230	216,373	48,966	-
Legislature	88,269	-	-	-	-
Amortization	380,714	-	-	-	-
Interest	99	-	-	-	-
Insurance	94,391	-	-	-	3,347
Professional services	62,915	-	-	-	-
Garbage disposal	-	-	-	-	36,535
<b>Total expenses</b>	<b>1,610,137</b>	<b>250,830</b>	<b>306,332</b>	<b>156,279</b>	<b>57,332</b>
<b>Annual surplus (deficit)</b>	<b>\$ 2,799,954</b>	<b>\$ (232,443)</b>	<b>\$ (306,332)</b>	<b>\$ (156,279)</b>	<b>\$ (57,332)</b>



# VILLAGE OF FRASER LAKE



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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 14. Segmented information (continued):

	2022 (restated - note 12) (continued)				
	Recreation and Cultural Services	Water Utility	Waste Water Utility	Community Forest	Total
<b>Revenues:</b>					
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ 2,050,153
User fees and licenses and permits	36,390	379,038	239,412	-	673,227
Government transfers	-	-	-	-	1,384,335
Investment income	-	-	-	-	700,781
Other	-	-	-	7,823,104	8,097,924
<b>Total revenues</b>	<b>36,390</b>	<b>379,038</b>	<b>239,412</b>	<b>7,823,104</b>	<b>12,906,420</b>
<b>Expenses:</b>					
Salaries, wages and employee benefits	208,453	45,806	34,870	-	1,187,806
Operating	207,674	149,372	113,767	4,618,442	5,905,218
Legislature	-	-	-	-	88,269
Amortization	-	75,971	82,849	-	539,534
Interest	-	-	-	-	99
Insurance	-	-	-	-	97,738
Professional services	-	-	-	-	62,915
Garbage disposal	-	-	-	-	36,535
<b>Total expenses</b>	<b>416,127</b>	<b>271,149</b>	<b>231,486</b>	<b>4,618,442</b>	<b>7,918,114</b>
<b>Annual (deficit) surplus</b>	<b>\$ (379,737)</b>	<b>\$ 107,889</b>	<b>\$ 7,926</b>	<b>\$ 3,204,662</b>	<b>\$ 4,988,306</b>



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

## 15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets approved by Council on April 11, 2023. 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.

	Budget amount
Revenue:	
Operating budget	\$ 25,932,714
Less:	
Collections for other governments	(836,785)
Transfer from reserves	(16,310,967)
	8,784,962
Expenses:	
Operating budget	25,932,714
Less:	
Payments to other governments	(844,285)
Capital expenditures	(18,883,023)
Transfer to reserve funds	(772,305)
	5,433,101
	\$ 3,351,861

## 16. Significant taxpayers:

The Village derives a significant portion of its taxation revenue from the major industry taxpayers. Any changes in this sector could have an impact on the ongoing operations of the Village.

## 17. Subsequent event:

Subsequent to the year end, in late January 2024, the Village learned of a permanent sawmill closure that will be occurring in the community. The closure will significantly impact their industrial taxation revenue going forward. The sawmill is tentatively expected to shutdown May 2024.



# VILLAGE OF FRASER LAKE



*White Swan Capital of the World*



Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023, with comparative information for 2022

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## **18. Comparative information:**

Certain comparative figures have been reclassified, where applicable to conform to the presentation used in current year. The changes do not affect prior year annual surplus.



# VILLAGE OF FRASER LAKE



## Schedule 1 - Northern Capital Planning Grant Reserve

Year ended December 31, 2023, with comparative information for 2022  
(Unaudited)

	2023	2022
Opening balance of reserve	\$ 812,271	\$ 1,993,722
Interest income	40,667	49,919
	852,938	2,043,641
Project expenditures:		
Arena	-	103,664
Boat Launch	84,662	-
Cemetery	13,954	434
Fire department - SCBA	-	8,994
Fire Hall	7,395	-
Fire hydrants	-	62,235
Fraser Lake Villa	-	28,006
Garbage truck	-	255,627
Parks	15,642	27,240
Paving	255,742	386,993
Public Works - Generator	12,321	-
Public works - fencing	-	28,525
Public works - pole shed	-	122,700
Public Works - Wash Pad	7,700	-
Sewer	17,100	-
Seeding/Signage	15,538	-
Sidewalk - Endako	-	126,773
Water - Fencing	17,000	-
Water - generator	-	30,395
Water - reservoir	-	14,500
Water - pumphouse	6,976	35,284
	454,030	1,231,370
	\$ 398,908	\$ 812,271



# VILLAGE OF FRASER LAKE



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## Schedule 2 – Growing Communities Fund

Year ended December 31, 2023, with comparative information for 2022  
(Unaudited)

The Province of British Columbia distributed conditional Growing Communities Fund (GCF) grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia.

The Village received \$850,000 of GCF funding in March 2023.

	2023	2022
Growing Communities Fund	\$ 850,000	\$ -
Project expenditures:		
Paving and seal coating	850,000	-
	850,000	-
	\$ -	\$ -