



Regional District of Mount Waddington

Annual Financial Report

December 31, 2012

Regional District of Mount Waddington

DIRECTORS

December 31, 2012

Chair	Al Huddleston	District of Port Hardy
Director	Bev Parnham	District of Port Hardy
Director	Doug Aberley	Village of Alert Bay
Director	Jan Allen	Village of Port Alice
Director	Gerry Furney	Town of Port McNeill
Director	Heidi Soltau	Electoral Area A
Director	Phil Wainwright	Electoral Area B
Director	Andrew Hory	Electoral Area C
Director	Dave Rushton	Electoral Area D

REGIONAL DISTRICT OFFICERS

Administrator
Treasurer
Manager of Operations
Manager of Economic Development
Manager of Planning

Greg Fletcher
Joe Mackenzie
Patrick Donaghy
Neil Smith
Jeff Long

External Auditors

MNP, LLP

Regional District of Mount Waddington

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Management's Responsibility for Financial Reporting

The accompanying Consolidated Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). The integrity and objectivity of these statements are management's responsibility.

These statements include certain amounts based on management's estimates and judgments in order to ensure that the consolidated financial statements are presented in all material aspects. Management is also responsible for the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent with the information contained in the consolidated financial statements.

Management maintains accounting systems and related internal controls to provide reasonable assurance that assets are safeguarded and that transactions are properly authorized, recorded, and reported; that the provisions of the relevant legislation are being observed, and that best practices in the conduct of the financial affairs of the Regional District are being implemented. Such practices include formal written policies and procedures; careful selection of qualified staff; segregation of responsibilities within the organization to the extent possible; and appropriate delegation of authority.

To assist in these objectives the Board is committed to ensuring that the performance of management is maintained at acceptable levels through ongoing professional training and development, mainly under the auspices of the Government Finance Officers Association of BC (GFOABC).

The Board is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control, and to this end conducts monthly reviews of internal financial information and an annual review of externally audited consolidated financial statements.

The Board's external auditors, MNP, LLP conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the consolidated financial statements. Their examination includes appropriate tests and procedures to provide reasonable assurance that the financial position of the Regional District is presented fairly. The external auditors have full and free access to all levels of management and to the Board and meet when required.

On behalf of the Regional District of Mount Waddington

Joseph Mackenzie B.Com
Treasurer
10 July, 2013

Independent Auditors' Report

To the Board of Directors of the Regional District of Mount Waddington:

We have audited the consolidated statement of financial position of Regional District of Mount Waddington as at December 31, 2012 and the consolidated statements of operations, changes in net financial assets, cash flows and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or misstatement.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

We believe the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2012 and its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Nanaimo, BC

July 16, 2013

MNP LLP

Chartered Accountants

MNP
LLP

REGIONAL DISTRICT OF MOUNT WADDINGTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2012

	2012	2011
FINANCIAL ASSETS	13,691,822	14,338,892
Cash & Temp Investments (Note 4) (Note 15)	8,332,566	8,546,617
Receivables (Note 5)	485,388	468,802
Inventories for Resale	3,867	4,118
Municipal Recoverable Debt (Schedule D)	4,870,001	5,319,355
LIABILITIES	10,822,845	12,274,650
Due to Hospital District (Note 15)	2,651,884	1,886,485
Accounts Payable (Note 6)	298,168	301,242
Restricted Revenue	858,691	868,274
Deferred Revenue (Schedule F)	858,691	868,274
Other Liabilities (Note 12)	600,157	570,070
MFA Capital Debt	6,413,945	8,648,581
Regional District (Note 8)	1,543,944	3,329,225
Member Municipalities	4,870,001	5,319,355
NET FINANCIAL ASSETS	2,868,977	2,064,242
NON-FINANCIAL ASSETS	12,950,939	13,264,402
Tangible Capital Assets (Note 3e / Schedule E)	12,950,939	13,264,402
Inventories		
Prepaid Expenses		
ACCUMULATED SURPLUS (Note 13 / Schedule A)	15,819,916	15,328,644

Originals signed by:

J. Mackenzie

Joe Mackenzie
Treasurer

D. Rushton

Dave Rushton
Chair

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER, 2012**

**2012
ACTUAL**

2012 BUDGET (Note 10) (Unaudited)	2011 ACTUAL
--	----------------

REVENUES:		4,874,148
Taxation	2,665,964	
Grants	664,267	
Sales of Services	1,056,556	
Interest Earned	54,291	
Other Revenue	433,070	
EXPENDITURES:		4,382,876
General Govt Services:	810,453	
Protective Services:	245,692	
Recreation Services:	1,123,063	
Environmental Development	111,719	
Environmental Health Services	1,019,468	
Economic Development	304,998	
Regional Transit	222,142	
Utility Services	545,341	
SURPLUS (DEFICIT) FOR YEAR		491,272
ACCUMULATED SURPLUS, beginning of year,		15,328,644
ACCUMULATED SURPLUS, end of year		15,819,916

4,230,599	5,290,493
2,661,964	2,535,854
225,500	618,385
943,391	1,653,854
-	51,015
399,744	431,384
4,299,907	4,117,898
781,296	751,595
277,156	257,712
1,032,256	975,546
122,820	106,447
1,102,690	1,079,652
151,379	202,220
244,279	218,575
588,031	526,152
(69,308)	1,172,594
15,328,644	14,156,050
15,259,336	15,328,644

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
CONSOLIDATED STATEMENT OF CASH FLOW
CASH & TEMPORARY INVESTMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2012**

Cash Provided By (Used for)		2012	2011
OPERATING:		1,858,008	2,333,019
Nett Revenue for the year		491,272	1,172,594
Non-Cash changes to Operations		600,242	580,166
Amortization	600,242		580,166
Decrease (Increase) in Financial Assets		(16,336)	(59,807)
Accounts Receivable	(16,586)		(59,384)
Inventories for Resale	250		(423)
Increase (Decrease) in Liabilities		782,830	640,066
Deposits Held in Trust	765,399		495,854
Accounts Payable	(3,074)		40,993
Deferred Revenue	(9,583)		74,510
Other Liabilities	30,088		28,709
INVESTING ACTIVITIES		(286,778)	(370,364)
Acquisition of tangible capital assets	(286,778)		(370,364)
Proceeds on sale of tangible capital assets	-		-
FINANCING ACTIVITIES		(1,785,282)	(99,651)
Capital Debt Issued	-		-
Debt Repayment	(1,785,282)		(99,651)
INCREASE (DECREASE) IN CASH & INVESTMENTS		(214,051)	1,863,004
CASH & INVESTMENTS: BEGINNING OF YEAR		8,546,617	6,683,613
CASH & INVESTMENTS: END OF YEAR		8,332,566	8,546,617

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED 31 DECEMBER, 2012**

	2012 ACTUAL	2012 BUDGET	2011 ACTUAL
		(Unaudited) (Note 10)	
Operating Surplus for year	491,272	(69,308)	1,172,594
Acquisition of tangible capital assets	(286,778)	-	(370,364)
Amortization of tangible capital assets	600,242	608,689	580,166
Increase in Net Financial Assets	804,736	539,381	1,382,396
Net Financial Assets, beginning of year	2,064,242	2,064,242	681,846
Net Financial Assets, end of year	2,868,977	2,603,623	2,064,242

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
SCHEDULE OF CONSOLIDATED POSITION
AS AT 31 DECEMBER, 2012**

**Schedule A
(Unaudited)**

	CONS GENERAL	CONS CHW	CONS CHS	CONS SOS	CONS WW	CONS WS	CONS HCS	CONS SERVICES	RESERVE	CONS TOTAL 2012
FINANCIAL ASSETS	10,743,777	188,692	358,508	234,096	69,144	110,651	66,055	11,770,925	1,920,896	13,691,821
Cash & Temp Investments	5,466,886	153,302	345,283	214,306	62,028	106,432	63,432	6,411,669	1,920,896	8,332,566
Accounts Receivable *	403,023	35,390	13,225	19,791	7,116	4,219	2,623	485,388		485,388
Inventories held for resale	3,867	-	-	-	-	-	-	3,867		3,867
Municipal Debt	4,870,001	-	-	-	-	-	-	4,870,001		4,870,001
LIABILITIES	9,876,194	45,689	2,807	165,810	-	-	-	10,090,501	732,343	10,822,844
Deposits Held in Trust	2,651,884	-	-	-	-	-	-	2,651,884		2,651,884
Accounts Payable	296,422	-	-	1,745	-	-	-	298,168		298,168
Deferred Revenue	186,357	45,689	2,807	6,737	-	-	-	241,589	617,102	858,691
Other Liabilities	484,916	-	-	-	-	-	-	484,916	115,241	600,157
Capital Debt	1,386,615	-	-	157,328	-	-	-	1,543,944		1,543,944
Municipal Debt	4,870,001	-	-	-	-	-	-	4,870,001		4,870,001
NET FINANCIAL ASSETS	867,583	143,003	355,701	68,286	69,144	110,651	66,055	1,680,424	1,188,553	2,868,977
NON-FINANCIAL ASSETS	8,841,953	1,642,700	591,398	1,836,076	36,881	-	1,932	12,950,939	-	12,950,939
ACCUMULATED SURPLUS	9,709,536	1,785,703	947,099	1,904,362	106,025	110,651	67,987	14,631,363	1,188,553	15,819,916

* Net of Doubtful Debts provision

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
SCHEDULE OF OPERATIONS - BY FUND
FOR THE YEAR ENDED 31 DECEMBER 2012**

**Schedule B
(Unaudited)**

	CONS GENERAL FUND	CONS CHW FUND	CHS REVENUE FUND	SOS REVENUE FUND	WW REVENUE FUND	WS REVENUE FUND	HCS REVENUE FUND	SUBTOTAL REVENUE FUNDS	GENERAL RESERVE FUND	CONS TOTAL 2012
REVENUES	4,427,588	120,746	91,851	141,202	32,515	17,593	24,591	4,856,085	18,062	4,874,148
Taxation	2,616,249	-	-	49,715	-	-	-	2,665,964		2,665,964
Grants	596,068	22,933	38,575	2,525	1,964	-	-	662,065	2,202	664,267
User Fees	787,013	93,710	48,876	57,166	29,824	16,317	23,650	1,056,556		1,056,556
Interest	29,964	1,930	4,266	2,602	727	1,276	741	41,505	12,785	54,291
Other Revenue	398,294	2,174	134	29,194			200	429,995	3,075	433,070
										0
EXPENSES	3,837,535	196,101	85,770	198,087	35,722	13,262	16,398	4,382,876		4,382,876
Gen Govt	810,453							810,453		810,453
Protective	245,692							245,692		245,692
Parks & Recreation	1,123,063							1,123,063		1,123,063
Environmental Development	111,719							111,719		111,719
Environmental Health	1,019,468							1,019,468		1,019,468
Economic Development	304,998							304,998		304,998
Regional Transit	222,142							222,142		222,142
Utility Services		196,101	85,770	198,087	35,722	13,262	16,398	545,341		545,341
NETT REVENUE	590,052	- 75,355	6,081	- 56,886	- 3,207	4,331	8,193	473,210	18,062	491,272
UNCONSOLIDATED TRANSFERS	(151,067)							(151,067)	151,067	-
SURPLUS(DEFICIT) FOR THE YEAR	438,985	- 75,355	6,081	- 56,886	- 3,207	4,331	8,193	322,143	169,129	491,272
ACC SURPLUS, BEGINNING OF YEAR	9,270,550	1,861,058	941,018	1,961,247	109,232	106,320	59,794	14,309,220	1,019,424	15,328,644
ACC SURPLUS, END OF YEAR	9,709,535	1,785,703	947,099	1,904,361	106,025	110,651	67,987	14,631,363	1,188,553	15,819,916

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
CASH & TEMPORARY INVESTMENTS POSITION
AS AT 31 DECEMBER 2012**

**Schedule C
(Unaudited)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUE FUNDS	1,424,931	1,364,729	2,408,885	1,532,808	1,946,296	4,188,762	5,196,257	4,589,161	6,377,725	5,989,587
GENERAL FUND	915,644	1,124,338	2,123,155	1,247,597	1,694,080	3,397,209	4,403,550	3,731,166	5,489,566	5,044,803
COAL HARBOUR WATER	194,706	47,173	61,516	46,108	10,855	131,107	114,195	146,209	141,731	153,302
COAL HARBOUR SEWER	160,869	23,027	32,970	50,124	51,196	299,729	303,832	320,580	334,407	345,283
SOINTULA SEWER	28,238	31,068	46,239	52,050	40,063	179,796	184,376	185,849	197,194	214,306
WOSS WATER	54,007	61,584	64,411	49,809	52,384	56,557	58,707	62,212	60,480	62,028
WOSS SEWER	71,467	77,539	80,594	84,653	88,653	92,180	93,447	95,656	100,397	106,432
HYDE CREEK SEWER				2,467	9,065	32,184	38,150	47,488	53,950	63,432
CAPITAL FUNDS		355,675	369,605	366,510	475,838	48,496	48,496	432,319	432,319	422,083
GENERAL FUND				64	-	-	-	432,319	432,319	422,083
COAL HARBOUR WATER				130,671	149,932	45,689	45,689	-	-	-
COAL HARBOUR SEWER				224,710	233,978	2,807	2,807	-	-	-
SOINTULA SEWER				45,036	91,928	-	-	-	-	-
WOSS WATER				(33,972)	-	-	-	-	-	-
WOSS SEWER					-	-	-	-	-	-
HYDE CREEK SEWER					-	-	-	-	-	-
GENERAL RESERVE FUND	1,248,864	1,361,884	1,640,050	1,864,703	2,209,196	2,608,301	1,500,535	1,662,133	1,736,573	1,920,896
GENERAL RESERVE	1,248,864	1,361,884	1,640,050	1,864,703	2,209,196	2,608,301	1,500,535	1,662,133	1,736,573	1,920,896
TOTAL REGIONAL DISTRICT	2,673,795	3,082,288	4,418,540	3,764,021	4,631,330	6,845,559	6,745,288	6,683,613	8,546,617	8,332,566
Represented By										
Current Account							1,615,394	2,276,771	7,095,441	6,852,070
M.F.A. Money Market							5,128,953	4,405,902	1,450,236	1,479,556
Cash on Hand							940	940	940	940
							6,745,287	6,683,613	8,546,617	8,332,566

HOSPITAL DISTRICT CASH & TEMPORARY INVESTMENTS INCLU (Note 15)										
REVENUE FUNDS							1,465,047	1,289,827	831,221	1,518,132
CAPITAL FUNDS							-	100,803	22,650	76,246
TEMPORARY INVESTMENTS									1,032,614	1,057,505
							1,465,047	1,390,630	1,886,485	2,651,884

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
DEBENTURE DEBT POSITION
AS AT 31 DECEMBER 2012**

**Schedule D
(Unaudited)**

MUNICIPAL RECOVERABLE AND REGIONAL DISTRICT OWN DEBT

MUNICIPAL RECOVERABLE DEBT									
ISSUE DATE	ISSUE #	TERM OF ISSUE	ISSUE MATURITY DATE	ORIGINAL LOAN AMOUNT	BALANCE AS AT BEGINNING OF YEAR	NEW DEBT ISSUED DURING YEAR	PRINCIPAL REDUCTION DURING YEAR	ACTUARIAL ADJUSTMENT	BALANCE AT END OF YEAR
ALERT BAY					746,163		(32,238)	(8,553)	705,372
13-Oct-05	95	20	13-Oct-25	960,000	746,163		(32,238)	(8,553)	705,372
PORT ALICE					728,385	-	(28,680)	(15,514)	684,191
01-Dec-95	61	20	01-Dec-15	438,667	128,385		(14,273)	(15,514)	98,598
12-Oct-11	117	25	12-Oct-36	600,000	600,000		(14,407)	-	585,593
PORT MCNEILL					2,552,192	-	(116,125)	(53,366)	2,382,700
24-Apr-07	65	20	24-Apr-17	1,730,000	704,606		(52,320)	(51,270)	601,016
23-Apr-08	103	20	23-Apr-28	500,000	447,586		(16,791)	(2,097)	428,698
04-Apr-11	116	20	04-Apr-31	1,400,000	1,400,000		(47,014)	-	1,352,986
PORT HARDY					1,292,616	-	(166,582)	(28,296)	1,097,738
02-Nov-07	102	10	01-Dec-17	2,000,000	1,292,616		(166,582)	(28,296)	1,097,738
TOTAL MUNICIPAL RECOVERABLE DEBT					5,319,356		(343,626)	(105,730)	4,870,001
REGIONAL DISTRICT OWN CAPITAL DEBT									
ISSUE DATE	ISSUE #	TERM OF ISSUE	ISSUE MATURES						
GENERAL FUND : Telegraph Cove Road				500,000	244,098	-	(47,246)	(10,236)	186,616
19-Apr-06	97	9	19-Apr-15	500,000	244,098		(47,246)	(10,236)	186,616
SOINTULA SEWER FUND				707,798	203,927	-	21,406	(25,194)	157,327
01-Dec-95	61	20	01-Dec-15	571,710	162,672		(17,290)	(20,452)	124,930
01-Dec-95	61A	20	01-Dec-15	95,790	27,255		(2,897)	(3,427)	20,931
01-Jun-96	63	20	01-Jun-16	40,298	14,000		(1,219)	(1,315)	11,466
TOTAL REGIONAL DISTRICT DEBENTURE DEBT				1,207,798	448,025	-	(68,652)	(35,430)	343,943
Solid Waste Landfill MFA Interim Finance Program				(NOTE 8)	2,881,200		(1,681,200)		1,200,000
TOTAL REGIONAL DISTRICT CAPITAL DEBT					3,329,225		(1,749,852)	(35,430)	1,543,943

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
CONTINUITY SCHEDULE OF TANGIBLE CAPITAL ASSETS
AS AT 31 DECEMBER 2012**

**Schedule E
(Unaudited)**

ASSET CATEGORY	O/C 31-Dec-11	2011 DEP	ACCDEP 31-Dec-11	NBV 31-Dec-11	2012 ADDITIONS	2012 DISPOSALS	O/C 31-Dec-12	2012 DEP	ACCDEP 31-Dec-12	NBV 31-Dec-12
ENGINEERING STRUCTURES	14,221,111	314,980	5,295,736	8,925,375	16,279		14,237,390	318,557	5,614,293	8,623,096
BUILDINGS	2,827,437	78,731	1,504,624	1,322,813	40,356		2,867,793	94,244	1,598,868	1,268,925
MACHINERY & EQUIPMENT	3,499,655	135,553	998,643	2,501,011	198,107		3,697,761	136,227	1,134,871	2,562,891
VEHICLES	878,612	50,903	380,039	498,573	32,036		910,648	51,219	431,258	479,390
LAND	16,627	-	-	16,627	-		16,627	-	-	16,627
TOTAL	21,443,442	580,167	8,179,043	13,264,399	286,778	-	21,730,219	600,247	8,779,290	12,950,930

Engineering Structures includes construction-in-progress of \$nil (2011- \$3,959,664)

Machinery & Equipment includes construction-in-progress of \$52,016 (2011- \$nil)

No depreciation has been taken on these amounts as the assets were not complete and put into use.

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
CONTINUITY SCHEDULE OF DEFERRED REVENUE AND DEPOSITS
AS AT 31 DECEMBER 2012**

**Schedule F
(Unaudited)**

	Opening Balance 31-Dec-11	Add Received 2012	Less Recognized/Paid 3012	Closing Balance 31-Dec-12
Nipsec	96	-	-	96
VTN	337	-	-	337
Ec Dev Strategy	808	-	-	808
NITI	124,791	113,828	124,168	114,451
BSR	1,326	-	-	1,326
BSR2	(2,097)	-	-	(2,097)
ALL	(826)	-	-	(826)
Holberg Dock	2,748	6,502	14,791	(5,541)
Loggersports	1,809	-	-	1,809
Rural Areas	28,000	-	-	28,000
Misc Grants	10,000	-	-	10,000
TCR	12,981	189	-	13,170
TSU	2,676	39	2,715	-
TAC	15,522	226	-	15,748
RTS	213	3	216	-
GasTax Note 11	603,332	211,355	197,585	617,102
DCCs	55,233	-	-	55,233
VS	11,325	50	2,299	9,076
Total Deferred Revenue	868,274	332,192	341,774	858,692

DEFERRED REVENUE BY FUND

GENERAL REVENUE FUND	186,357
GENERAL RESERVE FUND	617,102
COAL HARBOUR WATER FUND	45,689
COAL HARBOUR SEWER FUND	2,807
SOINTULA SEWER FUND	6,737
TOTAL PER CONS PSAB	858,692

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2012**

REGIONAL DISTRICT OF MOUNT WADDINGTON

1. PURPOSE

The Regional District of Mount Waddington was incorporated under Letters Patent signed on 13th June 1966 by the province of British Columbia under the British Columbia Local Government Act. Its principal activities are the provision and coordination of local government services to the residents of four unincorporated (rural) areas and four municipalities within its boundaries

2. REPORTING ENTITY

The consolidated financial statements of the reporting entity of the Regional District of Mount Waddington reflect the assets, liabilities, revenues and expenses of the following funds:

i) General Revenue Fund and associated Capital Fund of the following shared services:

- General Government Administration (All areas)
- Parks (All areas)
- Regional Planning (All areas)
- Solid Waste (All areas)
- Economic Development (All areas)
- Regional Emergency Management (All areas)
- E911 (All areas)
- Regional Transit (All areas except Area B and Port Alice)
- Electoral Area Planning (All areas except Port Hardy)
- Electoral Area Administration (Areas A, B, C, D)
- Library (Areas A, B, C, D)
- Arena (Port McNeill, D and Defined Area of Electoral Area C)

ii) Local Service Areas:

- Local Community Commission (Coal Harbour)
- Fire Protection (Coal Harbour, Sointula, Hyde Creek, and Woss)
- Street lighting (Coal Harbour, Winter Harbour, Sointula, Nimpkish Heights, and Woss)
- Recreation (Hyde Creek, Malcolm Island, and Woss)
- Garbage Removal (Malcolm Island, Woss & Coal Harbour)
- Road Maintenance (Telegraph Cove)

iii) Water and Sewer Funds:

- Coal Harbour Water Revenue Fund and associated Capital Fund
- Coal Harbour Sewer Revenue Fund and associated Capital Fund
- Sointula Sewer Revenue Fund and associated Capital Fund
- Woss Water Revenue Fund and associated Capital Fund
- Woss Sewer Revenue Fund and associated Capital Fund
- Hyde Creek Sewer Revenue Fund and associated Capital Fund

iv) General Reserve Fund

3. SIGNIFICANT ACCOUNTING POLICIES

a) **British Columbia Regional Districts**

The Regional District of Mount Waddington is required to follow Canadian Public Sector Accounting Standards (PSAS) and to apply such standards consistently. In accordance with this policy, the Consolidated Financial Statements of the Regional District of Mount Waddington are prepared by Management in accordance with the standards issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Under the principles of fund accounting, the assets and liabilities, revenues and expenses of the Regional District are segregated into various funds for accounting and financial reporting purposes.

b) **Basis of accounting**

The accrual basis for recording revenues and expenses has been followed, whereby revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenses are recognized in the period the goods and services are acquired and a liability is incurred, whether or not a current cash flow is associated with the transaction.

c) **Temporary Investments**

Investments are comprised of deposit accounts with the C.I.B.C. and in the pooled investments of the Municipal Finance Authority (MFA). Funds invested with MFA are pooled with other local governments and managed independently by Phillips, Hager & North Investment Management. Investments are carried at cost which approximates fair market value.

d) **Financial Instruments**

Financial instruments consist of cash and temporary investments, receivables, debt recoverable from member municipalities, accounts payable and accrued liabilities, other liabilities, short and long-term debt. Unless otherwise noted, it is management's opinion that the regional district is not exposed to significant interest, currency or credit risk arising from these financial instruments.

e) **Tangible Capital Assets (See Schedule E)**

Tangible Capital Assets, comprised of capital assets and capital work-in-progress, are recorded at original cost in the period acquired and are categorized according to type. Capital assets costing less than \$1,000 are expensed.

Depreciation is recorded on a straight-line basis over the estimated useful life of the asset commencing in the year following year of acquisition. Estimated useful lives will not exceed 40 years unless it can be clearly demonstrated that the useful life is expected to exceed 40 years.

Amortization periods for the asset categories of the Regional District are generally as follows:

Engineering Structures	30 to 40 years
Buildings	30 to 40 years
Machinery & Equipment	20 to 30 years
Vehicles	10 to 15 years

Contributed capital assets are capitalized at fair market value and recorded as revenue.

f) **Revenue Recognition**

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenues until the Regional District discharges the obligations that led to the collection of funds. Taxes are recognized in the year levied. Sale of services are recognized in the year that the service is provided or the amount is earned, provided the amount can be estimated and collection is reasonably assured. Government transfers are recognized as revenues in the period in which the events giving rise to the transfer occur and only recorded once authorized, eligibility criteria is met, and the amount can be reasonably estimated.

3. SIGNIFICANT ACCOUNTING POLICIES Continued

Contributions are recorded when the event giving rise to the contribution occurs. Investment income, taxation penalties, and other earnings are recorded in the year they are earned.

g) **Use of Estimates**

The preparation of financial statements in accordance with PSAS requires management to make when necessary, 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 accounting period.

Significant use of such estimates has been made by management in the determination of the liability for landfill closure and post-closure costs, the estimated net recoverable amount of accounts receivable and tangible capital assets, the estimated useful life of tangible capital assets for amortization purposes, and accrued sickleave liability. Actual results will differ.

h) **Recent Accounting Pronouncements**

In February 2010, the Public Sector Accounting Board (PSAB) issued PS 3510 *Tax Revenue* to provide guidance on how to account for and report tax revenue in Regional District financial statements. This section establishes recognition, measurement, presentation and disclosure requirements for tax revenue. PS 3510 is effective for fiscal years beginning on or after April 1, 2012. The District does not expect the adoption of the new section to have a material impact on its consolidated financial statements.

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The District has not yet determined the effect of the new section on its consolidated financial statements.

In March 2011, the Public Sector Accounting Board replaced and revised existing section PS 3410 *Government Transfers* with a newly amended section PS 3410. Newly issued PS 3410 establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section permits a recipient government to recognize government transfers as revenue when the transfer is authorized by the transferring government, unless the transfer creates a liability for the recipient. A liability is created as a result of the recipient government not yet meeting eligibility criteria or the existence of stipulations in the transfer agreement. When a government transfer results in recognition of a liability, revenue is recognized by a recipient government as the liability is settled. A transferring government recognizes an expense when the transfer is authorized and the recipient has met all eligibility criteria.

Newly revised and issued PS 3410 may be applied prospectively or retroactively and is effective for fiscal years beginning on or after April 1, 2012; however, earlier adoption is encouraged. PS 3410 will be applied prospectively but the District has not yet determined the effect of the newly issued section on its consolidated financial statements.

4. CASH AND TEMPORARY INVESTMENTS (See Schedule C)

Included in cash and temporary investments is \$422,050 (2011 \$417,623) of moneymarket investments held with the Municipal Finance Authority. These investments are carried at cost which approximates fair market value.

5. RECEIVABLES

	2012	2011
Government of Canada	53,411	49,540
Province of BC	2,214	6,375
Local Governments	65,450	44,629
Developer Contributions Installments	5,025	12,698
Trade Receivables	<u>411,225</u>	<u>407,499</u>
	537,325	520,741
Less: Doubtful Debt Provision	<u>51,939</u>	<u>51,939</u>
	<u>485,386</u>	<u>468,802</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2012	2011
Government of Canada	22,958	49,788
Province of BC	4,050	18,681
Local Governments	1,456	3,224
Trade Payables	<u>269,704</u>	<u>229,549</u>
	<u>298,168</u>	<u>301,242</u>

7. LONG TERM INTERNAL DEBT

General Reserve Fund balances amounting to \$283,506 (2011 \$309,080) are currently employed as loan finance to Regional District of Mount Waddington Fire Departments for the acquisition of Fire trucks. Principal is recovered from participating departments together with interest at competitive rates. This policy is designed to allow the General Reserve Fund a premium over alternative investment rates available in the outside market while enabling borrowers to obtain a discount against long term market rates.

Service	Loan	Commenced	Maturity	Balance 2012	Balance 2011
Sointula Fire	145,000	1/09/2006	31/08/2021	97,600	106,201
Hyde Creek Fire	206,500	1/01/2007	31/12/2021	143,153	155,183
Woss Fire	76,000	1/01/2005	31/12/2019	42,753	47,696
Total	427,500			283,506	309,080

8. LONG TERM CAPITAL DEBT (See Schedule D)

Regional District own debenture debt of \$343,943 (2011 \$448,025) is reported net of actuarial balances.

The reported capital debt liability of the Regional District of \$1,543,943 (2011 \$3,329,225) includes \$1,200,000 (2011 \$2,881,200) borrowed for the Solid Waste Landfill service under the MFA's 5 year interim finance program, which does not require payments of principal. This loan has not yet been debentured.

Payment of principal on issued debt of the Regional District for the next 5 years is as follows:

		2013	2014	2015	2016	2017
SEWER	ISSUE #61	17,290	17,290	17,290	-	-
SEWER	ISSUE #61A	2,897	2,897	2,897	-	-
SEWER	ISSUE #63	1,219	1,219	1,219	1,219	-
ROADS	ISSUE #97	47,246	47,246	47,246	-	-
		<u>68,652</u>	<u>68,652</u>	<u>68,652</u>	<u>1,219</u>	<u>-</u>

8. LONG TERM CAPITAL DEBT Continued

Principal on capital debt is accounted for as a reduction in the debt liability, along with actuarial adjustments as advised by the MFA totaling \$35,430 (2011 \$30,999) which are recorded as revenue.

Interest on long-term debt is charged against fund balances in the period the charges become payable. Interest recorded in the Consolidated Statement of Operations in 2012 is \$44,534 (2011 \$44,702)

8(a) MUNICIPAL RECOVERABLE DEBT

Debenture Debt outstanding on behalf of member municipalities is reported net of accrued actuarial balances. Liability of member municipalities as at 31 December 2012 was \$4,870,001 (2011 \$5,319,355)

8(b) SHORT TERM CAPITAL DEBT

These borrowings totaling \$1,200,000 (2011 \$2,881,200) are being used to fund the 2010 Landfill Upgrade project.

Interest on this short-term debt recorded in the Consolidated Statement of Operations in 2012 is \$29,377 (2011 \$48,947)

9. MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND

The Regional District secures its long-term borrowing through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is retained by MFA as a debt reserve fund. As at 31 December 2012 the total of the Debt Reserve Fund was as follows:

	2012 Municipal	2012 RD	2012 Total	2011 Municipal	2011 RD	2011 Total
Cash Deposits	110,409	30,316	140,725	107,171	29,427	136,598
Demand Notes	294,172	73,214	367,386	294,173	73,214	367,387
	404,581	103,531	508,112	401,344	102,641	503,985

10. BUDGET RECONCILIATION

The budget amounts presented throughout these financial statements are unaudited and represent the five year financial plan bylaw approved by the regional district board on 20 March, 2012.

Note i) the budget bylaw is net of transfers to and from reserves, whereas under PSAS the financial statements exclude such transfers ii) the budget bylaw excludes amortization expense whereas under PSAS the financial statements are net of amortization expense iii) the budget bylaw includes Debt Principal as an expense, whereas under PSAS this is not recognized as an expense in the financial statements.

10. BUDGET RECONCILIATION Continued

As the scope of financial activity reported in the fiscal plan is not the same as that reported in the financial statements, the following reconciliation will assist a comparison of actual and budgeted results:

	2012	2011
Budgeted net revenue per financial statements	(69,308)	(96,526)
Adjustment for Depreciation	608,689	580,166
Adjustment for Debt Principal	(203,655)	(68,655)
Adjustment for External Transfers	(301,657)	(394,305)
Adjustment for Internal Transfers	(32,227)	(20,680)
Adjustment for Depreciation embedded in published net revenue	(1,842)	0
Budgeted net revenue per budget bylaw	NIL	NIL

11. COMMUNITY WORKS (GAS TAX) FUNDING (See Schedule F)

Community Works Funds are a component of the Gas Tax Agreement funding provided by the Government of Canada, through the Union of British Columbia Municipalities. Gas tax funding is restricted to certain public transit, community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreement. The following balances are included as Deferred Revenue in the Consolidated Statement of Financial Position:

	2012	2011
Opening Balance of Unspent Funds	603,332	658,977
Add: Amount received during the year	204,354	204,354
Interest Earned	7,001	6,477
Less: Amount spent on eligible projects	(197,585)	(266,476)
Closing Balance of Unspent Funds	617,102	603,332

12. OTHER LIABILITIES

i) Other Liabilities consist of the following:

	2012	2011
<u>General Revenue Fund</u>		
• Employee Vested Benefits	24,145	24,145
• Landfill Post Closure (see 12 ii)	460,771	432,108
	484,916	456,253
<u>General Reserve Fund</u>		
• Woss Community Capital Reserve	115,241	113,817
	600,157	570,070

ii) Environmental law places an obligation on a Regional District for certain closure activities and post-closure care for a period 25 years after closure. Where it is known for certain that a requirement exists for future sacrifice of economic benefits in relation to the closure care obligation, PS3270 provides guidance for the recognition of the associated liability. As far as the Regional District's landfill operation known as 7 Mile is concerned there exists a contingent liability in respect of landfill closure costs. (refer Note 14)

There remains an obligation for post-closure care beginning 1 January 2012 in respect of Phases I and II. This has been estimated at \$460,771 as at 31 December 2012 (2011 \$432,108). These balances are included within the total of Other Liabilities.

12. OTHER LIABILITIES Continued

The most recent *7 Mile Landfill Design and Operation Plan Update* (DOP) completed in November 2008 Sperling Hansen Associates (SHA) estimated that the landfill's service life would extend to 2063.

Subsequent to this analysis, the Regional District has been outperforming the assumptions set out in the DOP with the commencement of the Phase 3 expansion having not occurred yet despite being assumed to begin in 2009 as set out in the plan. Based on this outcome, the 2063 date for the exhaustion of airspace at 7 Mile Landfill is a conservative one with an estimated 73% of the capacity remaining to be filled.

As at December 31, 2012, there existed uncertainty in respect of possible landfill closure costs. The uncertainty surrounding this issue is whether or not an engineered landfill cover (liner) is required to be installed. The cost of a landfill cover has been estimated at \$590,000 by Sperling Hansen Associates. A 2009/2010 capital upgrade project improved leachate capture, monitoring, treatment and drainage control. It is anticipated that a resolution of the uncertainty, and determination of whether a cover is required, will be achieved over time as a function of the quantity and quality of leachate as determined through the monitoring activities.

13. ACCUMULATED SURPLUS

December 31	2012	2011
Equity in Financial Assets	2,802,285	3,941,724
Equity in Tangible Capital Assets	11,829,078	10,367,496
Equity in Reserve Fund	1,188,553	1,019,424
Accumulated surplus, end of year	<u>15,819,916</u>	<u>15,328,644</u>

14. MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

The board members of the Regional District of Mount Waddington sit on the board of the Mount Waddington Regional Hospital District. The Regional District and the Regional Hospital District are separate legal entities as defined by separate letters patent and authorized by separate legislation.

During the year, administrative support services provided to the Regional Hospital District by the Regional District of Mount Waddington totaled \$66,840 (2011 \$66,840)

On behalf of the Regional Hospital District, Regional Hospital District revenues and expenses are received into and expended from the Regional District's single bank account held with the C.I.B.C. Cash & Temporary Investment balances held on behalf of the Regional Hospital District at yearend are included in the consolidated bank balance of the Regional District. The liability account "Due to Hospital District" reflects this balance as \$2,651,884 as at 31 December 2012 (2011 \$1,886,485)

15. PENSION LIABILITY

The Regional District of Mount Waddington and its employees contribute to the Municipal Pension Plan (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 and the Plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

The latest valuation as at December 31, 2009 indicated an unfunded liability of \$1.024 billion for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013.

15. PENSION LIABILITY Continued

Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The Regional District of Mount Waddington paid \$86,688 (2011 \$84,016) for employer contributions to the plan in fiscal 2012.

16. COMPARATIVE FIGURES

The comparative figures have been reclassified where applicable to conform to the current year's presentation.