



2013 Annual Report



Regional District of Mount Waddington
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Message from Chair Rushton

Greetings:

The year 2013 brought many challenges to the Regional District of Mount Waddington, starting with the untimely passing of Chair Al Huddlestan in April. I accepted the challenge of filling his large shoes and have done my best to ensure that the transition was as smooth as possible for the Board and staff.

We continued to pursue previous objectives of providing our residents with quality and cost effective services. In addition, we remain committed to working with senior government agencies and industry to improve infrastructure for our communities to provide jobs and services. This included initiatives to improve our health care services in conjunction with the Community Health Network, transportation and internet service improvements. The region saw considerable employment and investment benefits flowing from the construction of two major alternate energy projects on the Kokish River and at the Cape Scott Windfarm. Both were expecting to be fully operational in 2014. The region would welcome similar investments that offer opportunities to our residents while respecting environmental and community values.

Heritage was another focus of Regional District activity with 2013 marking the first entries to the Region's new Area C and Area D heritage registry as well as the return of two important heritage assets to the community: Woss Steam Locomotive 113, dating from 1920, and the Hornsby Steam Crawler, dating from 1908. These will be welcome additions to our network of regional parks and trails.

It was a pleasure working with staff and my fellow board to help make the Regional District of Mount Waddington a great place to live.



Administration

2013 was a transitional year for the Regional District. In April, the Regional District, and the North Island, lost a strong advocate and champion with the passing of Chair Al Huddleston. Soon after this sad event, Economic Development Manager Neil Smith left to become the CAO of Kaslo, and Planning Manager Ann MacDonald left for a position in the Comox Valley. Pat English was welcomed as the new Economic Development Manager in July and Jonas Velaniskis assumed his post as Planning Manager in October. Long serving Finance Clerk Bonnie Danyk left for a post in Port Alice in November and our veteran Parks Supervisor, Paddy Hinton, retired in June. Staff and Directors ensured that services continued to operate smoothly, despite all of these changes. The Annual Report outlines progress made in meeting our goals for 2013 as well as outlining plans for 2014.

Climate Action Charter Report: The RDMW operations greenhouse gas emissions dropped 23% from 2012, to 148 tonnes (see figure 1). The Chilton Regional Arena accounted for most of the reduction, dropping 26 tonnes, as the result of energy efficiency improvements. Other significant reductions were from the Parks service due to more efficient scheduling, and Woss and Sointula Recreation due to reduced propane use. As a signatory to the Climate Action Charter, the RDMW had committed to becoming Carbon Neutral by 2012, as reported in 2013. This was achieved by the 7 Mile methane reduction pilot project for which an estimated 400 tonnes reduction was claimed in 2012. In August, landfill engineers Sperling Hansen & Associates did a refined analysis, which showed that an actual reduction of 800 tonnes of GHGe had resulted in 2012 from the project with similar amounts expected for 2013 and beyond. As a result, the RDMW had far more carbon credits than it needed to meet its targets for 2013 and beyond so an agreement was designed to share carbon credits in excess of the RD's needs with member municipalities and First Nations that participate in the solid waste service.

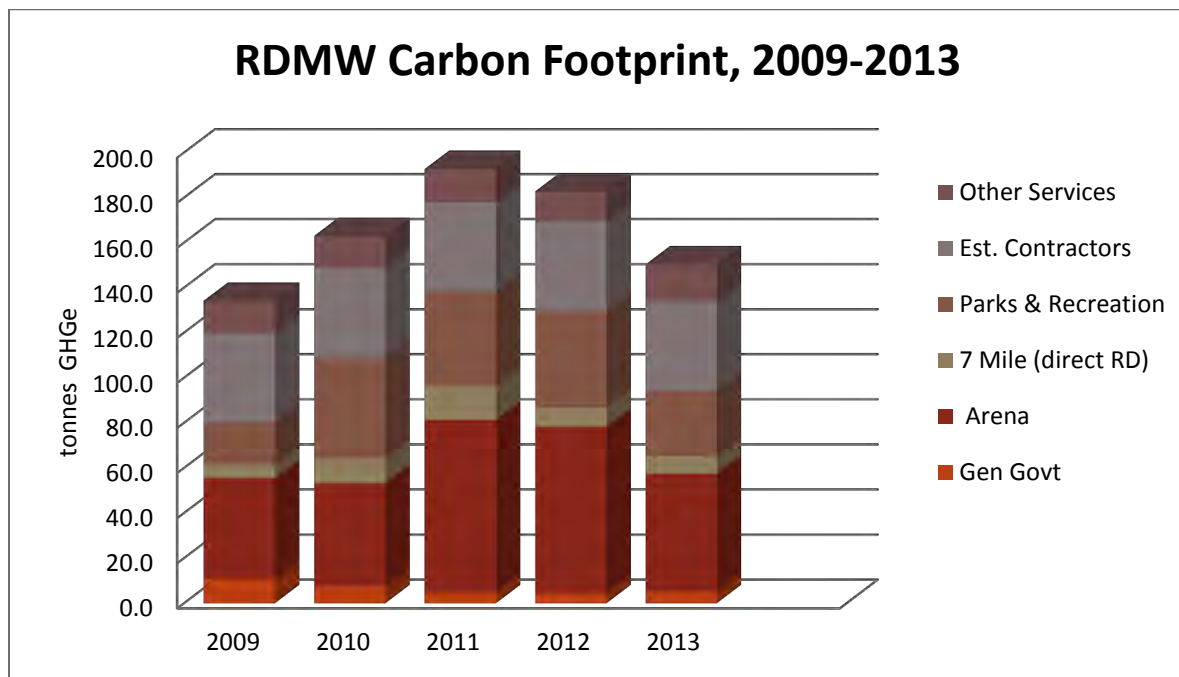


Figure 1 RDMW Operational Carbon Footprint

| 2013 Administration Goals | Policy | Status |
|--|---|---|
| Electronic Records | Digitize all file records, server back-ups | Current year complete, some previous years backlog |
| Direct Deposit Payroll | Provide option for staff and Board members to use Direct Deposit | Completed in December 2013. Used by most staff, some Directors |
| Achieve Carbon Neutrality from RDMW Operations | Utilize gas tax funds strategically in local and regional services and support the Solid Waste 7 Mile methane reduction project | The RDMW was recognized as having achieved carbon neutrality for both 2012 and 2013. A carbon bank was established together with a carbon reduction fund from the carbon tax rebates. |
| Updated Financial Accounting System | Switch from a DOS based financial accounting system to a windows based system. | Operational in December 2013. Will be primary system for 2014. |

| 2014 Administration Goals | Policies |
|---|---|
| Policy Manual Update | Special committee meetings to be set in advance to review and amend as needed |
| Procedure Bylaw Update | Complete to conform to the amended Policy Manual |
| Collective Agreement Negotiations | Three Year contract with unionized workers (except Arena) expires in October, 2014 |
| 2014 Election | Prepare Candidates & newly elected Directors orientation packages. Complete Election |
| Improve handicapped Accessibility in office | Bring access ramp & washrooms up to code, improve Boardroom access |
| Continue to automate Financial Accounting System | Network financial system such that all managers have read access, new accounts Receivable module to be activated |
| Encourage further reductions in Greenhouse gases from all services | Utilize gas tax funds and carbon reduction funds strategically in local and regional services which will result in the greatest reductions of both greenhouse gas emissions and operating costs |
| Maintain Carbon Neutrality and assist Municipalities to achieve this goal | Expand the 7 Mile Methane reduction project utilizing Carbon Tax funds and other sources. Distribute carbon credits with partners as per agreements. |

2013 Administrative Staffing: Administrator - Greg Fletcher; Treasurer - Joe McKenzie; Administrative Assistants - Liette Patterson and Shana Shambrook; Accounting Clerk - Bonnie Danyk.

Solid Waste

2012-13 saw the solid waste program expand into the field of carbon offsets, prepare for the onset of Printed Paper and Packaging Stewardship Program (PPPSP) and successfully adopt an electric truck into its operations. 2014 will be a very ambitious year with the implementation of the PPPSP, which will include several capital investments, and modifications of existing operating procedures. The later part of the year will see the initiation of updating the Regional Solid Waste Management Plan, which has been deferred for several years due to the onset of the PPP Stewardship Program.

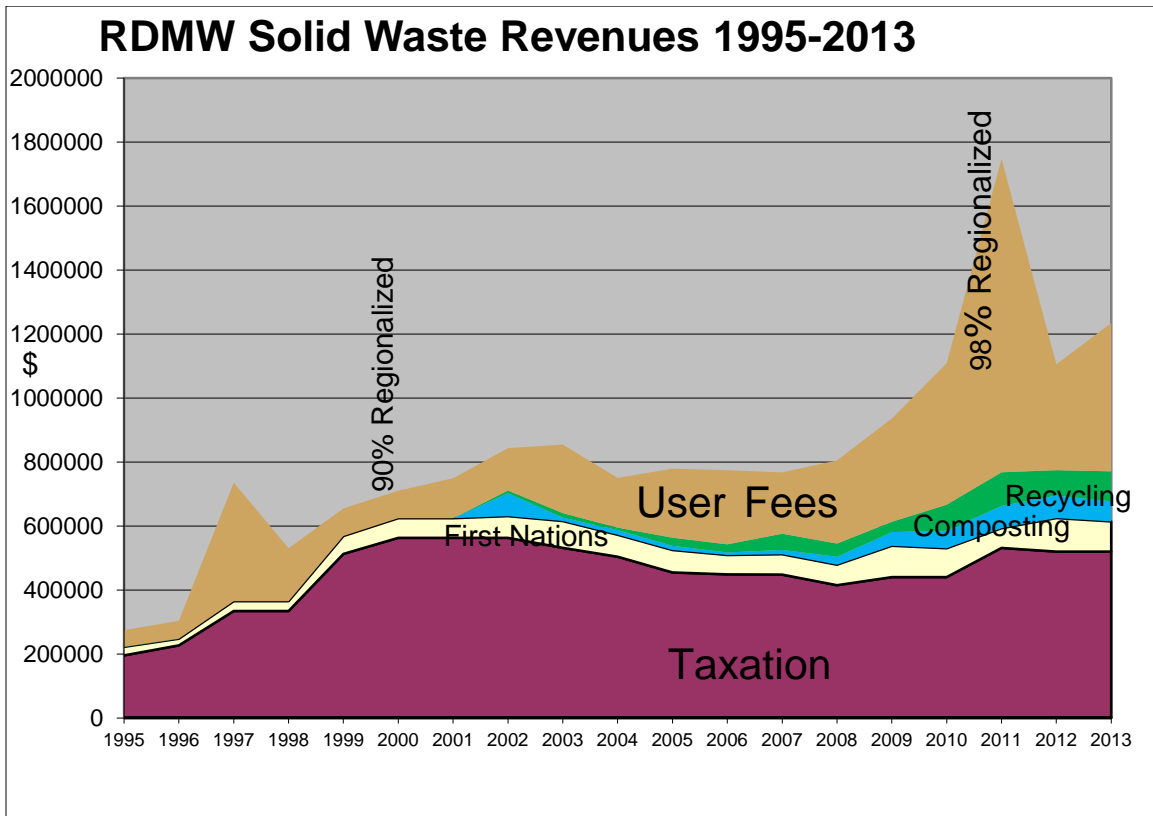


Figure 2 7 Mile Recycling 2013

| 2012-13 Solid Waste Goals | Status |
|---|--|
| Continue to monitor the development of the Packaging and Printed Paper Stewardship Program (PPPSP) and communicate information to business and communities of the RDMW | Attended information updates through Coast Waste Management Association events regarding the PPPSP and pass information on to stakeholders. |
| Resume updating solid waste management plan. | Work was deferred to 2014 when the PPPSP will be operational and its impacts are known. |
| Enhance administrative performance for safety at 7MLRC | Safety Standard Operating Procedures (SOPs) for 7MLRC were compiled into one document and are reviewed/updated annually with staff to be re-familiarized. |
| Replace gas powered landfill pickup with an electric powered truck to lower operational costs by \$3000, improve productivity and reduce greenhouse gas emissions by 3 tonnes annually. | Electric truck (partially funded by Gas Tax funds) was delivered in 2012 and old pickup retired in 2012 following transition period. |
| Bring the Phase 3 expansion into operation. | Utilization of Phase 3 started in January 2012 and permanent wildlife management fence was erected in 2012. |
| Continue to pursue revenue opportunities to lower operational and capital costs through partnerships with private sector. | RDMW has started being more selective regarding the mechanical qualities of contaminated soils sourced from outside of the Regional District with an emphasis on properties that can be utilized in future 7MLRC capital projects. |
| Continue to work with private sector entities to develop new business opportunities coupled with 7MLRC operations. | Worked with small businesses to develop opportunities through waste diversion such as providing discarded bikes or major appliances for rehabilitation. |

| 2014 Solid Waste Goals | Policies/Process |
|--|---|
| Implement Recycling processing and depot agreements with Multi-material BC | Execute capital upgrade in preparation for the new PPPSP starting in May 2014. Investments include skid-steer, electronics/electrical appliance shed and baling reorganization. |
| Achieve further waste reduction through new stewardship programs | Develop and disseminate information to the public in cooperation with municipalities to educate households regarding the new PPPSP as delivered by Multi Material BC (MMBC) |
| Expand the Bio-cover, methane reduction project | Utilize stockpiled composted soil to expand the bio cover area from 15% to 30% of the intermediate closure area |
| Reduce recycling costs | Maximize revenue opportunities to lower recycling costs through the new PPPSP. |
| Update the Regional Solid Waste Management Plan | Amend existing RSWMP to recruit the community of Quatsino (not Reserve) in to the RDMW Solid Management Program. Finalize the Operating Permit for 7MLRC in relation to the capital upgrades carried out in 2009/10. Incorporate changes and update of the Regional Solid Waste Management Plan (RSWMP) with estimated completion in 2015 |

2013 Staff: Patrick Donaghy, Karl Digby, Brad Tierney, Jackie Kirnbauer, Cam Brady and Ty Cadwell.



Parks

As shown in Figures 3 and 4, use of the RDMW’s two hosted fees sites, Link River (Alice Lake) Regional Park and Bere Point Regional Park have stabilized at levels approximately 30% below their peak levels. The RDMW’s participation in the Alice Lake Loop has been well received locally and by the provincial authorities with increased usage at these free managed sites possibly having an impact on the main paid Regional District sites. Increased ferry fares are also likely adversely impacting the use of the Bere Point Park. The Parks service was reorganized after long serving Supervisor Paddy Hinton’s retirement in June, with staffing changed from two to one fulltime and one 6-month seasonal position. Dean Tait was promoted to Supervisor and Administrator Fletcher assumed management responsibilities when Neil Smith left in July.

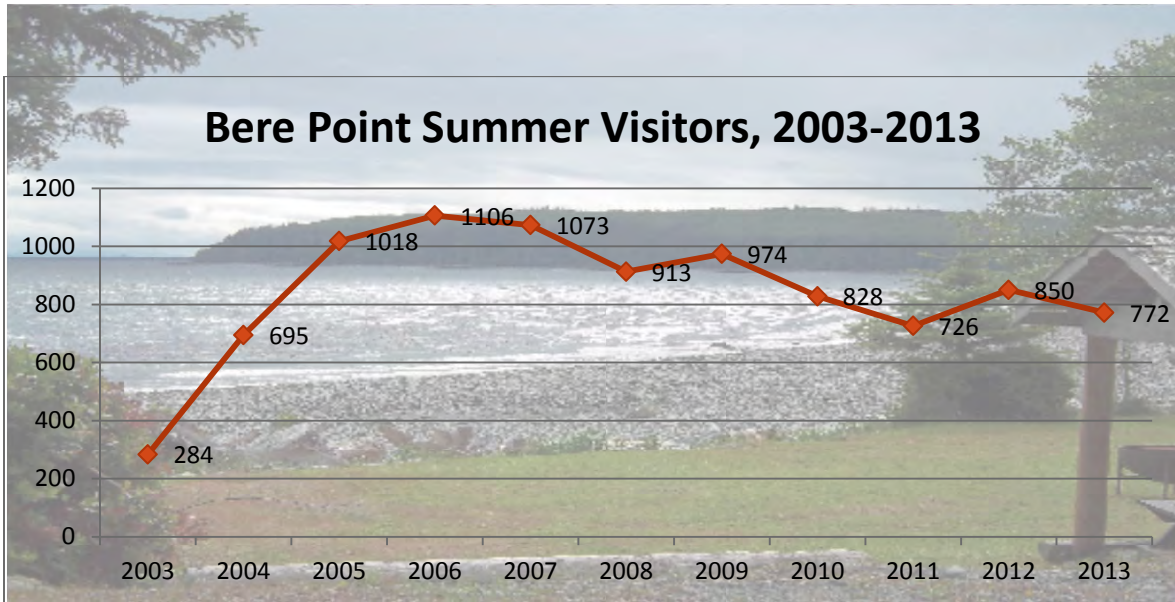


Figure 3 2003 – 2013 Bere Point Park Visitors

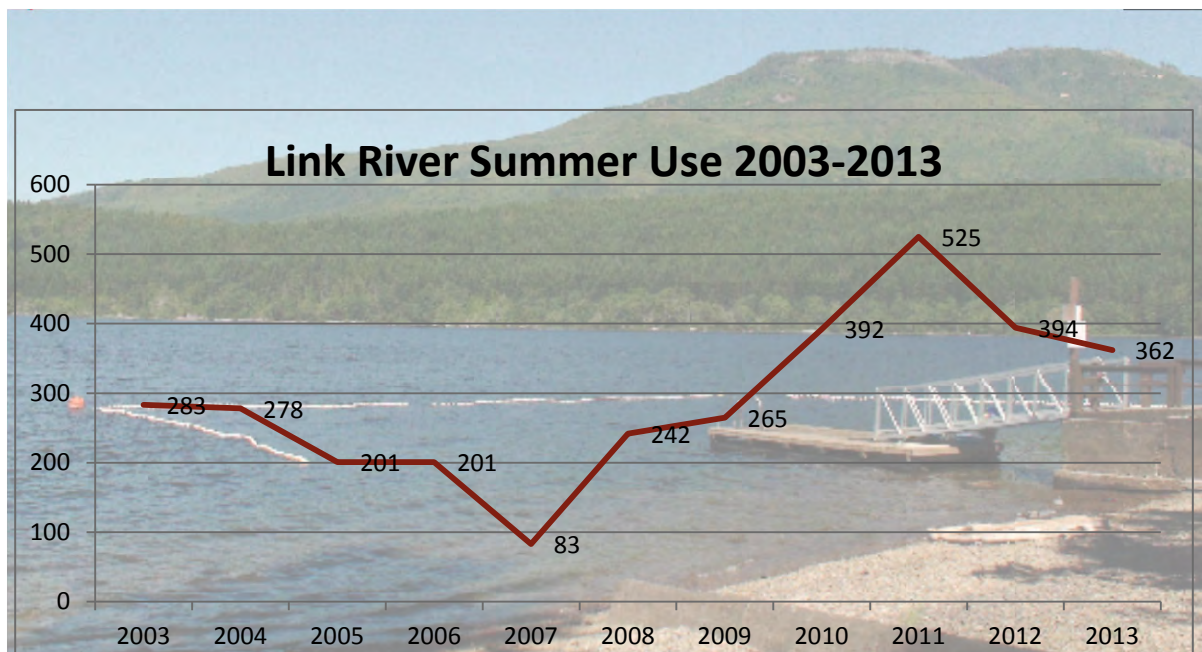


Figure 4 2003 – 2013 Link River Park Visitors

| 2013 Parks Goals | Status |
|---|--|
| Enhance overall parks standards progressively | Strategic investments and minor operational changes continued throughout 2013. |
| Re-organize department in recognition of seasonal patterns for parks use and operations | Re-organization completed in June with a change to 1.5 FTEs from 2.0. |
| Finalize improvements at Link River Regional Park related to neighbouring subdivision. | Subdivision will not provide access through park but improvements will be made in recognition of boat launch accessibility; Port Alice will be granted sufficient lands to connect with forestry access roads. |
| Utilize firewood resources available on location from regular brushing and danger tree removal | Sufficient firewood was made available at Link River from on-site danger tree removal and brushing |
| Pilot selling third party firewood at Bere Point (supplies of clearing and brushing wood are currently limited) | Attendant sold firewood, meeting the needs of campers at a greatly reduced cost to the RDMW |
| Continue with Alice Lake Loop contract with the Province; integrate a caretaker at Clint Beek park. | Amendment of agreement for Alice Lake Loop with Recreation and Trails BC and Western Forest Products to accommodate caretaker at Clint Beek. |

| 2014 Parks Goals | Policy/Process |
|---|--|
| Reduce brush disposal from off-site removal or burning | Purchase portable wood chipper to enable utilization of resulting chips for trail bedding and forest soil fertilization |
| Develop river walking trail along Link River | Will be completed by staff once new lands from subdivision process are confirmed |
| Improve mapping and reservations system at Link River | Re-number and map Link River sites and post information on website |
| Develop walking trail to access additional karst attractions at Little Huson Caves park | Assess routes in spring, build trail & improvements starting September |
| Update a draft Parks master plan for Board review. | Review existing older plan and update to reflect improvements and changes to service and provide key considerations and recommendations for the RDMW Board. |
| Regional Parks Expansion | Investigate utilizing Parks staff to help complete and maintain the Woss Heritage park. |
| Danger tree work | Complete staff assessments and hire resources as needed by June 2014. |
| Alice Lake Loop contract continuation | Continue execution of the contract deliverables to satisfaction of Recreation and Trails BC; ensuring that key works requested of RDMW outside of routine maintenance. |
| Improve Road access to Mount Cain | Coordinate support to lobby for the Mt. Cain Alpine Parks Society to obtain funding for their access road maintenance |

2013 Staff: Paddy Hinton (to June 2013); Dean Tait. Manager – Neil Smith, Greg Fletcher (from July).

Planning

2013 PLANNING SERVICES

In 2013, the Planning Department continued to provide the day-to-day planning, building and bylaw compliance services listed below. The Department also continued work on and finalised projects that were started in previous years. Due to a temporary vacancy of the Planning Manager's position, no new projects were initiated during 2013.

| Activity | In Progress At Beginning Of Year / Received | Completed | In Process At Year End |
|--|---|-----------|------------------------|
| Building Permits | 6 | 3 | 3 |
| Bylaw Enforcement | 7 | 5 | 2 |
| Crown Land Referrals | 19 | 15 | 4 |
| Development Permit / Development Variance Permit | 3 | 3 | 0 |
| OCP Amendments | 3 | 1 | 2 |
| Site Permits | 8 | 8 | 0 |
| Subdivision | 6 | 1 | 5 |
| Temporary Use Permit | 2 | 1 | 1 |
| Zoning Bylaw / Bylaw Amendment | 4 | 3 | 1 |

2014 PLANNING SERVICES & PROJECTS

In 2014, RDMW Planning Department will continue to provide the following services:

- a) property inquiries;
- b) land use applications (OCP & zoning amendments, temporary use permits, development variance permits and board of variance appeals);
- c) Crown referral review (subdivision of private lands and development on Crown lands);
- d) bylaw compliance;
- e) site permits (Hyde Creek, Malcolm Island and Woss); and
- f) building permits (Coal Harbour).

In addition to the aforementioned services, the Department will undertake the following planning-related projects.

| 2014 Planning Projects | Objectives & Process |
|--------------------------------------|--|
| Review & Update of the Regional Plan | The RDMW Regional Plan is a strategic document establishing the vision for RDMW, sector-specific policies and regional priorities with respect to the use of private and Crown lands and waters. In addition to revisiting existing information and policies of the Regional Plan, the Plan review will entail incorporating relevant policies and agreements adopted by the Regional Board (after the adoption of the Plan) with the existing policies of the Regional Plan. The review will also include the development of a designation map, as well as policies pertaining to housing affordability, regional sustainability and heritage conservation. This project is a two-stage process and may take up to two years to complete. |

| | |
|--|--|
| Review & Update of the Regional Zoning Bylaw | The RDMW Zoning Bylaw contains specific subdivision, use, density and siting regulations for areas outside of municipalities and settlement nodes. A number of housekeeping and policy updates need to be considered to Bylaw No. 21. Recommended updates include the recognition of developments on Mount Cain, consolidation of Alder Bay and Telegraph Cove areas into the Bylaw, consolidation of previous zoning map amendments, improvement of floodplain development standards, and clarification of foreshore use regulations. As proposed, the work would be completed in-house with a possibility to retain legal services for a legal review of proposed bylaw changes. |
| Review and Combine Procedures Bylaw with the Planning Fees Bylaw | RDMW currently has two separate bylaws outlining the fees and procedures for planning applications. A bylaw review process will look at combining the two bylaws into one, as well as revisiting the fees and procedures under these bylaws. As proposed, the work would be completed in-house with a possibility to retain legal services for a legal review of proposed bylaw changes. |
| Bylaw Consolidation | Continue consolidation of planning bylaws as some of the previous amendments are still not consolidated, particularly OCP and zoning bylaws. Ensure that all bylaws posted on the RDMW website reflect all successful amendments. |
| Staff Representation at APC / LCC Meetings | Staff will continue to attend meetings of the Advisory Planning Commissions, Residents Association and Local Community Commission on as needed basis throughout 2014. |
| APC Workshops | Prepare a guide to APC roles and procedures and hold APC refresher workshops with the three APCs of the Regional District. |
| Continue Strengthening Relationships with the Region's First Nations | Continue to work with the Region's First Nations as opportunities arise in order to pursue the goals of the North Island Regional Protocol Agreement, build government-to-government co-operation and effectively consult with First Nations on RDMW policy and development projects. |
| Geographic Information System | Continue providing municipal staff with a regional GIS service. Improve the GIS service with additional functionality to the system, such as imagery and user friendliness. In addition, explore opportunities to facilitate public access to GIS information in the Region. This project may result in retaining a new GIS provider. |
| Secure Necessary License and Tenure Agreements For RDMW on Crown Lands | Work on securing License of Occupation and Tenure arrangements for RDMW on Crown lands. Areas of interest include the Woss Transfer Station, Woss Heritage Park, Coal Harbour Sewer Outfall and Winter Harbour Community Gravel Pit. |
| Replace the Office Plotter | The current plotter is over 10 years old and will be replaced to ensure the continuity of service. The new plotter will include a scanning function in order to improve the efficiency and effectiveness of all RDMW departments. |
| Update All Zoning Bylaws to Reflect Regulations on Medical Marihuana | Update the Regional Zoning Bylaw, as well as all local area zoning bylaws, to exercise RDMW's ability to control the location of commercial medical marihuana production facilities. |

Staff: Ann MacDonald (To June), Jonas Velaniskis (Oct. on) – Manager of Planning; Nelson Lovestrom, Research Assistant

Economic Development

| 2013 Goals | Policy | Status |
|--|--|----------------------------------|
| Objective 1: Grow regional collaborations. | | |
| <ul style="list-style-type: none"> Partnerships | <ul style="list-style-type: none"> Continue dialogue and pursue potential partnerships stemming from the North Island Regional Protocol Agreement. Support the Rural BC/Fraser Basin Council Partnership. | On-going |
| <ul style="list-style-type: none"> Projects | <ul style="list-style-type: none"> Maintenance and expansion of partnerships through WAPC and Vancouver Island North Tourism. Implementation of the Woss Heritage Park proposal, pending grant aid and tenures. Manage consultants responsible for the Growing Malcolm Island economic strategy development study | On-going On-going |
| <ul style="list-style-type: none"> Events | <ul style="list-style-type: none"> Economic profiling, data-gathering project. Conduct several workshops to gather insight on criteria for location decisions and choices for students. | Complete On-going Complete |
| Objective 2: Build community capacity. | | |
| <ul style="list-style-type: none"> Rural | <ul style="list-style-type: none"> Proactively prepare proposals for future grant aid opportunities regarding heritage artifacts belonging to RDMW or other service-driven projects. | On-going |
| <ul style="list-style-type: none"> Infrastructure | <ul style="list-style-type: none"> Work with communities and Telus to facilitate and promote completion of the high-speed fibre line from Sayward to Port McNeill. Support the Tri-Island Ferry Commission to help secure adequate service levels from BC Ferries. | On-going On-going |
| <ul style="list-style-type: none"> Local capacity | <ul style="list-style-type: none"> Establishment of Heritage Registry for Electoral Areas C and D, enabling local communities and groups to take steps to protect and promote heritage artefacts and property. | Complete |
| Objective 3: Enhance the regional data profile. | | |
| <ul style="list-style-type: none"> Regional data | <ul style="list-style-type: none"> Share staff resources with the planning department to improve land use data for development promotion. Review census data as it is released. | On-going On-going |
| <ul style="list-style-type: none"> Advocacy | <ul style="list-style-type: none"> Continue to encourage a restoration of local data information gathering by higher orders of government (e.g. local unemployment rate data). | On-going |
| Objective 4: Promote Vancouver Island North. | | |
| <ul style="list-style-type: none"> Marketing | <ul style="list-style-type: none"> Continued support of Vancouver Island North Tourism in 2013 with ongoing grant management, contract oversight and a further \$13,500 of taxation requisition. The RDMW Rural Tourism Action Grant program will be continued in 2013 for rural areas and Port Alice. Press government to ensure that all eligible businesses in the North Island are levying MRDT in the interests of fairness. | Complete On-going |

| Objective 5: Targeted socioeconomic advocacy. | | |
|---|--|--|
| <ul style="list-style-type: none"> • Policy • Technological infrastructure • Workforce development | <ul style="list-style-type: none"> • Continue to apply established policies and criteria in all communications. • Analyze and respond to any responses from Telus in relation to ongoing lobbying efforts and support the High Speed Fibre construction project. • Maintain support for the Connections initiative in partnership with School District 85. • Implement the Project Comeback Initiative as a program to support further workforce development. • Continue to lobby for improved access and funding to rural-remote cost-recovery programming in post-secondary education and training. | <p>On-going</p> <p>On-going: At UBCM & consultant hired to assist</p> <p>Renewed</p> <p>On-going</p> <p>On-going</p> |
| <ul style="list-style-type: none"> • Aquaculture | <ul style="list-style-type: none"> • Maintain support for the 'Namgis K'Udas Closed Containment (RAS) pilot project. • Maintain support for continued and improved local recruitment across the aquaculture sector in the region, particularly in farm sites and new technologies. | <p>On-going (plant operational)</p> <p>On-going</p> |
| <ul style="list-style-type: none"> • Alternative Energy | <ul style="list-style-type: none"> • Maintain support for the Kwagis Power hydro generation project on the Kokish River. • Maintain support for Cape Scott Windfarm. | <p>On-going (Construction Complete) Phase 1 complete</p> |
| <ul style="list-style-type: none"> • Forestry | <ul style="list-style-type: none"> • Build a case for a sawmill on the North Island. • Develop a forestry sector policy for the region. | |

| 2014 Economic Development Objectives | | |
|--|---|--|
| Objective 1: Grow regional collaborations | | |
| <ul style="list-style-type: none"> • Partnerships • Projects • Events | <ul style="list-style-type: none"> • Continue dialogue and pursuing potential partnerships stemming from the North Island Regional Protocol Agreement. • Build on the partnership with Rural BC and the Fraser Basin Council to develop new rural development initiatives. • Maintenance and expansion of partnerships through Vancouver Island North Tourism. • Work with the WRA and Western Forest Products to complete implementation of the Woss Heritage Park proposal, including relocation of the Locomotive to the new park. • Work with VINTA to secure new authority for the ongoing collection of the MRDT commencing in January 2015. • Organize public information sessions with Telus and local small business to provide updates on high-speed internet status. • Conduct a Community-to-Community session to introduce the Strategic Sector Development Strategy. • Coordinate a visit by the Board of Vancouver Island Economic Alliance to the region. | |



| Objective 2: Build community capacity. | |
|---|---|
| <ul style="list-style-type: none"> • Rural • Infrastructure • Local capacity | <ul style="list-style-type: none"> • Proactively prepare proposals for future grant aid opportunities regarding heritage artifacts belonging to RDMW or other service-driven projects. • Work with the Malcolm Island Grassroots Development group to implement the GMI economic plan • Complete Statement of Significance for the Hornsby Mammoth and devise an integrated development plan for the Coal Harbour site. • Work with Telus, ISP's and community organizations to expand cell phone and internet coverage to underserved communities • Work with the municipal administrators to design an Inter Municipal Business License to reduce the cost and administrative burden faced by small businesses operating in various communities. |
| Objective 3: Enhance the regional data profile. | |
| <ul style="list-style-type: none"> • Regional data • Advocacy | <ul style="list-style-type: none"> • Share staff resources with the planning department to improve land use data for development promotion and support Vancouver Island North Tourism social media project. • Complete Strategic Sector Strategy to provide an updated statistical summary of the priority economic sectors in the North Island. • Update community profiles to incorporate 2011 census data • Promote the interests of the region with BC Ferries and other Provincial bodies and agencies. |
| Objective 4: Promote Vancouver Island North. | |
| <ul style="list-style-type: none"> • Marketing | <ul style="list-style-type: none"> • Continued support of Vancouver Island North Tourism in 2014 with ongoing grant management, contract oversight and a further \$12,150 of taxation requisition. • The RDMW Rural Tourism Action Grant program will be continued in 2014 for rural areas and Port Alice. • Incorporate recommendations for the Growing Malcolm Island study for increased tourism marketing • Restructure the Regional District's web site to provide a more user-friendly information source with more relevant and timely information. |
| Objective 5: Targeted socioeconomic advocacy. | |
| <ul style="list-style-type: none"> • Policy • Technological infrastructure • Workforce development | <ul style="list-style-type: none"> • Continue to apply established policies and criteria in all communications. • Support the initiative by Telus to complete the fibre broadband build and work with individual communities to design and facilitate "last mile" solutions. • Incorporate the recommendations of the Broadband study into the strategic plan. • Work with SD 85, NIC and local employers to develop and implement a work experience program that would be integrated into the Transition Learning Program. • Continue to lobby for improved access and funding to rural-remote cost-recovery programming in post-secondary education and training. • Work with the North Island College Leadership Council to advance opportunities for skills training. |

| | |
|--|--|
| <ul style="list-style-type: none"> • Fisheries • Aquaculture • Alternative Energy • Forestry | <ul style="list-style-type: none"> • Lobby as appropriate on fisheries matters where RDMW Board has carried resolutions. • Maintain support for the 'Namgis K'Udas Closed Containment (RAS) pilot project. • Maintain support for continued and improved local recruitment across the aquaculture sector in the region, particularly in farm sites and new technologies. • Maintain support for the Kwagis Power hydro generation project on the Kokish River. • Maintain support for construction of Phase II of the Cape Scott Windfarm. • Represent the Regional District on forest sector advisory committees and develop a forestry sector policy for the region. |
|--|--|

Staff: Manager of Economic Development Neil Smith (to June); Pat English (from July)



Emergency Planning

Regional Emergency Coordinator Cori Neilson resigned in July and was replaced by Gloria Le Gal.

| 2013 Goals | Policy/Action |
|--|--|
| Welcome a Deputy Emergency Coordinator | Gloria Le Gal appointed in Spring 2013, Shawna McKale appointed in September |
| Complete Regional Emergency Management Agreement 1 st Nation Partners | 3 of 7 renewal agreements with 1 st Nation partners were completed for 2012-17 period; one will tie into the SRD's plan, 3 remaining are pending |
| EOC training | Hosted Emergency Evacuations training Spring 2013 |
| Update and align Regional Emergency Plan with Mid-Island Emergency Plan | Using template from MIECM, update plan Summer 2013 – Working with Port McNeill, Port Hardy, local authority plans were initially brought forward based on the RD's plan |
| Earthquake and Tsunami drill | Coordinate drill with Shakeout BC event Oct 17 |
| Mock Disaster Exercise | Port Hardy Airport hosted Regional Exercise in Fall 2013 |
| Communications | Work with established sub-committee to put together a communications plan |
| Support ESS Teams | Coordinate and provide training sessions for Resource Acquisitions, Reception Center and Managing Walk-in Volunteers – New teams in Coal Harbour, Port Alice, Port Hardy, G-N. Need a team in Woss |

| 2014 Goals | Policy/Action |
|---|--|
| Complete Regional Emergency Management Agreement 1 st Nation Partners | Obtain agreement with Quatsino First Nation |
| Ensure that contact lists for key North Island emergency personnel are comprehensive and up to date | Work with all NIREPC members to establish and keep lists up to date. Share lists at semi-annual meetings |
| BCERMS Training for all coordinators and key staff | Document Current training levels and encourage participation in on-line and targeted hosted training sessions |
| Update and align Regional Emergency Plan with Mid-Island Emergency Plan | Using template from MIECM, update plan and digitize so that it can be easily accessed from electronic devices |
| Mock Disaster Exercise | Organize event for the Fall |
| Communications | Include a communications plan with the plan update. |
| Support ESS Teams | Coordinate and provide training sessions for Resource Acquisitions, Reception Center and Managing Walk-in Volunteers |

Staff: 2013 Regional Coordinator –Cori Neilson (to July), Gloria Le Gal (from August)

Transit

Mount Waddington Transit celebrated the fifth anniversary of operation in 2013. To recognize this milestone, Mary Mavis, Transit Coordinator, worked closely with local youth to create a video of the service. Operationally it was a quiet year with no changes to the transit schedule or fare structure planned. The continued work of the Regional District, the Transit Office and staff; and the Transportation Advisory Committee resulted in the correction of the BC Bus Pass allocation to MWT. The Volunteer Transportation Network made 189 trips, with 226 passengers. Of these trips, 53 were made with the new lift van owned by operator North Island Community Service.

| 2013 Goals | Goal | Actual |
|--|---|----------|
| Increased passengers per Revenue Hour | 7.0 | 6.74 |
| Increased revenue (fareboxes, ticket/pass sales, advertising, special group trips & BC Bus Passes) | \$70,000 | \$73,261 |
| Establish Pilot for utilizing service club lift vans within the VTN and develop a proposal so that it could qualify as Handy-dart eligible | Draft proposal developed; NICS (operator) now has a service lift van available in Port McNeill/Islands; need 1 more for Port Hardy area | |
| Develop a protocol for handling overload situations | Complete – up to 3 standees at a maximum of 60 km/hr | |
| Continue monitoring routes to improve efficiency and rider satisfaction, e.g. late ferries | Draft schedule for BC Transit | |
| Ensure correct allocation of BC Bus Passes to MWT | Adjustment made and monthly Bus passes increased from 8 to 33 | |

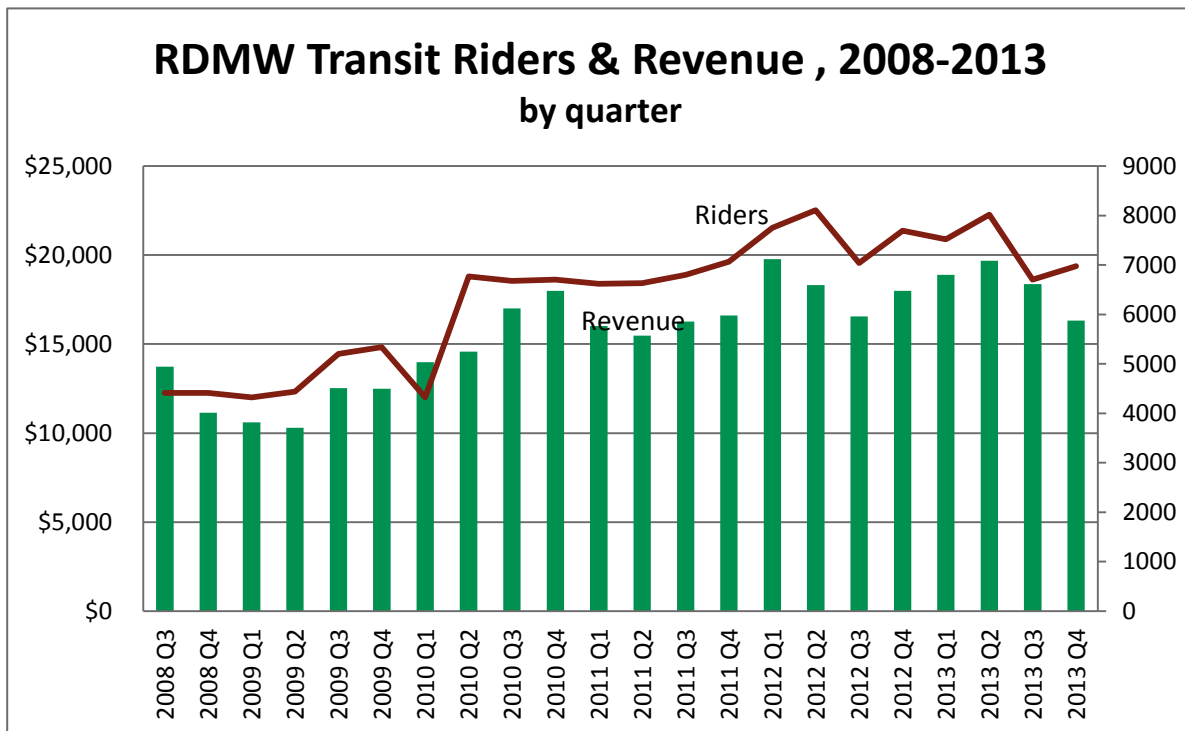


Figure 5 2008 – 2013 Transit Ridership & Revenues

| 2014 Transit Goals | Policies/Process |
|--|--|
| Increased passengers per Revenue Hour to 7 and Ridership to 31,000 | Continue to encourage new bus shelters at strategic sites, improve signage, fine tune scheduling, promote new buses. |
| Increased revenue (fareboxes, ticket/pass sales, advertising, special group trips & BC Bus Passes) to \$74,000 | As above plus further targeted sessions with key groups (i.e. seniors & students), increased use & accuracy of BC Bus passes. |
| Increase Revenue Cost Ratio to 20% | Increased ridership and decreased maintenance costs with the arrival of new buses. |
| Decrease the cost per trip (currently \$12.50) to below the Provincial average (currently \$10.50) | Increased ridership, reduced maintenance costs with new buses. |
| Ensure that accounts receivable are paid | Target organizations with outstanding balances; charge interest on outstanding accounts. |
| Improve VTN Ridership | Further targeted sessions with key groups of users (i.e. seniors) and sources potential drivers (i.e. service clubs). |
| Obtain funding for expanded VTN lift van service | Continue to lobby BCT and VIHA for operational funding for the door to door VTN lift van service and if successful, service clubs for a second VTN lift van. |

Chilton Regional Arena

Use of the arena continued to decline in 2013, caused in part from changing demographics and loss of ice time as a result of a delayed start due to hosting the Fall Fair. As a consequence, user revenues declined by close to 3% to \$148,000, despite an increase in fees. After some teething problems, the new condenser was fully operational by November. The energy savings were immediately apparent and early indications show a combined hydro use reduction from the chiller and condenser of approximately 20%. The Zamboni propane hot water system failed in late 2013 and it will be replaced by a heat recovery system in 2014.

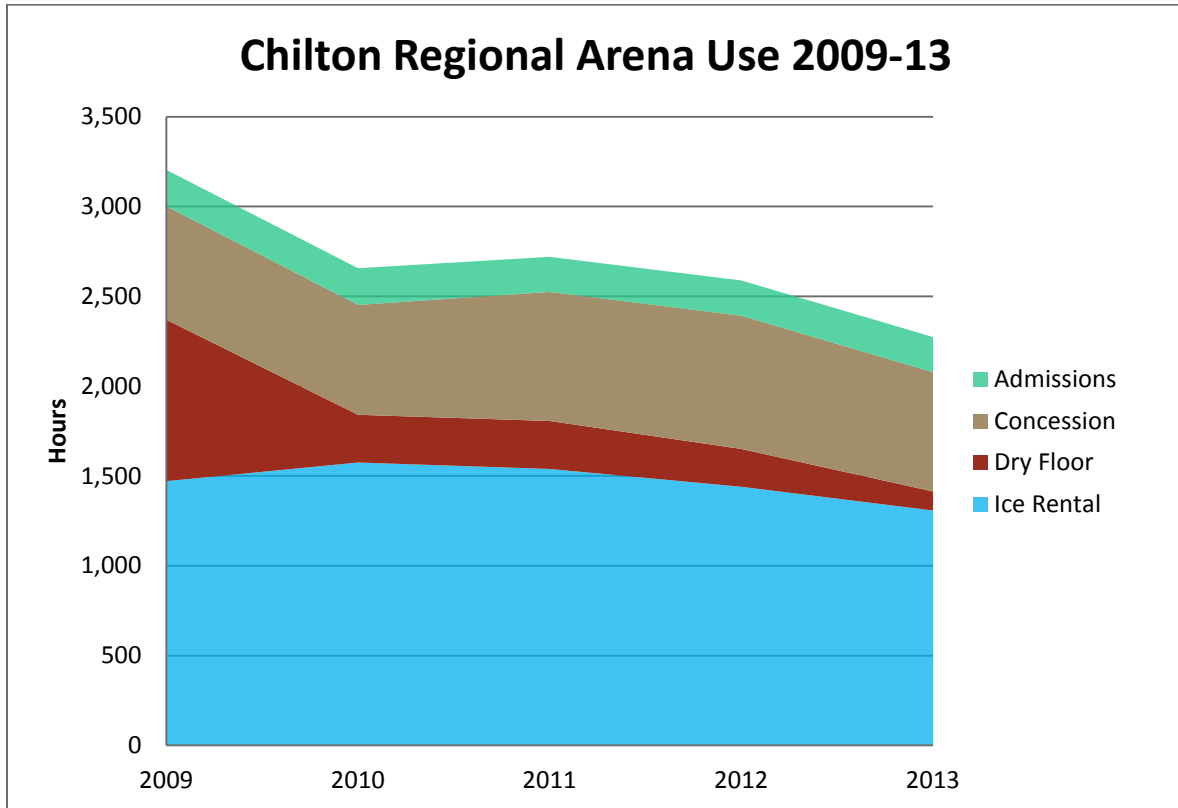


Figure 6 2009 – 2103 Chilton Regional Arena Use

| 2013 Regional Arena Goals | Status |
|---|--|
| Increase Revenue by raising fees, increased utilization | Revenue down 3% to \$147,300 |
| Increase Users by better scheduling including web based | Hours of use down 9% to 2470 |
| Train sufficient staff to meet Safety Authority Req. | Completed in September |
| Improve Energy Efficiency and Reduce Carbon Footprint | New Evaporative Condenser operational by October; together with 2012 chiller, hydro consumption down 6% from 2012; 26% from 2011 |

| 2014 Regional Arena Goals | Policies/Process |
|---|--|
| Increase Utilization by 10% | Better scheduling & advertising, including social media; public skating permitted in non-booked times utilizing existing staff. Make improvements to the Image Room. Improve relations with the public. |
| Increased use and return from concession | Increase targeted operating hours; provide vending machines to cover other times. |
| Improve Energy Efficiency and Reduce Carbon Footprint | <ul style="list-style-type: none"> a) Reduce Hydro consumption by utilizing waste heat by installing a heat recovery condenser. b) Reduce propane consumption by utilizing high temperature compressor heat and by replacing dehumidifier with a heat pump utilizing the heat recovery system. |
| Reduce Energy costs | From energy use reductions above and by working with SD85 to develop a 'heat loop' to further utilize excess recovered compressor energy |
| Obtain Certification | Develop appropriate operating procedures and a safety program through appropriate training and documentation |
| Extend the life of the arena building and plant | Develop a Preventative maintenance Program |

Staff: Rob Batho– Arena Manager; Kathy Wood, Secretary/Events Coordinator; Dave Vanlerberg, Amber Scarfo, Frank Wood, Alfie Gilbert, Facility Maintenance Workers

Local Services

The Regional District has 24 local services managed by the Manager of Operations, Patrick Donaghy. Here, they are described by their function.

1) Water Services

Woss Water Service: The community of Woss has 196 connections and sources its water from two wells. Operations are carried out by K&K Waterworks and everything went well in 2012-13.

| 2012-13 Woss Water Goals | Status |
|--|--|
| Update water services rules and regulations bylaw to allow for effective management of the system. | Updated bylaw, presented to Woss for review and was adopted in 2013. |
| Review and update Emergency Response Plan | Plan reviewed and updated in 2013. |

| 2014 Goals | Policies/Process |
|---|------------------|
| Maintain current service with no changes planned in 2014. | |

Coal Harbour Water Service: The Coal Harbour Water Service provides potable water to both the community and the Quatsino First Nation Reserve. Drawing its water from Quatse Lake, water is treated by filtering, chlorination and Ultra Violet light. Two large water storage tanks provide an excellent means of insurance should the water treatment plant need to be taken off-line for maintenance or other disruptions. Operations are done by contract by Paul Getman.

| 2012-13 CH Water Goals | Status |
|---|---|
| Install meters at all lift stations to determine where the excess volume passing through the treatment plants comes from. | Meter installation completed by the fall of 2012 |
| Determine condition of Coal Harbour/Quatsino Reserve distribution systems | Recent communications with the Quatsino First Nation point to positive opportunities to initiate and implement studies of the system. |
| Develop and maintain a Capital Asset Management Plan (CAMP) for the Coal Harbour Water System. | CAMP completed in 2013 and is being maintained to provide guidance on capital asset management. |
| Vegetation has grown up over the years and now jeopardizes power line servicing water treatment plant and pump house. | 2011-12 saw significant vegetation management program that clear trees threatening power lines to water treatment plant and pump house. |

| 2014 CH Water Goals | Policies/Process |
|--------------------------|---|
| Maintain current service | Continue to work with the QFN to reduce operational costs |

2) Sewer Services

Woss Sewer Service: The community of Woss has 196 connections and treats its waste water via a lagoon. Operations are carried out by contractor K&K Waterworks and everything went well in 2012-13. The main priority for the Woss sewer service is to:



Figure 7 Woss Sewer Plug 2013

| 2012-13 Woss Sewer Goals | Status |
|---|--|
| Update sewer services rules and regulations bylaw so it is consistent with current legislation and regulatory agencies. | Updated bylaw, presented to Woss for review and was adopted in 2013. |
| Obtain a Crown Grant for the Sewage Treatment Lagoon site | The Namgis First Nation is supportive of the Regional District's application of a Crown Grant for the lagoon site. |
| Improve the accuracy of the records of discharged wastewater | A V-notch weir was installed at the outfall to the lagoon to monitor the volume of treated effluent released |

| 2014 Woss Sewer Goals | Policies/Process |
|--|--|
| Vegetation control around the Sewage Treatment Lagoon site is overdue. | Reviewed work with Park Supervisor with intent to do work in later 2014. |

Coal Harbour Sewer Service: The Coal Harbour Sewer Service provides sanitary disposal of waste water for 192 properties within the communities of Coal Harbour and the Quatsino First Nation Reserve. Depositing its effluent into Rupert Inlet, waste water is treated by primary and secondary processing. A portable generator set acts as a means of insurance should the lift stations be taken off-line due to power disruptions. Currently the waste water treatment plant is dealing with volumes that exceed its capacity during peak events and management is working with the community and the Quatsino First Nations to study the problem and identify corrective actions. Operations are carried out by contractor Paul Getman and other than peak flow events, everything went well in 2012-13.

| 2012-13 CH Sewer Goals | Status |
|---|---|
| Install meters at all lift stations to determine where the excess volume passing through the treatment plants comes from. | Meter installation completed by the fall of 2012 |
| Determine condition of Coal Harbour/Quatsino Reserve collection systems to find opportunities to reduce | Continuing efforts to work with the Quatsino First Nations to initiate and implement a study of the system and, if applicable, develop a plan to reduce |

| | |
|---|--|
| infiltration and assess the waste water treatment plant capacity | infiltration and make other necessary system improvements. In 2012, Quatsino Lift Station was upgraded with pumps and valves replaced and piping reconfigured. |
| Vegetation has grown up over the years and now jeopardizes power line servicing some lift stations. | 2011-12 saw significant vegetation management program that clear trees threatening power lines to lift stations. |
| Upgrade sewage collection system infrastructure with particular focus on lift stations | By 2013, the two lift stations in greatest need of capital replacement were upgraded with pumps and valves replaced and piping reconfigured. |
| Develop and maintain a Capital Asset Management Plan (CAMP) for the Coal Harbour Sewer System. | Camp completed in 2013 and is being maintained to provide guidance on capital asset management. |
| Major servicing of waste water treatment plant as indicated by CAMP. | Tanks were cleaned out and replacement of pressure treated boards and fixtures were required in 2013. |

| 2014 CH Sewer Goals | Policies/Process |
|---|---|
| Continue managing capital assets of the sewer system as guided by the CAMP. | CAMP indicates highest priorities for capital upgrades are the power kiosks serving the lift stations. Work will be completed by end of 2014. |

Sointula Sewer Service: The community of Sointula has 320 connections and treats its waste water using an aeration/clarifier system. Operations are carried out by Alden Barnett and everything went well in 2012-13.

Hyde Creek Sewer Service: The community of Hyde Creek has 49 connections using a forced pressure collection system and treats its waste water via secondary treatment. Operations are carried out by contractor Paul Getman and everything went well in 2012-13.

3) Fire Services

In 2014, goals common to all departments include the following:

- Developing administrative procedures to meet Worksafe regulations;
- Increasing recruitment and retention of firefighters from within their communities

Woss Fire Protection Service: The Woss Volunteer Fire Department (VFD) provides fire protection to the community. Most members are also active in the Woss Rescue Society which responds to Motor Vehicle Accidents (MVA) along Highway 19 between the areas of coverage served by Sayward and Port McNeill. The department’s chief is Brad Galeazzi.

Coal Harbour Fire Protection Service: The Coal Harbour Volunteer Fire Department (VFD) provides fire protection to the community and the Quatsino Reserve. The department’s chief and deputy chief are Andrew Hory and Kirk Bell, respectively.

| 2012-13 CH Fire Goals | Status |
|---|---|
| Replacement of the Coal Harbour Volunteer Fire Department’s fire truck. | In 2013, the two communities acquired a new fire truck with the Quatsino First Nation purchasing the truck and the department leasing it. The new truck meets a principal Fire Underwriter’s operation requirement and hence property owners will be recognized as having fire protection which lowers housing insurance costs. |
| Renew the service agreement between Coal Harbour and the Quatsino First Nation. | 2013 saw the development and signing of a service agreement with the Quatsino First Nation. |

| 2014 CH Fire Goals | Policies/Process |
|---|--|
| Contract out improvements to the Coal Harbour Fire Hall aimed at energy conservation which should reduce operational costs. | Work is scheduled to be done in the summer/fall of 2014. |



Figure 8 New Coal Harbour Volunteer Fire Department Fire Truck 2013

Sointula Fire Protection Service: This service provided emergency services to the community of Sointula throughout 2012 - 2013. The department's chief is Tom Trimmer.

Hyde Creek Fire Protection Service: This service provided emergency services to the communities of Hyde Creek, Nimpkish Heights, Twin Peaks and neighbouring properties throughout 2012 - 2013. The fire department's chiefs are Cam Brady and Doug Von Schilling. Energy conservation upgrades will be done on the Hyde Creek Firehall in 2014, using Gas Tax funds.



4) Solid Waste Local Services

Local solid waste services provide garbage collection that is often coupled with recycling and waste transfer stations. In all cases, the services are designed to complement the Regional Solid Waste Service.

Woss Solid Waste Collection Service: The Woss' solid waste service involves a weekly curbside garbage collection with 143 clients and a manned transfer station and a recycling depot. The depot allows residents to drop off a wide range of materials that include electronics to cardboard.

| 2012-13 Woss Solid Waste Goals | Status |
|--|--|
| Construct Recycling Shed at Woss depot to enable all RDMW recyclable materials from Woss to be diverted at source. | Shed erected in 2012. In 2013, a lean-to extension was added to the shed to shelter paint, oil and other household chemicals |

| 2014 Woss Solid Waste Goals | Policies/Process |
|---|---------------------------------------|
| In 2014, the Woss Solid Waste Collection Service will need to adapt its operations to fit into the new printed paper and packaging stewardship program. | The transition commenced in May 2014. |

Coal Harbour Solid Waste Collection Service: The community of Coal Harbour has 93 properties whose garbage is picked up weekly and taken to 7 Mile Landfill and Recycling Center. Operations are carried out by Fox Disposal and everything went well in 2012-13.

| 2014 CH Solid Waste Goals | Policies/Process |
|--|---|
| Implement a curbside recycling program | Starting in May, Convert Solid Waste Collection Service from weekly garbage collection to alternating garbage collection and curbside recycling on a two week cycle funded in part by the new printed paper and packaging stewardship program (MMBC). Support with a public relations/education campaign. |

Malcolm Island Solid Waste Collection Service: The Malcolm Island solid waste service consists of garbage collection every two weeks with a two can limit and a manned recycling depot/transfer station which has openings three times a week. The depot allows residents to drop off a wide range of materials that include electronics to cardboard.

| 2012-13 MI Solid Waste Goals | Status |
|---|--|
| Enhance waste diversion opportunities by constructing an extension to the recycling shed on Malcolm Island. | In 2013, a lean-to extension was added to the shed to shelter paint, oil and other household chemicals |

| 2014 MI Solid Waste Goals | Policies/Process |
|---|--|
| Increase the number of materials collected and reduce recycling costs | In conjunction with the new printed paper and packaging stewardship program (MMBC), more materials will be recycled and the costs of shipping will be reduced. |
| Expand the responsibilities of the solid waste service to provide permanent support for the Malcolm Island Free Green Bike Program. | Upper Crust Bakery has entered into an agreement with the Regional District to host the bike program in 2014. |

Winter Harbor Solid Waste Collection Service: This service became active in early 2011 with the construction of the Winter Harbour transfer station. Two specially designed trailers allow residents to deposit their waste conveniently in the communities of Winter Harbour and WD Moore Camp. When these trailers are full, they are hauled to the transfer station and the contents placed in a large covered bin and eventually taken to 7MLRC.

| 2014 WH Solid Waste Goals | Policies/Process |
|--|---|
| Establish recycling depot in Winter Harbour. | Until recycling depot has been constructed, an interim site has been selected at WD Moore Camp. Recycling will be funded through MMBC |
| Construct recycling depot in Winter Harbour. | Site has been selected at the Winter Harbour school site. |

5) Local Road Service

Local road services provide access maintenance and upgrades to specifically defined stretches of roads defined by the service area.

Telegraph Cove Road Service: The Telegraph Cove road service covers the industrial road from the end of the Beaver Harbour road to the old TimberWest shop. Annually, the service focusses mainly on snow removal in the winter and vegetation/ditchline maintenance. In 2015 the establishment bylaw for the service is due for cessation.

| 2014 TCove Road Goals | Policies/Process |
|---|--|
| Contract out a professional assessment to determine the long term maintenance and capital upgrades needed if the service will be renewed. | John Motherwell PEng was contracted to carry out the maintenance/capital improvement study on Telegraph Cove Road. |
| Consult with the road service's stakeholders to determine whether there is support to renew the service past 2015. | Stakeholder meetings followed by a petition for service and new service bylaw, should there be sufficient support. |

6) Heritage Service

The Areas C and D Heritage Conservation Service, established in 2012 provided a framework to help communities highlight and preserve heritage resources. The Woss Fire lookout (c1949, Area D) and the Quatsino St. Olaf's Church (c1896, Area C) were the first entries to the registry. In 2014, the Hornsby Steam Crawler (Area C) and Locomotive 113 (Area D) are expected to be added to the registry.



2013 FINANCIAL STATEMENTS

Regional District of Mount Waddington



Regional District of Mount Waddington Directors December 31, 2013

| | | |
|----------|-----------------|------------------------|
| Chair | Dave Rushton | Electoral Area D |
| Director | Heidi Soltau | Electoral Area A |
| Director | Phil Wainwright | Electoral Area B |
| Director | Andrew Hory | Electoral Area C |
| Director | Bev Parnham | District of Port Hardy |
| Director | John Tidbury | 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 |

Regional District Officers

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

Greg Fletcher
Joe Mackenzie
Patrick Donaghy
Pat English
Jonas Velaniskis

External Auditors

MNP, LLP



Regional District of Mount Waddington
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December 31, 2013

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Regional District of Mount Waddington 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
28 July, 2014

Independent Auditor's 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, 2013 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, 2013 and its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Other Matters

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including Schedules A through F, has been presented for purposes of additional analysis. The supplementary information in Schedules E and F has been subjected to the auditing procedures applied in the consolidated financial statements and, in our opinion, this supplementary information is presented fairly, in all material respects, in relation to the consolidated financial statements taken as a whole. We do not express an opinion on Schedules A, B, C and D because our examination did not extend to the detailed information therein.

Nanaimo, BC

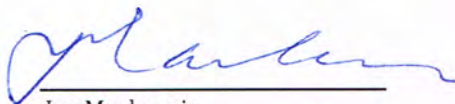
July 29, 2014

MNP LLP


Chartered Accountants

REGIONAL DISTRICT OF MOUNT WADDINGTON
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER, 2013

| | 2013 | 2012 (Restated Note 19) |
|--|-------------------|-------------------------------|
| FINANCIAL ASSETS | 11,758,339 | 13,691,822 |
| Cash & Temp Investment: (Schedule C) (Notes 4, 14) | 6,647,406 | 8,332,566 |
| Accounts Receivable (Note 5) | 705,756 | 485,388 |
| Inventories for resale | 3,839 | 3,867 |
| Municipal Recoverable Debt (Schedule D) | 4,401,338 | 4,870,001 |
| LIABILITIES | 8,145,429 | 10,822,845 |
| Due to Hospital District (Note 14) | 256,053 | 2,651,884 |
| Accounts Payable (Note 6) | 527,220 | 298,168 |
| Restricted Revenue | 895,391 | 858,691 |
| Deferred Revenue (Schedule F) | 895,391 | |
| Other Liabilities (Note 12) | 630,195 | 600,157 |
| MFA Capital Debt | 5,836,570 | 6,413,945 |
| Regional District (Note 8) | 1,435,232 | 1,543,944 |
| Member Municipalities | 4,401,338 | 4,870,001 |
| NET FINANCIAL ASSETS | 3,612,911 | 2,868,977 |
| NON-FINANCIAL ASSETS | 12,188,746 | 12,595,939 |
| Tangible Capital Assets (Schedule E) (Note 3e) | 12,188,746 | |
| ACCUMULATED SURPLUS (Schedule A) (Note 13) | 15,801,657 | 15,464,916 |



Joe Mackenzie
Treasurer



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, 2013

2013
ACTUAL

| 2013 BUDGET (Note 10) | 2012 ACTUAL (Restated Note 19) |
|-----------------------------|---|
|-----------------------------|---|

| | | |
|--|-----------|-------------------|
| REVENUES: | | 4,745,322 |
| Taxation | 2,692,750 | |
| Grants | 391,379 | |
| Sales of Services | 1,164,969 | |
| Interest Earned | 60,374 | |
| Other Revenue | 435,850 | |
| EXPENDITURES: | | 4,408,582 |
| General Govt Services: | 829,475 | |
| Protective Services: | 264,282 | |
| Recreation Services: | 1,184,601 | |
| Environmental Development | 110,354 | |
| Environmental Health Services | 1,055,263 | |
| Economic Development | 181,855 | |
| Regional Transit | 230,617 | |
| Heritage | 2,981 | |
| Utility Services | 549,154 | |
| SURPLUS (DEFICIT) FOR YEAR | | 336,740 |
| ACCUMULATED SURPLUS, beginning of year (restated Note | | 15,464,916 |
| ACCUMULATED SURPLUS, end of year | | 15,801,656 |

| | |
|------------|------------|
| 4,349,558 | 4,874,148 |
| 2,692,749 | 2,665,964 |
| 220,700 | 664,267 |
| 986,747 | 1,056,556 |
| - | 54,291 |
| 449,362 | 433,070 |
| 4,434,421 | 4,388,876 |
| 812,629 | 810,453 |
| 320,557 | 245,692 |
| 1,099,959 | 1,123,063 |
| 152,708 | 111,719 |
| 1,079,326 | 1,025,468 |
| 141,197 | 304,998 |
| 267,190 | 222,142 |
| 4,000 | - |
| 556,855 | 545,341 |
| (84,863) | 485,272 |
| 15,464,916 | 14,979,644 |
| 15,380,053 | 15,464,916 |

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, 2013

| Cash Provided By (Used for) | | 2013 | 2012 |
|--|-------------|-------------|--------------------|
| | | | (Restated Note 19) |
| OPERATING: | | (1,376,864) | 1,822,578 |
| Nett Revenue for the year | 336,740 | | 485,272 |
| Non-Cash changes to Operations | | 646,835 | 607,247 |
| Amortization | 623,773 | | 606,247 |
| Writeoff of capital assets | 23,062 | | |
| Decrease(Increase) in Financial Assets | | (260,398) | (51,766) |
| Accounts Receivable | (220,367) | | (16,586) |
| Inventories held for resale | 28 | | 250 |
| Actuarial adjustment of Debenture Debt | (40,059) | | (35,430) |
| Increase(Decrease) in Liabilities | | (2,100,041) | 782,830 |
| Deposits Held in Trust | (2,395,831) | | 765,399 |
| Accounts Payable | 229,052 | | (3,074) |
| Deferred Revenue | 36,700 | | (9,583) |
| Other Liabilities | 30,038 | | 30,088 |
| INVESTING ACTIVITIES | | (239,642) | (286,778) |
| Acquisition of tangible capital assets | (239,642) | | (286,778) |
| FINANCING ACTIVITIES | | (68,652) | (1,749,852) |
| Debt Repayment | (68,652) | | (1,749,852) |
| INCREASE IN CASH & INVESTMENTS | | (1,685,158) | (214,052) |
| CASH & INVESTMENTS: BEGINNING OF YEAR | | 8,332,565 | 8,546,617 |
| CASH & INVESTMENTS: END OF YEAR | | 6,647,407 | 8,332,565 |

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, 2013

| | 2013 ACTUAL | 2013 BUDGET | 2012 ACTUAL |
|--|------------------|------------------|-----------------------|
| | | (Note 10) | (Restated Note 19) |
| Operating Surplus for year | 336,740 | (84,863) | 485,272 |
| Acquisition of tangible capital assets | (239,642) | (207,700) | (286,778) |
| Amortization of tangible capital assets | 623,773 | 618,773 | 606,242 |
| Writeoff of tangible capital assets | 23,062 | | |
| Increase/Decrease in Net Financial Assets | 743,933 | 326,210 | 804,736 |
| Net Financial Assets, beginning of year | 2,868,977 | 2,868,977 | 2,064,242 |
| Net Financial Assets, end of year | 3,612,910 | 3,195,187 | 2,868,977 |

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, 2013

Schedule A
 (Unaudited)

| | CONS GENERAL | CONS CHW | CONS CHS | CONS SOS | CONS WW | CONS WS | CONS HCS | CONS SERVICES | RESERVE | CONS TOTAL 2013 |
|-----------------------------|------------------|------------------|------------------|------------------|----------------|----------------|-------------------|-------------------|------------------|-----------------------|
| FINANCIAL ASSETS | 8,582,876 | 194,006 | 362,246 | 252,305 | 73,287 | 114,178 | 77,051 | 9,655,949 | 2,102,391 | 11,758,340 |
| Cash & Temp Investments | 3,592,527 | 154,766 | 346,351 | 219,014 | 58,544 | 105,405 | 68,408 | 4,545,015 | 2,102,391 | 6,647,406 |
| Accounts Receivable * | 585,172 | 39,240 | 15,895 | 33,291 | 14,744 | 8,773 | 8,643 | 705,756 | | 705,756 |
| Inventories held for resale | 3,839 | | | | | | | 3,839 | | 3,839 |
| Municipal Debt | 4,401,338 | | | | | | | 4,401,338 | | 4,401,338 |
| LIABILITIES | 7,181,502 | 45,689 | 2,807 | 116,881 | - | - | - | 7,346,879 | 798,551 | 8,145,430 |
| Deposits Held in Trust | 256,053 | | | | | | | 256,053 | | 256,053 |
| Accounts Payable | 525,474 | | | 1,745 | | | | 527,220 | | 527,220 |
| Deferred Revenue | 158,224 | 45,689 | 2,807 | 6,737 | | | | 213,457 | 681,934 | 895,391 |
| Other Liabilities | 513,579 | | | | | | | 513,579 | 116,617 | 630,195 |
| Capital Debt | 1,326,833 | | | 108,399 | | | | 1,435,232 | | 1,435,232 |
| Municipal Debt | 4,401,338 | | | | | | | 4,401,338 | | 4,401,338 |
| NET FINANCIAL ASSETS | 1,401,374 | 148,316 | 359,439 | 135,424 | 73,287 | 114,178 | 77,051 | 2,309,070 | 1,303,840 | 3,612,910 |
| NON-FINANCIAL ASSETS | 8,242,896 | 1,538,636 | 665,392 | 1,706,198 | 33,124 | 2,500 | - | 12,188,746 | - | 12,188,746 |
| ACCUMULATED SURPLUS | 9,644,270 | 1,686,953 | 1,024,831 | 1,841,622 | 106,411 | 116,678 | 14,420,765 | 14,497,816 | 1,303,840 | 15,801,656 |

* 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 2013**

**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 2013 |
|---------------------------------------|-------------------------|---------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------------|----------------------------|-----------------------|
| REVENUES | 4,244,619 | 100,841 | 167,006 | 137,196 | 30,335 | 21,471 | 24,023 | 4,725,492 | 19,831 | 4,745,323 |
| Taxation | 2,643,035 | | | 49,715 | | | | 2,692,750 | | 2,692,750 |
| Grants | 262,054 | 8,257 | 115,721 | | | 2,500 | | 388,533 | 2,847 | 391,380 |
| User Fees | 899,295 | 90,643 | 47,334 | 57,183 | 29,597 | 17,697 | 23,220 | 1,164,969 | | 1,164,969 |
| Interest | 34,674 | 1,941 | 3,951 | 2,775 | 738 | 1,274 | 803 | 46,156 | 14,219 | 60,374 |
| Other Revenue | 405,561 | | | 27,523 | | | | 433,085 | 2,765 | 435,850 |
| EXPENSES | 3,859,428 | 199,592 | 89,274 | 199,937 | 29,949 | 15,444 | 14,959 | 4,408,583 | - | 4,408,583 |
| Gen Govt | 829,475 | | | | | | | 829,475 | | 829,475 |
| Protective | 264,282 | | | | | | | 264,282 | | 264,282 |
| Parks & Recreation | 1,184,601 | | | | | | | 1,184,601 | | 1,184,601 |
| Environmental Development | 110,354 | | | | | | | 110,354 | | 110,354 |
| Environmental Health | 1,055,263 | | | | | | | 1,055,263 | | 1,055,263 |
| Economic Development | 181,855 | | | | | | | 181,855 | | 181,855 |
| Regional Transit | 230,617 | | | | | | | 230,617 | | 230,617 |
| Heritage | 2,981 | | | | | | | 2,981 | | 2,981 |
| Utility Services | | 199,592 | 89,274 | 199,937 | 29,949 | 15,444 | 14,959 | 549,154 | | 549,154 |
| NETT REVENUE | 385,191 | (98,751) | 77,732 | (62,740) | 387 | 6,027 | 9,064 | 316,910 | 19,831 | 336,740 |
| UNCONSOLIDATED TRANSFERS | (95,457) | | | | | | | (95,457) | 95,457 | - |
| SURPLUS(DEFICIT) FOR THE YEAR | 289,734 | (98,751) | 77,732 | (62,740) | 387 | 6,027 | 9,064 | 221,453 | 115,287 | 336,740 |
| ACC SURPLUS, BEGINNING OF YEAR | 9,354,536 | 1,785,704 | 947,089 | 1,904,362 | 106,024 | 110,651 | 67,987 | 14,276,363 | 1,188,553 | 15,464,916 |
| ACC SURPLUS, END OF YEAR | 9,644,270 | 1,686,953 | 1,024,831 | 1,841,622 | 106,411 | 116,678 | 77,051 | 14,497,816 | 1,303,840 | 15,801,656 |

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 2013**

**Schedule C
(Unaudited)**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| REVENUE FUNDS | 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 | 4,112,696 |
| GENERAL FUND | 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 | 3,160,208 |
| COAL HARBOUR WATER | 47,173 | 61,516 | 46,108 | 10,855 | 131,107 | 114,195 | 146,209 | 141,731 | 153,302 | 154,766 |
| COAL HARBOUR SEWER | 23,027 | 32,970 | 50,124 | 51,196 | 299,729 | 303,832 | 320,580 | 334,407 | 345,283 | 346,351 |
| SOINTULA SEWER | 31,068 | 46,239 | 52,050 | 40,063 | 179,796 | 184,376 | 185,849 | 197,194 | 214,306 | 219,014 |
| WOSS WATER | 61,584 | 64,411 | 49,809 | 52,384 | 56,557 | 58,707 | 62,212 | 60,480 | 62,028 | 58,544 |
| WOSS SEWER | 77,539 | 80,594 | 84,653 | 88,653 | 92,180 | 93,447 | 95,656 | 100,397 | 106,432 | 105,405 |
| HYDE CREEK SEWER | | | 2,467 | 9,065 | 32,184 | 38,150 | 47,488 | 53,950 | 63,432 | 68,408 |
| CAPITAL FUNDS | 355,675 | 369,605 | 366,510 | 475,838 | 48,496 | 48,496 | 432,319 | 432,319 | 422,083 | 432,319 |
| GENERAL FUND | | 64 | | - | - | - | 432,319 | 432,319 | 422,083 | 432,319 |
| COAL HARBOUR WATER | | 130,671 | 130,671 | 149,932 | 45,689 | 45,689 | - | - | - | - |
| COAL HARBOUR SEWER | | 224,710 | 224,710 | 233,978 | 2,807 | 2,807 | - | - | - | - |
| SOINTULA SEWER | | 45,036 | 45,036 | 91,928 | - | - | - | - | - | - |
| WOSS WATER | | (33,972) | (33,972) | - | - | - | - | - | - | - |
| WOSS SEWER | | - | - | - | - | - | - | - | - | - |
| HYDE CREEK SEWER | | - | - | - | - | - | - | - | - | - |
| RESERVE FUNDS | 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 | 2,102,391 |
| GENERAL RESERVE | 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 | 2,102,391 |
| TOTAL REGIONAL DISTRICT | 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 | 6,647,406 |
| Represented By | | | | | | | | | | |
| Current Account | | | | | | 1,615,394 | 2,276,771 | 7,095,441 | 6,852,070 | 6,219,778 |
| M.F.A. Money Market | | | | | | 5,128,953 | 4,405,902 | 1,450,236 | 1,479,556 | 426,689 |
| Cash on Hand | | | | | | 940 | 940 | 940 | 940 | 940 |
| | | | | | | 6,745,287 | 6,683,613 | 8,546,617 | 8,332,566 | 6,647,406 |

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 2013

Schedule D
(Unaudited)

MUNICIPAL RECOVERABLE AND REGIONAL DISTRICT OWN DEBT

| MUNICIPAL RECOVERABLE DEBT | | | | | | | | | | |
|--|---------|-----------------|---------------|---------------------|----------------------|---------------------------------|-----------------------------|---------------------------------|----------------------|------------------------|
| ISSUE DATE | ISSUE # | INTEREST RATE % | 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 | | | | | | | | | | |
| 13-Oct-05 | 95 | 4.17 | 20 | 13-Oct-25 | 960,000 | 705,372 | | (32,238) | (10,185) | 662,948 |
| PORT ALICE | | | | | | | | | | |
| 01-Dec-95 | 61 | 3.00 | 20 | 01-Dec-15 | 438,667 | 98,598 | | (14,273) | (17,003) | 67,322 |
| 12-Oct-11 | 117 | 3.25 | 25 | 12-Oct-36 | 600,000 | 585,593 | | (14,407) | (577) | 570,609 |
| PORT MCNEILL | | | | | | | | | | |
| 24-Apr-07 | 65 | 4.55 | 20 | 24-Apr-17 | 1,730,000 | 601,016 | | (52,320) | (56,449) | 492,247 |
| 23-Apr-08 | 103 | 4.65 | 20 | 23-Apr-28 | 500,000 | 428,698 | | (16,791) | (2,852) | 409,055 |
| 04-Apr-11 | 116 | 4.20 | 20 | 04-Apr-31 | 1,400,000 | 1,352,986 | | (47,014) | (1,881) | 1,304,091 |
| PORT HARDY | | | | | | | | | | |
| 02-Nov-07 | 102 | 4.82 | 10 | 01-Dec-17 | 2,000,000 | 1,097,738 | | (166,582) | (36,090) | 895,066 |
| TOTAL MUNICIPAL RECOVERABLE DEBT | | | | | | 4,870,001 | | (343,625) | (125,037) | 4,401,338 |
| REGIONAL DISTRICT OWN CAPITAL DEBT | | | | | | | | | | |
| GENERAL FUND : Telegraph Cove Road | | | | | | | | | | |
| 19-Apr-06 | 97 | 4.66 | 9 | 19-Apr-15 | 500,000 | 186,616 | | (47,247) | (12,535) | 126,834 |
| SOINTULA SEWER FUND | | | | | | | | | | |
| 01-Dec-95 | 61A | 3.00 | 20 | 01-Dec-15 | 571,710 | 124,930 | | (17,290) | (22,339) | 85,301 |
| 01-Dec-95 | 61B | 3.00 | 20 | 01-Dec-15 | 95,790 | 20,931 | | (2,897) | (3,742) | 14,292 |
| 01-Jun-96 | 63 | 3.00 | 20 | 01-Jun-16 | 40,298 | 11,466 | | (1,219) | (1,442) | 8,805 |
| TOTAL REGIONAL DISTRICT DEBENTURE DEBT | | | | | | 343,943 | | (68,653) | (40,058) | 235,233 |
| Solid Waste Landfill MFA Interim Finance Program | | | | | | 1,200,000 | | - | - | 1,200,000 |
| TOTAL REGIONAL DISTRICT CAPITAL DEBT | | | | | | 1,543,943 | | (68,653) | (40,058) | 1,435,233 |

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

Schedule E
REGIONAL DISTRICT OF MOUNT WADDINGTON
CONTINUITY SCHEDULE OF NON-FINANCIAL ASSETS
AS AT 31 DECEMBER 2013
 (Restated
 Note 19)

| ASSET CATEGORY | O/C 31-Dec-12 | 2012 DEP | ACCDEP 31-Dec-12 | NBV 31-Dec-12 | 2013 ADDITIONS | 2013 DISPOSALS | O/C 31-Dec-13 | 2013 DEP | ACCDEP 31-Dec-13 | NBV 31-Dec-13 |
|------------------------|-------------------|----------------|---------------------|-------------------|-------------------|-------------------|-------------------|----------------|---------------------|-------------------|
| ENGINEERING STRUCTURES | 14,237,390 | 318,757 | 5,817,483 | 8,419,907 | 9,662 | | 14,247,052 | 323,032 | 6,140,515 | 8,106,537 |
| BUILDINGS | 2,867,793 | 94,744 | 1,640,368 | 1,227,425 | 22,371 | | 2,890,164 | 98,325 | 1,738,693 | 1,151,471 |
| MACHINERY & EQUIPMENT | 3,697,762 | 140,227 | 1,208,871 | 2,488,891 | 182,668 | 23,062 | 3,857,368 | 146,994 | 1,355,865 | 2,501,503 |
| VEHICLES | 910,648 | 52,519 | 467,558 | 479,392 | 24,941 | | 935,588 | 55,422 | 522,980 | 412,608 |
| LAND | 16,627 | | | 16,627 | | | 16,627 | | - | 16,627 |
| TOTAL | 21,730,219 | 606,247 | 9,134,280 | 12,595,939 | 239,642 | 23,062 | 21,946,799 | 623,773 | 9,758,053 | 12,188,746 |

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

**REGIONAL DISTRICT OF MOUNT WADDINGTON
CONTINUITY SCHEDULE OF DEFERRED REVENUE
AS AT 31 DECEMBER 2013**

Schedule F

| | OPENING BALANCE 31-Dec-12 | ADD RECEIVED 2013 | LESS RECOGNIZED 2013 | CLOSING BALANCE 31-Dec-13 |
|----------------------------------|---------------------------------|-------------------------|----------------------------|---------------------------------|
| DEVELOPMENT COST CHARGES | 55,233 | - | - | 55,233 |
| Coal Harbour Water | 45,689 | - | - | 45,689 |
| Coal Harbour Sewer | 2,807 | - | - | 2,807 |
| Sointula Sewer | 6,737 | - | - | 6,737 |
| RURAL AREAS SCIF | 28,000 | 360 | 2,184 | 26,177 |
| Area A | 3,000 | 38 | 302 | 2,736 |
| Area B | 10,000 | 140 | - | 10,140 |
| Area C | 10,000 | 140 | - | 10,140 |
| Area D | 5,000 | 43 | 1,882 | 3,162 |
| MISCELLANEOUS GRANTS | 10,000 | - | - | 10,000 |
| EC DEV SPECIAL PROGRAMS | 110,363 | 144,768 | 158,517 | 96,614 |
| NIPSEC | 96 | - | 96 | - |
| VTN | 337 | - | 337 | - |
| Ec Dev Strategy | 808 | - | 808 | - |
| NITI | 114,451 | 139,146 | 157,966 | 95,631 |
| BSR | 1,326 | - | 1,326 | - |
| BSR2 | (2,097) | - | (2,097) | - |
| ALL | (826) | - | - | (826) |
| Holberg Dock | (5,541) | 5,622 | 81 | - |
| Loggersports | 1,809 | - | - | 1,809 |
| TELEGRAPH COVE ROAD | 13,170 | - | 13,170 | - |
| TREATY ADVISORY COMMITTEE | 15,748 | 220 | - | 15,968 |
| GAS TAX Note 11 | 617,102 | 211,909 | 147,077 | 681,934 |
| VS | 9,076 | 127 | - | 9,203 |
| CHLCC | - | 263 | - | 263 |
| Total Deferred Revenue | 858,692 | 357,647 | 320,948 | 895,391 |

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



Regional District of Mount Waddington

Notes to the Consolidated Financial Statements

Year Ended 31 December, 2013

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 the asset is put into service. 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 with or without eligibility criteria are recognized as revenues in the period in which the transfer is authorized and any eligibility criteria have been met. Government transfers with stipulations are recognized as revenue in the period the transfers are authorized and all eligibility criteria have been met, except where the transfer gives rise to an obligation that meets the definition of a liability, in which case revenue is recognized as the liability is settled. 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 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 sick leave liability. Actual results will differ.

h) **Recent Accounting Pronouncements**
Liability for contaminated sites

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 Regional District has not yet determined the impact that adoption will have on its consolidated financial statements.

4. CASH AND TEMPORARY INVESTMENTS (See Schedule C)

Included in cash and temporary investments is \$426,688 (2012 \$422,050) of moneymarket investments held with the Municipal Finance Authority. These investments are carried at cost, which approximates fair market value.

5. RECEIVABLES

| | 2013 | 2012 |
|-------------------------------------|----------------|----------------|
| Government of Canada | 30,545 | 53,411 |
| Province of BC | 88,146 | 2,214 |
| Local Governments | 280,181 | 65,450 |
| Developer Contributions Instalments | 5,025 | 5,025 |
| Trade Receivables | 353,798 | 411,225 |
| | <u>757,695</u> | <u>537,325</u> |
| Less: Doubtful Debt Provision | (51,939) | (51,939) |
| | <u>705,756</u> | <u>485,386</u> |

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2013 | 2012 |
|----------------------|----------------|----------------|
| Government of Canada | 81,221 | 22,958 |
| Province of BC | (16,748) | 4,050 |
| Local Governments | 34,882 | 1,456 |
| Trade Payables | 427,865 | 269,704 |
| | <u>527,220</u> | <u>298,168</u> |

7. LONG TERM INTERNAL DEBT

General Reserve Fund balances amounting to \$256,529 (2012 \$283,506) 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 | |
|-----------------|---------|-----------|------------|----------------|----------------|
| | | | | 2013 | 2012 |
| Sointula Fire | 145,000 | 1/09/2006 | 31/08/2021 | 88,524 | 97,600 |
| Hyde Creek Fire | 206,500 | 1/01/2007 | 31/12/2021 | 130,456 | 143,153 |
| Woss Fire | 76,000 | 1/01/2005 | 31/12/2019 | 37,549 | 42,753 |
| Total | 427,500 | | | <u>256,529</u> | <u>283,506</u> |

8. LONG TERM CAPITAL DEBT (see Schedule D)

Long term debenture debt denominated in a foreign currency would be recorded in the accounts at par value with the Canadian Dollar. The Regional District has no such debt as at reporting date.

The reported capital debt liability of the Regional District of \$1,435,232 (2012 \$1,543,943) consists of Regional District own debenture debt of \$235,232 (2012 \$343,943), reported net of actuarial balances, and \$1,200,000 (2012 \$1,200,000) borrowed for the Solid Waste Landfill service under the MFA's Interim Finance program. This program does not require payments of principal, loans are unsecured with a variable interest rate (1.72% as at 31 December 2013) and are payable in interest only on a monthly basis with no specified repayment terms. Interest on this debt recorded in the Consolidated Statement of Operations in 2013 is \$20,648 (2012 \$29,377)

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

| | | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------|------------|--------|--------|-------|------|------|
| SEWER | ISSUE #61 | 17,290 | 17,290 | - | - | - |
| SEWER | ISSUE #61A | 2,897 | 2,897 | - | - | - |
| SEWER | ISSUE #63 | 1,219 | 1,219 | 1,219 | - | - |
| ROADS | ISSUE #97 | 47,246 | 47,246 | - | - | - |
| | | 68,652 | 68,652 | 1,219 | - | - |

Principal on capital debt is accounted for as a reduction in the debt liability, along with actuarial adjustments as advised by the MFA totaling \$40,059 (2012 \$35,430) which are recorded as revenue.

Interest on long-term debt is expensed as incurred in the period the charges become payable. Interest recorded in the Consolidated Statement of Operations in 2013 is \$ 44,534 (2012 \$44,534)

8(a) MUNICIPAL RECOVERABLE DEBT (see Schedule D)

Debenture Debt outstanding on behalf of member municipalities is reported net of accrued actuarial balances. Liability of member municipalities as at 31 December 2013 was \$4,401,338 (2012 \$4,870,001)

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 2013, the total of the Debt Reserve Fund was as follows:

| | 2013 | | | 2012 | | |
|---------------|-----------|---------|---------|-----------|---------|---------|
| | Municipal | RD | Total | Municipal | RD | Total |
| Cash Deposits | 115,791 | 31,794 | 147,585 | 110,409 | 30,316 | 140,725 |
| Demand Notes | 294,172 | 73,214 | 367,386 | 294,172 | 73,214 | 367,386 |
| | 409,963 | 105,008 | 514,971 | 404,581 | 103,531 | 508,112 |

10. BUDGET RECONCILIATION

The budget amounts presented throughout these financial statements are audited and represent the five-year financial plan bylaw approved by the regional district board on 18 March 2013.

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.

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:

| | 2013 | 2012 |
|--|-----------|-----------|
| <u>Budgeted net revenue per financial statements</u> | (84,863) | (69,308) |
| Adjustment for Depreciation | 618,773 | 608,689 |
| Adjustment for Debt Principal | (203,655) | (203,655) |
| Adjustment for External Transfers | (279,093) | (301,657) |
| Adjustment for Internal Transfers | (51,162) | (32,227) |
| <u>Adjustment for Depreciation embedded in published net revenue</u> | | (1,842) |
| <u>Budgeted net revenue per budget bylaw</u> | NIL | NIL |

11. COMMUNITY WORKS (GAS TAX) FUNDING (Refer 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:

| | 2013 | 2012 |
|---|-----------|-----------|
| Opening Balance of Unspent Funds | 617,102 | 603,332 |
| Add: Amount received during the year | 204,282 | 204,354 |
| Interest Earned | 7,627 | 7,001 |
| Less: Amount spent on eligible projects | (147,077) | (197,585) |
| Closing Balance of Unspent Funds | 681,934 | 617,102 |

12. OTHER LIABILITIES

i) Other Liabilities consist of the following:

| General Revenue Fund | 2013 | 2012 |
|--------------------------------------|---------|---------|
| • Employee Vested Benefits | 24,145 | 24,145 |
| • Landfill Post Closure (see 12(ii)) | 489,434 | 460,771 |
| | 513,579 | 484,916 |
| General Reserve Fund | | |
| • Woss Community Capital Reserve | 116,616 | 115,241 |
| | 630,195 | 600,157 |

ii) Landfill Closure & Post-Closure

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.

There remains an obligation for post-closure care beginning 1 January 2012 in respect of Phases I and II. This has been estimated at \$489,434 as at 31 December 2013 (2012 \$460,771). These balances are included within the total of Other Liabilities.

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, a DOP update is currently underway, and preliminary lifespan analysis suggests that the landfill's service life will now extend to 2084. Based on this outcome, an estimated 73% of the capacity remaining to be filled.

13. ACCUMULATED SURPLUS

| December 31 | 2013 | 2012 |
|-----------------------------------|-------------------|-------------------|
| Equity in Financial Assets | 3,311,983 | 2,802,285 |
| Equity in Tangible Capital Assets | 11,185,833 | 11,474,078 |
| Equity in Reserve Fund | 1,303,840 | 1,188,553 |
| Accumulated surplus, end of year | <u>15,801,656</u> | <u>15,464,916</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 (2012 \$66,840)

Regional Hospital District cash inflows occasionally are received in the name of the Regional District instead of the Regional Hospital District. Accordingly, cash 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 "Deposits Held in Trust" reflects this balance as \$256,053 as at 31 December 2013 (2012 \$2,651,884)

15. PENSION LIABILITY

The Regional District of Mount Waddington and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 18 contributors from the Regional District of Mount Waddington

The most recent valuation as at December 31, 2012 indicated a \$1.37 billion funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The Regional District of Mount Waddington paid \$72,303 (2012 \$86,688) for employer contributions to the Plan in fiscal 2013.

16. COMPARATIVE FIGURES

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

17. SERVICE AGREEMENT

During the year, the Regional District entered into a Fire Protection Agreement with the Quatsino First Nations for the period January 1, 2013 to December 31, 2018. In exchange for the use of a fire truck, the Regional District agreed to provide fire services to the Quatsino First Nations.

18. CONTINGENT LIABILITIES

As at December 31, 2013 there existed a contingent liability in respect of one employee who had not been enrolled into the Municipal Pension Plan by an administrative oversight. The liability will be the quantum of the Regional District's compulsory employer's portion together with a possible payment of the employee's portion should the employee opt to

participate retrospectively. A further factor is the possibility of the imposition by the Municipal Pension Fund of an interest rate penalty. Together these factors have the result that the liability cannot be reliably estimated.

19. PRIOR PERIOD ADJUSTMENT

During the year, the Regional District changed its policy for amortization of tangible capital assets to begin amortizing assets in the first year of acquisition at 50% of the annualized amount. This change was applied retrospectively with restatement of prior years. The following accounts were affected by the adjustment:

| | | |
|---------------------------------------|-----------|--------------------|
| Opening accumulated surplus decreased | \$355,000 | (2012 - \$349,000) |
| Amortization expense increased | \$5,000 | (2012 - \$6,000) |
| Tangible capital assets decreased | \$360,000 | (2012 - \$355,000) |
| Ending accumulated surplus decreased | \$360,000 | (2012 - \$355,000) |