

**REGIONAL DISTRICT OF MOUNT WADDINGTON**  
**Financial Statements**  
**December 31, 2022**

# REGIONAL DISTRICT OF MOUNT WADDINGTON

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Year Ended December 31, 2022

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## **MANAGEMENT REPORT**

**December 31, 2022**

The Board of Directors of the Regional District of Mount Waddington have delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Regional District of Mount Waddington. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Regional District of Mount Waddington's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly Regional District of Mount Waddington's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of Regional District of Mount Waddington as at December 31, 2022.



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David Kim, Chief Administrative Officer  
August 15, 2023

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the financial statements of the Regional District of Mount Waddington (the "Regional District"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2022, and the results of its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial statements section of our report. We are independent of the Regional District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Regional District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants  
Campbell River, BC

August 15, 2023

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Statement of Financial Position

December 31, 2022

2022

2021

### FINANCIAL ASSETS

Cash (Note 2)	\$ 3,550,049	\$ 4,816,714
Temporary Investments (Note 3)	5,720,662	4,845,293
Portfolio Investments (Note 4)	1,740,723	1,751,728
Accounts Receivable (Note 5)	1,031,225	797,743
Inventories	3,153	6,137
Municipal Recoverable Debt (Note 6)	1,554,191	1,735,846
Due from Related Party (Note 10)	362,430	-
	<u>13,962,433</u>	<u>13,953,461</u>

### LIABILITIES

Accounts Payable and Accrued Liabilities (Note 7)	748,695	652,493
Deferred Revenue (Note 8)	1,558,711	1,685,636
Landfill Closure and Post Closure (Note 9)	1,541,973	1,801,341
Member Municipality Debt (Note 6)	1,554,191	1,735,846
Due to Related Party (Note 10)	-	182,679
	<u>5,403,570</u>	<u>6,057,995</u>

### NET FINANCIAL ASSETS

8,558,863      7,895,466

### NON-FINANCIAL ASSETS

Prepaid Expenses	14,846	6,439
Tangible Capital Assets (Note 11)	11,437,797	11,500,733
	<u>11,452,643</u>	<u>11,507,172</u>

### ACCUMULATED SURPLUS (Note 13)

\$ 20,011,506      \$ 19,402,638

### Contingent Liability (Note 15)

Approved by:



Chair



Chief Administrative Officer

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Statement of Operations

Year Ended December 31, 2022

	<b>2022</b>		<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	
	(Note 14)		
<b>Revenues (Schedules 2 and 3)</b>			
Taxation	\$ 3,275,075	\$ 3,485,577	\$ 3,312,153
Grants	1,157,460	916,965	788,331
Sale of Services	1,775,480	2,007,780	1,608,407
Contributions	41,300	469,334	306,197
Interest Earned	16,500	215,695	134,852
Other	1,298,866	348,069	271,928
Gain on Remeasurement of Landfill Liability (Note 9)	-	259,368	1,987,324
	<u>7,564,681</u>	<u>7,702,788</u>	<u>8,409,192</u>
<b>Expenditures (Schedules 2 and 3)</b>			
General Government Services	1,600,472	1,423,683	1,014,710
Protective Services	366,930	435,975	353,477
Parks, Recreation and Cultural Services	1,075,550	1,297,597	1,167,081
Environmental Development	117,200	93,258	146,234
Environmental Health	1,774,970	1,863,228	1,717,070
Economic Development	1,700,075	969,703	494,727
Regional Transit	387,300	359,358	330,572
Utilities	367,850	651,118	598,941
	<u>7,390,347</u>	<u>7,093,920</u>	<u>5,822,812</u>
<b>Annual Surplus</b>	174,334	608,868	2,586,380
<b>Accumulated Surplus - Beginning of Year</b>	<u>19,402,638</u>	<u>19,402,638</u>	<u>16,816,258</u>
<b>Accumulated Surplus - End of Year</b>	<u>\$19,576,972</u>	<u>\$20,011,506</u>	<u>\$19,402,638</u>

## REGIONAL DISTRICT OF MOUNT WADDINGTON

### Statement of Change in Net Financial Assets

Year Ended December 31, 2022

	<u>2022</u>		<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	
	(Note 14)		
<b>Annual Surplus</b>	\$ 174,334	\$ 608,868	\$ 2,586,380
Use of Prepaid Expenses	-	6,439	6,401
Acquisition of Prepaid Expenses	-	(14,846)	(6,439)
Net Acquisition of Tangible Capital Assets	-	(809,606)	(1,062,243)
Amortization of Tangible Capital Assets	-	872,542	870,449
	<u>174,334</u>	<u>663,397</u>	<u>2,394,548</u>
<b>Net Financial Assets - Beginning of Year</b>	<u>7,895,466</u>	<u>7,895,466</u>	<u>5,500,918</u>
<b>Net Financial Assets - End of Year</b>	<b>\$ 8,069,800</b>	<b>\$ 8,558,863</b>	<b>\$ 7,895,466</b>

## REGIONAL DISTRICT OF MOUNT WADDINGTON

### Statement of Cash Flows

Year Ended December 31, 2022

2022

2021

#### Cash Flows From Operating Activities:

Annual Surplus	\$ 608,868	\$ 2,586,380
Items Not Involving Cash		
Amortization of Tangible Capital Assets	<u>872,542</u>	<u>870,449</u>
	1,481,410	3,456,829
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	(233,482)	(71,792)
Inventories	2,984	(1,612)
Accounts Payable	96,202	(25,668)
Deferred Revenue	(126,925)	297,061
Landfill Closure and Post Closure	(259,368)	(1,987,324)
Due to Related Party	(545,109)	(337,936)
Prepaid Expenses	<u>(8,407)</u>	<u>(38)</u>
	<u>407,305</u>	<u>1,329,520</u>

#### Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(809,606)</u>	<u>(1,062,243)</u>
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#### Cash Flows From Investing Activities:

Redemption (Purchase) of Investments	<u>(864,364)</u>	<u>147,320</u>
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**Increase (Decrease) in Cash** (1,266,665) 414,597

**Cash - Beginning of Year** 4,816,714 4,402,117

**Cash - End of Year** \$ 3,550,049 \$ 4,816,714

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Notes to Financial Statements

December 31, 2022

The Regional District of Mount Waddington (the "Regional District") was incorporated in 1966 under the provisions of 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. These services include general government administration, fire protection and emergency response planning, parks and recreation, environmental development, environmental health services, economic development, regional transit, water services, and sewer services.

### 1. Significant Accounting Policies:

**a) Basis of Presentation:**

The Regional District prepares its financial statements in accordance with Canadian public sector accounting standards using guidelines developed by the Public Sector Accounting Board ("PSAS") for the Chartered Professional Accountants of Canada.

**b) Cash:**

Cash consists of cash on hand and demand deposits.

**c) Temporary Investments:**

Temporary Investments are comprised of guaranteed investment certificates ("GICs"). The investments are carried at cost.

**d) Portfolio Investments:**

Portfolio Investments are comprised of Municipal Finance Authority of British Columbia (MFA) pooled investments in ultra-short term and short-term bonds and are recorded at market value.

**e) Tangible Capital Assets:**

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is in use. Donated tangible capital assets are recorded at fair value at the time of the donation.

Estimated useful lives of tangible capital assets are as follows:

Buildings	10 to 40 years
Engineering Structures	5 to 40 years
Land Improvements	5 to 20 years
Machinery & Equipment	5 to 30 years
Vehicles	5 to 20 years

**f) Inventories:**

Inventories of merchandise held for consumption are recorded at lower of cost and replacement value.

**g) Deferred Revenue:**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specific purpose.

# REGIONAL DISTRICT OF MOUNT WADDINGTON

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## Notes to Financial Statements

December 31, 2022

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### 1. Significant Accounting Policies (Continued):

**h) Landfill Closure and Post Closure:**

The estimated present value of landfill closure and post closure costs is recognized as a liability. This liability is recognized based on estimated future expenses, including estimated inflation discounted to current date and accrued based on the proportion of the total capacity of the landfill used as of the date of the statement of financial position. The change in this estimated liability during the year is recorded as an expense in operations. These estimates are reviewed and adjusted annually and any changes are recorded on the prospective basis.

**i) Revenue Recognition:**

Revenues are recorded on the accrual basis of accounting and are recorded in the period in which the transaction or events occurred.

Property tax revenues in the form of local government requisitions are recognized in the year they are levied.

Government transfers, which include legislative grants, are recognized when received if the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.

Sale of services and other revenues are recognized when the service is provided or the amount is earned, when the amount can be estimated and when collection is reasonably assured. Amounts received in advance of services being rendered are recorded as deferred revenue until the Regional District discharges the obligation that led to the collection of the funds.

**j) Expense Recognition:**

Expenses are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due.

**k) Administration Apportionment:**

A percentage of certain budgeted general government services expenses of the Regional District has been allocated to other functions. These expenses include wages of administrative staff. Wages are allocated based on estimated time spent in various segments.

**l) Financial Instruments:**

Financial instruments consist of cash, temporary investments, portfolio investments, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

**m) Use of Estimates:**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of management estimates are the collectability of accounts receivable, valuation of investments, estimates of contingent liabilities, the provision of amortization and the determination of landfill closure and post closure liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Notes to Financial Statements

December 31, 2022

### 1. Significant Accounting Policies (Continued):

#### n) Liability for Contaminated Sites:

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standards, the government has a responsibility for the remediation, future economic benefits will be given up, and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites which the Regional District accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation, therefore no liability was recognized as at December 31, 2022 or December 31, 2021.

#### o) Segment Disclosure:

The Regional District is a diversified local government providing a wide range of services to residents. The financial statements of the Regional District reflect the assets, liabilities, reserves, revenues and expenses of the following services: general government services, protective services, parks, recreation and cultural services, environmental development, environmental health, economic development, regional transit and utilities.

### 2. Cash:

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,181,806	\$ 2,454,254
CIBC High Interest Savings	1,362,385	1,333,364
Scotiabank Savings	5,858	504,345
Funds Held in Trust - MWRHD	-	524,751
	<u>\$ 3,550,049</u>	<u>\$ 4,816,714</u>

The CIBC high interest savings account is earning interest at 4.30% per annum (2021 - 0.80%). The Scotiabank savings account is earning interest at commercial prime plus 0.05% per annum (2021 - 0.25%).

### 3. Temporary Investments:

Temporary investments include funds investment in Guaranteed Investment Certificates ("GICs") with Canaccord Genuity Wealth Management, CCCU, and ScotiaBank.

	<u>2022</u>	<u>2021</u>
Short Term: mature within one year, interest rates vary between 2.00% - 4.70%	\$ 1,484,233	\$ 1,709,257
Long Term: mature between March 11, 2024 and April 22, 2027, interest rates vary between 0.80% - 4.14%	4,236,429	3,136,036
	<u>\$ 5,720,662</u>	<u>\$ 4,845,293</u>

### 4. Portfolio Investments:

Portfolio investments includes \$1,740,723 (2021 - \$1,751,728) held with the MFA in ultra-short term and short term bond funds.

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Notes to Financial Statements

December 31, 2022

### 5. Accounts Receivable:

	<u>2022</u>	<u>2021</u>
Trade and Other	\$ 730,776	\$ 377,292
Other Governments	55,589	240,999
Accrued Interest	<u>244,860</u>	<u>179,452</u>
	<u>\$ 1,031,225</u>	<u>\$ 797,743</u>

### 6. Member Municipality Debt:

	<u>2022</u>	<u>2021</u>
Alert Bay	\$ 192,116	\$ 252,460
Port Alice	404,895	427,026
Port McNeill	<u>957,180</u>	<u>1,056,360</u>
	<u>\$ 1,554,191</u>	<u>\$ 1,735,846</u>

Pursuant to the Local Government Act, the Regional District acts as the agency through which its member municipalities and other jurisdictions borrow funds from the Municipal Finance Authority. The annual cost of servicing this debt is recovered entirely from the borrowing jurisdiction. However, the Regional District is joint and severally liable for this debt in the event of default.

### 7. Accounts Payable and Accrued Liabilities:

	<u>2022</u>	<u>2021</u>
Trade and Other	\$ 452,729	\$ 375,215
Other Governments	55,199	43,675
Wages Payable	15,423	19,136
Employee Vested Benefits	67,988	60,311
Woss Community Capital Reserves	120,837	120,837
Funds Held for Other Organizations	<u>36,519</u>	<u>33,319</u>
	<u>\$ 748,695</u>	<u>\$ 652,493</u>

### 8. Deferred Revenue:

	<u>2021</u>	<u>Collections</u>	<u>Transfers</u>	<u>2022</u>
Development Cost Charges	\$ 49,727	\$ -	\$ -	\$ 49,727
Grants	1,379,587	3,500	176,650	1,206,437
MRDT - VINTAC	226,548	238,118	178,824	285,842
Taxation Revenues	13,069	-	13,069	-
Treaty Advisory Services	<u>16,705</u>	<u>-</u>	<u>-</u>	<u>16,705</u>
	<u>\$ 1,685,636</u>	<u>\$ 241,618</u>	<u>\$ 368,543</u>	<u>\$ 1,558,711</u>

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Notes to Financial Statements

December 31, 2022

### 9. Landfill Closure and Post Closure:

The Provincial Environmental Management Act, as well as the BC Landfill Criteria for Municipal Solid Waste (LCMSW), sets out the regulatory requirements to close and maintain active and inactive landfill sites.

The Regional District operates an active landfill site, 7 Mile Landfill, for which it takes responsibility. The landfill currently consists of Phases 1, 2, 3A and 3B which are at maximum capacity and are not accepting additional municipal solid waste. Phase 3C is currently accepting solid waste, with an expected remaining lifespan to 2026. Additional sites available after Phase 3C closes are Phases 4, 5, 6, 7, 8 and 9. The estimated useful life of the landfill is until the year 2158 for completion of all sites.

The Regional District is committed to ensuring 7 Mile Landfill, for which it has taken responsibility, is managed in a fiscally responsible manner, which includes setting aside funds for landfill closure and post closure activities.

Post closure maintenance costs include landfill gas monitoring, leachate collection system operation, and general site maintenance for a period of 30 years (2021- 30 years) after each phase is permanently closed. Closure costs relate to composting materials used to cover the landfill area.

In the year ending December 31, 2022, a contaminating lifespan assessment was completed by a third party consultant. The assessment concluded that the requirements for post closure operations and maintenance would be recommended for 30 years, as noted above. A change in the estimated closure and post closure costs, as well as a change in the discount and inflation rates used in determining the present value of the liability have resulted in a net gain on remeasurement of the landfill liability of \$259,368.

The table below sets out the closure and post closure liability based on third party consultant and senior staff estimates:

	<u>2022</u>	<u>2021</u>
Phase 1 and 2 - post closure	\$ 290,300	\$ 433,520
Phase 3A - post closure	380,587	547,109
Phase 3B - post closure	591,866	580,843
Phase 3C - post closure	177,502	-
Phase 3B - closure	-	239,869
Phase 3C - closure	<u>101,718</u>	<u>-</u>
	<u>\$ 1,541,973</u>	<u>\$ 1,801,341</u>

The liability is determined using the following assumptions:

	<u>2022</u>	<u>2021</u>
Inflation Rate	2.14%	1.56%
Discount Rate	2.73%	2.61%
Phase 1 and 2 and 3A - post closure annual cost	\$17,389	\$24,483
Phase 3B and 3C - post closure annual cost	\$22,000	\$23,000
Phase 3C - annual closure cost, up to closure	\$89,106	\$129,000

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Notes to Financial Statements

December 31, 2022

### 10. Due from (to) Related Party:

	<u>2022</u>	<u>2021</u>
Mount Waddington Regional Hospital District	\$ <u>362,430</u>	\$ <u>(182,679)</u>

Mount Waddington Regional Hospital District ("MWRHD") and the Regional District are separate legal entities as defined by separate letters patent and authorize by separate legislation. The directors of the Regional District sit on the board of MWRHD, so the entities are related by virtue of common control. The amount due from (to) MWRHD is non-interest bearing, unsecured and has no stated terms of repayment.

During the year ended December 31, 2022, administrative support services of \$98,800 (2021 - \$94,100) were provided to MWRHD by the Regional District and included in Other Revenues.

### 11. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2022	2021
<b>General Capital Assets</b>										
Land	\$ 151,636	\$ -	\$ -	\$ 151,636	\$ -	\$ -	\$ -	\$ -	\$ 151,636	\$ 151,636
Buildings	4,552,525	248,467	-	4,800,992	2,472,156	107,721	-	2,579,877	2,221,115	2,080,369
Engineering Structures	15,557,951	171,944	-	15,729,895	9,854,177	473,438	-	10,327,615	5,402,280	5,703,774
Land Improvements	74,132	19,542	-	93,674	3,159	3,729	-	6,888	86,786	70,973
Machinery & Equipment	5,593,398	291,394	-	5,884,792	2,568,307	223,035	-	2,791,342	3,093,450	3,025,091
Vehicles	<u>1,406,879</u>	<u>78,259</u>	-	<u>1,485,138</u>	<u>937,989</u>	<u>64,619</u>	-	<u>1,002,608</u>	<u>482,530</u>	<u>468,890</u>
	<u>\$ 27,336,521</u>	<u>\$ 809,606</u>	<u>\$ -</u>	<u>\$ 28,146,127</u>	<u>\$ 15,835,788</u>	<u>\$ 872,542</u>	<u>\$ -</u>	<u>\$ 16,708,330</u>	<u>\$ 11,437,797</u>	<u>\$ 11,500,733</u>

Included in Buildings at December 31, 2022 is \$245,527 of capitalized costs for the Arena Solar & Accessibility project that are not presently being amortized as a result of the projects still being in progress at year end. The asset is expected to be placed into use during the year ending December 31, 2023 at which time amortization will be taken.

Included in Machinery and Equipment at December 31, 2022 is \$368,462 of capitalized costs for the Solar Power Backup project that are not presently being amortized as the project was still in progress at year end. The asset is expected to be placed into use during the year ending December 31, 2024 at which time amortization will be taken.

### 12. Pension Plan:

The Regional District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula that involves years of service and highest average salary. As at December 31, 2021, the plan had about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Notes to Financial Statements

December 31, 2022

### 12. Pension Plan (Continued):

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

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

The Regional District paid \$115,889 (2021 - \$105,674) of employer contributions while employees contributed \$107,140 (2021 - \$91,162) to the plan in fiscal 2022.

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

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

### 13. Accumulated Surplus:

The Regional District segregates its accumulated surplus in the following categories:

	<u>2022</u>	<u>2021</u>
Operating Surplus	\$ 4,713,061	\$ 4,412,307
Statutory Reserves	3,860,648	3,489,598
Equity in Tangible Capital Assets	<u>11,437,797</u>	<u>11,500,733</u>
	<u>\$ 20,011,506</u>	<u>\$ 19,402,638</u>

### Federal Gas Tax Funds:

The Regional District tracks the unspent amounts received under the Renewed Gas Tax Agreement in the Community Works Reserve Fund included within Statutory Reserves:

	<u>2022</u>	<u>2021</u>
Opening Balance	\$ 1,373,468	\$ 1,022,420
Receipts	208,093	406,946
Interest Earned	15,816	16,432
Expenditures	<u>(24,500)</u>	<u>(72,330)</u>
	<u>\$ 1,572,877</u>	<u>\$ 1,373,468</u>

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Notes to Financial Statements

December 31, 2022

### 14. Budget Figures:

Budget figures represent the 2022 Financial Plan Bylaw No. 1004 adopted by the Board on March 15, 2022.

The financial plan anticipated use of surpluses accumulated in previous years to balance against current expenditures in excess of current year revenues. In addition, the budget anticipated capital expenditures rather than amortization expense. The following schedule reconciles the approved bylaw to the amounts presented in the financial statements.

	<u>2022</u>
Financial Plan (Budget) Bylaw	\$ -
Add:	
Capital Expenditures	1,054,478
Less:	
Transfers to (from) Reserves	139,155
Transfers from Non-Statutory Reserves	<u>(1,019,299)</u>
Annual Surplus Presented in Financial Statements	\$ <u>174,334</u>

### 15. Contingent Liability:

The Regional District's employees have sick pay benefits which may be payable to them in the event that they are sick and unable to work. The total amount that could be payable as at December 31, 2022 is \$130,049 (2021 - \$222,464).

### 16. North Island 9-1-1 Corporation:

A 9-1-1 emergency call answering service is provided by North Island 9-1-1 Corporation, which is owned by the Regional Districts of Alberni Clayoquot, Comox Valley, Strathcona, Mount Waddington, Nanaimo and Qathet. The shares in the corporation are owned as follows:

Alberni Clayoquot Regional District	3 shares
Comox Valley Regional District	6 shares
Strathcona Regional District	4 shares
Regional District of Mount Waddington	1 share
Nanaimo Regional District	5 shares
Qathet Regional District	2 shares

The Regional District's investment in shares of the North Island 9-1-1 Corporation is recorded at cost as it does not fall under the definition of a government business enterprise. The Regional District's share of the corporation is equal to 4.8% and the degree of control is proportionate to the ownership share. As no benefits are expected from the ownership, it has not been accounted for as an equity investment.

# REGIONAL DISTRICT OF MOUNT WADDINGTON

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## Notes to Financial Statements

December 31, 2022

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### 17. Segmented Information:

The Regional District provides various services within various departments. The segmented information as disclosed in Schedules 2 and 3 reflects those functions offered by the Regional District as summarized below:

General Government Services – includes overall administration, finance, emergency planning, local community commissions, and road maintenance.

Protective Services – includes fire protection services, streetlights, and emergency callout services.

Parks, Recreation and Cultural Services – includes library, heritage, arena, recreation, and parks service.

Environmental Development Services – includes inspection, bylaw enforcement and planning.

Environmental Health Services – includes landfill, recycling, garbage pickup and removal.

Economic Development Services – includes economic development services.

Regional Transit Services – includes regional transit services.

Utility Services – includes water and sewer services.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment, in addition to amounts that are allocated to each segment on a reasonable basis.

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Schedule 1 - Government Grants and Transfers to the Regional District and Ratepayers

Year Ended December 31, 2022

	<u>2022</u>		<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	
	(Note 14)		
<b>Federal Government</b>			
Gas Tax	\$ _____	\$ 208,093	\$ 406,946
<b>Province of BC and Other Programs</b>			
General Fund			
Administration Grant	-	260,000	205,000
COVID Safe Restart Grant	-	-	61,000
Other	<u>1,157,460</u>	<u>448,872</u>	<u>115,385</u>
	<u>1,157,460</u>	<u>708,872</u>	<u>381,385</u>
	<u>\$ 1,157,460</u>	<u>\$ 916,965</u>	<u>\$ 788,331</u>

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Schedule 2 - Combined Statement of Operations by Segment

Year Ended December 31, 2022

	General Government Services	Protective Services	Parks, Recreation & Cultural Services	Environmental Development	Environmental Health	Economic Development	Regional Transit	Utilities	2022 Actual
<b>Revenues</b>									
Taxation	\$ 789,348	\$ 403,205	\$ 944,100	\$ 160,000	\$ 591,900	\$ 359,824	\$ 237,200	\$ -	\$ 3,485,577
Grants	625,939	-	192,900	-	-	98,126	-	-	916,965
Sales Services	-	24,000	270,389	7,743	1,271,281	-	94,578	339,789	2,007,780
Contributions	98,800	-	6,355	-	-	347,181	16,998	-	469,334
Interest Earned	215,695	-	-	-	-	-	-	-	215,695
Other Revenue	29,167	1,679	30,179	-	181,633	102,454	-	2,957	348,069
Gain on Remeasurement of Landfill Liability	-	-	-	-	259,368	-	-	-	259,368
	<u>1,758,949</u>	<u>423,884</u>	<u>1,443,923</u>	<u>167,743</u>	<u>2,304,182</u>	<u>907,585</u>	<u>348,776</u>	<u>342,746</u>	<u>7,702,788</u>
<b>Expenses</b>									
Amortization	106,598	75,363	126,304	1,760	256,160	340	12,075	293,942	872,542
Wages and Benefits	732,147	19,590	582,164	81,421	583,405	150,354	26,000	30,078	2,205,159
Services and Materials	584,938	341,022	589,129	10,077	1,023,663	819,009	321,283	327,098	4,016,219
	<u>1,423,683</u>	<u>435,975</u>	<u>1,297,597</u>	<u>93,258</u>	<u>1,863,228</u>	<u>969,703</u>	<u>359,358</u>	<u>651,118</u>	<u>7,093,920</u>
Annual Surplus (Deficit)	\$ <u>335,266</u>	\$ <u>(7,091)</u>	\$ <u>146,326</u>	\$ <u>74,485</u>	\$ <u>440,954</u>	\$ <u>(62,118)</u>	\$ <u>(10,582)</u>	\$ <u>(308,372)</u>	\$ <u>608,868</u>

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Schedule 3 - Combined Statement of Operations by Segment

Year Ended December 31, 2021

	General Government Services	Protective Services	Parks, Recreation & Cultural Services	Environmental Development	Environmental Health	Economic Development	Regional Transit	Utilities	2021 Actual
<b>Revenues</b>									
Taxation	\$ 736,019	\$ 377,671	\$ 941,437	\$ 164,195	\$ 574,806	\$ 286,924	\$ 231,101	\$ -	\$ 3,312,153
Grants	702,964	-	-	-	-	85,367	-	-	788,331
Sales of Services	-	23,500	199,118	11,350	931,349	-	84,531	358,559	1,608,407
Contributions	133,236	-	22,120	-	-	108,486	42,355	-	306,197
Interest Earned	134,852	-	-	-	-	-	-	-	134,852
Other Revenue	34,168	5,940	3,323	-	165,952	55,831	-	6,714	271,928
Gain on Remeasurement of Landfill Liability	-	-	-	-	1,987,324	-	-	-	1,987,324
	<u>1,741,239</u>	<u>407,111</u>	<u>1,165,998</u>	<u>175,545</u>	<u>3,659,431</u>	<u>536,608</u>	<u>357,987</u>	<u>365,273</u>	<u>8,409,192</u>
<b>Expenses</b>									
Amortization	108,478	87,939	110,333	1,760	251,774	681	12,075	297,409	870,449
Wages and Benefits	526,112	18,905	501,136	122,901	580,765	143,091	25,000	25,896	1,943,806
Services and Materials	380,120	246,633	555,612	21,573	884,531	350,955	293,497	275,636	3,008,557
	<u>1,014,710</u>	<u>353,477</u>	<u>1,167,081</u>	<u>146,234</u>	<u>1,717,070</u>	<u>494,727</u>	<u>330,572</u>	<u>598,941</u>	<u>5,822,812</u>
Annual Surplus (Deficit)	\$ <u>726,529</u>	\$ <u>53,634</u>	\$ <u>(1,083)</u>	\$ <u>29,311</u>	\$ <u>1,942,361</u>	\$ <u>41,881</u>	\$ <u>27,415</u>	\$ <u>(233,668)</u>	\$ <u>2,586,380</u>

# REGIONAL DISTRICT OF MOUNT WADDINGTON

## Schedule 4 - COVID-19 Safe Restart Grant - Unaudited

Year Ended December 31, 2022

The Regional District of Mount Waddington received a grant of \$367,000 under the COVID-19 Safe Restart Grant for Local Governments in the year ending December 31, 2020. An additional \$61,000 was received in the year ending December 31, 2021. The details surrounding these funds are shown in the schedule below:

	<u>2022</u>
<b>COVID-19 Safe Restart Funds Available</b>	
Carried Forward	\$ 166,015
<b>Eligible Costs</b>	
Arena Communications Equipment	77,206
General Government Direct Impact	10,638
Emergency Preparedness Supplies	20,307
Parks Service Level Improvements	<u>11,533</u>
	<u>119,684</u>
<b>Balance, December 31, 2022</b>	<u>\$ 46,331</u>