

REGIONAL DISTRICT OF MOUNT WADDINGTON
Financial Statements
December 31, 2023

REGIONAL DISTRICT OF MOUNT WADDINGTON

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Year Ended December 31, 2023

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REGIONAL DISTRICT OF MOUNT WADDINGTON
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
December 31, 2023

The accompanying consolidated financial statements of the Regional District of Mount Waddington (the "Regional District") as at December 31, 2023 and for the year then ended are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Regional District's assets are appropriately accounted for and adequately safeguarded.

The Regional District's Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board of Directors reviews the financial statements and approves them. The Board of Directors meets periodically with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the independent auditors' report. The Board of Directors considers their findings when approving the financial statements for issuance.

The financial statements have been approved by the Board of Directors. In addition, these financial statements have been audited by Chan Nowosad Boates Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Chan Nowosad Boates Inc. has full access to the Board of Directors for the purpose of their audit.

David Kim

[David Kim \(Nov 28, 2024 15:11 PST\)](#)

David Kim, CAO, CFO

November 19, 2024



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, 2023, 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 (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2023, and the results of its operations 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.
- 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.

Chan Newsrad Boates Inc

Chartered Professional Accountants
Campbell River, BC

November 19, 2024

REGIONAL DISTRICT OF MOUNT WADDINGTON

Statement of Financial Position

December 31, 2023

2023

2022

(Note 2)

FINANCIAL ASSETS

Cash (Note 3)	\$ 5,025,166	\$ 3,550,049
Temporary Investments (Note 4)	5,816,194	5,720,662
Portfolio Investments (Note 5)	1,825,681	1,740,723
Accounts Receivable (Note 6)	1,075,844	1,031,225
Inventories	3,743	3,153
Municipal Recoverable Debt (Note 7)	3,666,338	1,554,191
Due from Related Party (Note 8)	416,130	362,430
	<u>17,829,096</u>	<u>13,962,433</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 9)	821,238	748,695
Deferred Revenue (Note 10)	1,591,566	1,558,711
Asset Retirement Obligation (Note 11)	2,095,480	1,541,973
Member Municipality Debt (Note 7)	3,666,338	1,554,191
	<u>8,174,622</u>	<u>5,403,570</u>

NET FINANCIAL ASSETS

9,654,474 8,558,863

NON-FINANCIAL ASSETS

Prepaid Expenses	10,273	14,846
Tangible Capital Assets (Note 12)	11,341,037	11,645,934
	<u>11,351,310</u>	<u>11,660,780</u>

ACCUMULATED SURPLUS (Note 14)

\$ 21,005,784 \$ 20,219,643

Contingent Liability (Note 16)

Approved by:

Andrew Hory

Andrew Hory (Nov 20, 2024 20:34 PST)

Chair

David Kim

David Kim (Nov 28, 2024 15:11 PST)

Chief Administrative Officer

REGIONAL DISTRICT OF MOUNT WADDINGTON

Statement of Operations

Year Ended December 31, 2023

	<u>2023</u>		<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	
	(Note 15)		(Note 2)
Revenues (Schedules 2 and 3)			
Taxation	\$ 3,429,856	\$ 3,746,084	\$ 3,485,577
Grants	1,090,051	1,913,174	916,965
Sale of Services	1,713,688	2,139,304	2,007,780
Contributions	47,000	426,073	469,334
Interest Earned	22,000	484,969	215,695
Other	802,649	247,818	348,069
Gain (Loss) on Remeasurement of Asset Retirement Obligation (Note 11)	<u>-</u>	<u>(553,507)</u>	<u>259,368</u>
	<u>7,105,244</u>	<u>8,403,915</u>	<u>7,702,788</u>
Expenditures (Schedules 2 and 3)			
General Government Services	1,569,990	1,403,400	1,423,683
Protective Services	377,788	476,860	435,975
Parks, Recreation and Cultural Services	1,180,651	1,432,364	1,297,597
Environmental Development	189,870	103,704	93,258
Environmental Health	1,825,271	2,017,067	1,892,962
Economic Development	1,352,988	1,138,023	969,703
Regional Transit	407,300	404,365	359,358
Utilities	<u>361,000</u>	<u>641,991</u>	<u>651,118</u>
	<u>7,264,858</u>	<u>7,617,774</u>	<u>7,123,654</u>
Annual Surplus (Deficit)	(159,614)	786,141	579,134
Accumulated Surplus - Beginning of Year - As Previously Stated	20,219,643	20,219,643	19,402,638
Prior Period Adjustment (Note 2)	<u>-</u>	<u>-</u>	<u>237,871</u>
Accumulated Surplus - Beginning of Year - As Restated	<u>20,219,643</u>	<u>20,219,643</u>	<u>19,640,509</u>
Accumulated Surplus - End of Year	<u>\$20,060,029</u>	<u>\$21,005,784</u>	<u>\$20,219,643</u>

REGIONAL DISTRICT OF MOUNT WADDINGTON

Statement of Change in Net Financial Assets

Year Ended December 31, 2023

	2023		2022
	Budget	Actual	
	(Note 15)		(Note 2)
Annual Surplus (Deficit)	\$ (159,614)	\$ 786,141	\$ 579,134
Use of Prepaid Expenses	-	14,846	6,439
Acquisition of Prepaid Expenses	-	(10,273)	(14,846)
Net Acquisition of Tangible Capital Assets	-	(614,407)	(809,606)
Amortization of Tangible Capital Assets	-	919,304	902,276
	<u>(159,614)</u>	<u>1,095,611</u>	<u>663,397</u>
Net Financial Assets - Beginning of Year	<u>8,558,863</u>	<u>8,558,863</u>	<u>7,895,466</u>
Net Financial Assets - End of Year	<u>\$ 8,399,249</u>	<u>\$ 9,654,474</u>	<u>\$ 8,558,863</u>

REGIONAL DISTRICT OF MOUNT WADDINGTON

Statement of Cash Flows

Year Ended December 31, 2023

2023

2022

(Note 2)

Cash Flows From Operating Activities:

Annual Surplus	\$ 786,141	\$ 579,134
Items Not Involving Cash		
Amortization of Tangible Capital Assets	<u>919,304</u>	<u>902,276</u>
	1,705,445	1,481,410
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	(44,619)	(233,482)
Inventories	(590)	2,984
Accounts Payable	72,543	96,202
Deferred Revenue	32,855	(126,925)
Asset Retirement Obligation	553,507	(259,368)
Due to Related Party	(53,700)	(545,109)
Prepaid Expenses	<u>4,573</u>	<u>(8,407)</u>
	<u>2,270,014</u>	<u>407,305</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(614,407)</u>	<u>(809,606)</u>
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Cash Flows From Investing Activities:

Purchase of Investments	<u>(180,490)</u>	<u>(864,364)</u>
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Increase (Decrease) in Cash 1,475,117 (1,266,665)

Cash - Beginning of Year 3,550,049 4,816,714

Cash - End of Year \$ 5,025,166 \$ 3,550,049

REGIONAL DISTRICT OF MOUNT WADDINGTON

Notes to Financial Statements

December 31, 2023

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

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued):

h) Asset Retirement Obligation:

The Regional District recognizes a liability for an asset retirement obligation when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date.

The asset retirement obligation relating to landfill closure and post closure costs is recognized at its estimated present value. 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.

REGIONAL DISTRICT OF MOUNT WADDINGTON

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued):

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.

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, 2023 or December 31, 2022.

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. Change in Accounting Policy:

On January 1, 2023, the Regional District adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The Regional District determined that the landfill closure and post-closure costs are considered an asset retirement obligation. This standard was adopted under the modified retrospective application method at the date of adoption. Under the modified retrospective application method, an increase in the carrying amount of the related tangible capital asset is recognized by the same amount as the estimated liability as at January 1, 2022.

A prior period adjustment was made to record the addition of the asset retirement obligation balance to tangible capital assets in the amount of \$237,871 for January 1, 2022. These entries resulted in the following balance adjustments:

	Tangible Capital Assets	Environmental Health Expense	Annual Surplus	Accumulated Surplus
Balance, as Previously Stated	\$ 11,437,797	\$ 1,863,228	\$ 608,868	\$ 20,011,506
Asset Retirement Obligation	237,871	-	-	237,871
Amortization Expense	(29,734)	29,734	(29,734)	(29,734)
Balance, as Restated	<u>\$ 11,645,934</u>	<u>\$ 1,892,962</u>	<u>\$ 579,134</u>	<u>\$ 20,219,643</u>

REGIONAL DISTRICT OF MOUNT WADDINGTON

Notes to Financial Statements

December 31, 2023

3. Cash:

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,583,813	\$ 2,181,806
CIBC High Interest Savings	1,435,179	1,362,385
Scotiabank Savings	<u>6,174</u>	<u>5,858</u>
	<u>\$ 5,025,166</u>	<u>\$ 3,550,049</u>

The CIBC high interest savings account is earning interest at 5.47% per annum (2022 - 4.30%). The Scotiabank savings account is earning interest at 5.92% per annum (2022 - 4.93%).

4. Temporary Investments:

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

	<u>2023</u>	<u>2022</u>
Short Term: mature within one year, interest rates vary between 1.25% - 5.50% (2022 - 2.00% - 4.70%)	\$ 2,994,312	\$ 1,484,233
Long Term: mature between March 11, 2025 and April 27, 2027, interest rates vary between 2.50% - 5.25% (2022 - 0.80% - 4.14%)	<u>2,821,882</u>	<u>4,236,429</u>
	<u>\$ 5,816,194</u>	<u>\$ 5,720,662</u>

5. Portfolio Investments:

Portfolio investments includes \$1,825,681 (2022 - \$1,740,723) held with the MFA in ultra-short term and short term bond funds.

6. Accounts Receivable:

	<u>2023</u>	<u>2022</u>
Trade and Other	\$ 704,673	\$ 730,776
Other Governments	38,461	55,589
Accrued Interest	<u>332,710</u>	<u>244,860</u>
	<u>\$ 1,075,844</u>	<u>\$ 1,031,225</u>

REGIONAL DISTRICT OF MOUNT WADDINGTON

Notes to Financial Statements

December 31, 2023

7. Member Municipality Debt:

	<u>2023</u>	<u>2022</u>
Alert Bay	\$ 129,960	\$ 192,116
Port Alice	381,990	404,895
Port McNeill	854,388	957,180
Port Hardy	<u>2,300,000</u>	<u>-</u>
	<u>\$ 3,666,338</u>	<u>\$ 1,554,191</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.

8. Due from Related Party:

	<u>2023</u>	<u>2022</u>
Mount Waddington Regional Hospital District	\$ <u>416,130</u>	\$ <u>362,430</u>

Mount Waddington Regional Hospital District ("MWRHD") and the Regional District are separate legal entities as defined by separate letters patent and authorized 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 MWRHD is non-interest bearing, unsecured and has no stated terms of repayment.

During the year ended December 31, 2023, administrative support services of \$103,700 (2022 - \$98,800) were provided to MWRHD by the Regional District and included in Other Revenues.

9. Accounts Payable and Accrued Liabilities:

	<u>2023</u>	<u>2022</u>
Trade and Other	\$ 544,740	\$ 452,729
Other Governments	31,202	55,199
Wages Payable	16,935	15,423
Employee Vested Benefits	68,763	67,988
Woss Community Capital Reserves	120,837	120,837
Funds Held for Other Organizations	<u>38,761</u>	<u>36,519</u>
	<u>\$ 821,238</u>	<u>\$ 748,695</u>

REGIONAL DISTRICT OF MOUNT WADDINGTON

Notes to Financial Statements

December 31, 2023

10. Deferred Revenue:

	<u>2022</u>	<u>Collections</u>	<u>Transfers</u>	<u>2023</u>
Development Cost Charges	\$ 49,727	\$ -	\$ -	\$ 49,727
Grants	1,206,437	221,500	194,578	1,233,359
MRDT - VINTAC	285,842	5,933	-	291,775
Treaty Advisory Services	<u>16,705</u>	<u>-</u>	<u>-</u>	<u>16,705</u>
	<u>\$ 1,558,711</u>	<u>\$ 227,433</u>	<u>\$ 194,578</u>	<u>\$ 1,591,566</u>

11. Asset Retirement Obligation:

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 2028. 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 after each phase is permanently closed. Closure costs relate to composting materials used to cover the landfill area.

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

	<u>2023</u>	<u>2022</u>
Phase 1 and 2 - post closure	\$ 423,769	\$ 290,300
Phase 3A - post closure	560,052	380,587
Phase 3B - post closure	689,802	591,866
Phase 3C - post closure	219,658	177,502
Phase 3C - closure	<u>202,199</u>	<u>101,718</u>
	<u>\$ 2,095,480</u>	<u>\$ 1,541,973</u>

The liability is determined using the following assumptions:

	<u>2023</u>	<u>2022</u>
Inflation Rate	2.54%	2.14%
Discount Rate	2.85%	2.73%
Phase 1 and 2 and 3A - post closure annual cost	\$24,143	\$17,389
Phase 3B and 3C - post closure annual cost	\$24,000	\$22,000
Phase 3C - annual closure cost, up to closure	\$136,000	\$89,106

REGIONAL DISTRICT OF MOUNT WADDINGTON

Notes to Financial Statements

December 31, 2023

12. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2023	2022
General Capital Assets										
Land	\$ 151,636	\$ -	\$ -	\$ 151,636	\$ -	\$ -	\$ -	\$ -	\$ 151,636	\$ 151,636
Buildings	4,800,992	371,245	-	5,172,237	2,579,877	108,695	-	2,688,572	2,483,665	2,221,115
Engineering Structures	16,711,117	13,768	-	16,724,885	11,100,700	513,565	-	11,614,265	5,110,620	5,610,417
Land Improvements	93,674	-	-	93,674	6,888	4,860	-	11,748	81,926	86,786
Machinery & Equipment	5,884,792	151,154	-	6,035,946	2,791,342	221,696	-	3,013,038	3,022,908	3,093,450
Vehicles	1,485,138	78,240	-	1,563,378	1,002,608	70,488	-	1,073,096	490,282	482,530
	<u>\$29,127,349</u>	<u>\$ 614,407</u>	<u>\$ -</u>	<u>\$29,741,756</u>	<u>\$17,481,415</u>	<u>\$ 919,304</u>	<u>\$ -</u>	<u>\$18,400,719</u>	<u>\$11,341,037</u>	<u>\$11,645,934</u>

Included in Buildings at December 31, 2023 is \$380,911 (2022 - \$245,527) of capitalized costs for the Arena Solar & Accessibility projects that are not presently being amortized as a result of the projects still being in progress at year end. The assets are expected to be placed into use during the year ending December 31, 2023 at which time amortization will be taken.

Included in Buildings at December 31, 2023 is \$224,035 (2022 - \$4,035) of capitalized costs for the Fire Hall Recladding 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.

13. 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, 2022, the plan had about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

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

The most recent actuarial valuation for the 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 \$116,127 (2022 - \$115,889) of employer contributions while employees contributed \$107,396 (2022 - \$107,140) to the plan in fiscal 2023.

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

REGIONAL DISTRICT OF MOUNT WADDINGTON

Notes to Financial Statements

December 31, 2023

13. Pension Plan (Continued):

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.

14. Accumulated Surplus:

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

	<u>2023</u>	<u>2022</u>
Operating Surplus	\$ 4,503,035	\$ 4,713,061
Statutory Reserves	5,161,712	3,860,648
Equity in Tangible Capital Assets	<u>11,341,037</u>	<u>11,645,934</u>
	<u>\$ 21,005,784</u>	<u>\$ 20,219,643</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>2023</u>	<u>2022</u>
Opening Balance	\$ 1,572,877	\$ 1,373,468
Receipts	217,526	208,093
Interest Earned	38,516	15,816
Expenditures	<u>(40,000)</u>	<u>(24,500)</u>
	<u>\$ 1,788,919</u>	<u>\$ 1,572,877</u>

15. Budget Figures:

Budget figures represent the 2023 Financial Plan Bylaw No. 1016 adopted by the Board on March 23, 2023.

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.

REGIONAL DISTRICT OF MOUNT WADDINGTON

Notes to Financial Statements

December 31, 2023

15. Budget Figures (continued):

	<u>2023</u>
Financial Plan (Budget) Bylaw	\$ -
Add:	
Capital Expenditures	543,000
Less:	
Transfers to (from) Reserves	<u>(702,614)</u>
Annual Surplus Presented in Financial Statements	\$ <u>(159,614)</u>

16. 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, 2023 is \$245,477 (2022 - \$242,361).

17. 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	13.64 shares
Comox Valley Regional District	31.26 shares
Strathcona Regional District	18.82 shares
Regional District of Mount Waddington	3.53 shares
Nanaimo Regional District	24.33 shares
Qathet Regional District	8.42 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 3.53% 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

Notes to Financial Statements

December 31, 2023

18. 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.

19. Comparative Figures:

Certain comparative figures have been reclassified, where necessary, to conform with the current year's presentation.

20. Subsequent Event:

On August 15, 2024, a civil claim was filed against the Regional District by a former employee. No further action or activity has been undertaken relating to the claim by either party as at the date of these financial statements. The outcome of this claim and any potential liabilities cannot be determined at this time.

REGIONAL DISTRICT OF MOUNT WADDINGTON

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

Year Ended December 31, 2023

	<u>2023</u>		<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	
	(Note 15)		
Federal Government			
Gas Tax	\$ -	\$ 217,526	\$ 208,093
Pacific Economic Development Canada	-	<u>158,899</u>	<u>87,505</u>
	-	<u>376,425</u>	<u>295,598</u>
Province of BC and Other Programs			
General Fund			
Administration Grant	-	205,000	260,000
Growing Communities Fund	-	1,029,000	-
Other	<u>1,090,051</u>	<u>302,749</u>	<u>361,367</u>
	<u>1,090,051</u>	<u>1,536,749</u>	<u>621,367</u>
	<u>\$ 1,090,051</u>	<u>\$ 1,913,174</u>	<u>\$ 916,965</u>

REGIONAL DISTRICT OF MOUNT WADDINGTON

Schedule 2 - Combined Statement of Operations by Segment

Year Ended December 31, 2023

	General Government Services	Protective Services	Parks, Recreation & Cultural Services	Environmental Development	Environmental Health	Economic Development	Regional Transit	Utilities	2023 Actual
Revenues									
Taxation	\$ 795,415	\$ 431,595	\$ 974,642	\$ 168,000	\$ 622,350	\$ 504,082	\$ 250,000	\$ -	\$ 3,746,084
Grants	1,582,998	82,153	36,584	-	-	211,439	-	-	1,913,174
Sales Services	-	35,000	298,914	2,298	1,352,116	-	92,479	358,497	2,139,304
Contributions	103,700	-	7,531	-	-	290,450	24,392	-	426,073
Interest Earned	484,969	-	-	-	-	-	-	-	484,969
Other Revenue	61,198	-	8,577	-	15,937	154,449	3,607	4,050	247,818
Loss on Remeasurement of Asset Retirement Obligation	-	-	-	-	(553,507)	-	-	-	(553,507)
	<u>3,028,280</u>	<u>548,748</u>	<u>1,326,248</u>	<u>170,298</u>	<u>1,436,896</u>	<u>1,160,420</u>	<u>370,478</u>	<u>362,547</u>	<u>8,403,915</u>
Expenses									
Amortization	101,896	77,359	146,099	1,760	284,426	-	12,075	295,689	919,304
Wages and Benefits	665,819	20,520	666,359	93,699	565,434	169,898	27,300	33,426	2,242,455
Services and Materials	<u>635,685</u>	<u>378,981</u>	<u>619,906</u>	<u>8,245</u>	<u>1,167,207</u>	<u>968,125</u>	<u>364,990</u>	<u>312,876</u>	<u>4,456,015</u>
	<u>1,403,400</u>	<u>476,860</u>	<u>1,432,364</u>	<u>103,704</u>	<u>2,017,067</u>	<u>1,138,023</u>	<u>404,365</u>	<u>641,991</u>	<u>7,617,774</u>
Annual Surplus (Deficit)	\$ <u>1,624,880</u>	\$ <u>71,888</u>	\$ <u>(106,116)</u>	\$ <u>66,594</u>	\$ <u>(580,171)</u>	\$ <u>22,397</u>	\$ <u>(33,887)</u>	\$ <u>(279,444)</u>	\$ <u>786,141</u>

REGIONAL DISTRICT OF MOUNT WADDINGTON

Schedule 3 - 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
Revenues									
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 of 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 Asset Retirement Obligation	-	-	-	-	259,368	-	-	-	259,368
	<u>1,758,949</u>	<u>428,884</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>
Expenses									
Amortization	106,598	75,363	126,304	1,760	285,894	340	12,075	293,942	902,276
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>1,892,962</u>	<u>969,703</u>	<u>359,358</u>	<u>651,118</u>	<u>7,123,654</u>
Annual Surplus (Deficit)	\$ <u>335,266</u>	\$ <u>(7,091)</u>	\$ <u>146,326</u>	\$ <u>74,485</u>	\$ <u>411,220</u>	\$ <u>(62,118)</u>	\$ <u>(10,582)</u>	\$ <u>(308,372)</u>	\$ <u>579,134</u>

REGIONAL DISTRICT OF MOUNT WADDINGTON

Schedule 4 - COVID-19 Safe Restart Grant - Unaudited

Year Ended December 31, 2023

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>2023</u>
COVID-19 Safe Restart Funds Available	
Carried Forward	\$ <u>46,331</u>
Eligible Costs	<u>-</u>
Balance, December 31, 2023	<u>\$ 46,331</u>

REGIONAL DISTRICT OF MOUNT WADDINGTON

Schedule 5 - Growing Communities Fund - Unaudited

Year Ended December 31, 2023

The Province of British Columbia distributed conditional Growing Communities Fund ("GCF") grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia. The Regional District of Mount Waddington received \$1,029,000 in funding in March 2023.

	<u>2023</u>
Balance, Beginning of Year	\$ -
Funds Received	1,029,000
Eligible Costs	<u>-</u>
Balance, End of Year	<u>\$ 1,029,000</u>