

NORTH COAST REGIONAL DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2017

NORTH COAST REGIONAL DISTRICT

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DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Directors
North Coast Regional District

Report on the Financial Statements

We have audited the accompanying statement of financial position of North Coast Regional District as at December 31, 2017 and the statements of financial activities, cash flows and changes in net financial assets for the year then ended and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

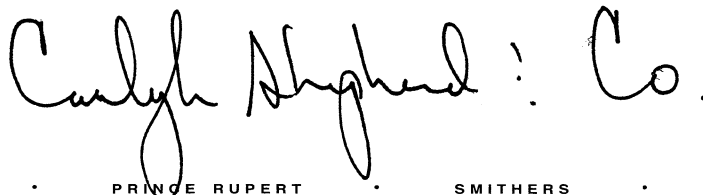
Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2017 and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Regional District taken as a whole. The current year's supplementary information included in Schedules one to four is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.



Prince Rupert, BC
June 15, 2018



NORTH COAST REGIONAL DISTRICT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31
STATEMENT A

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash and investments (note 1)	3,863,296	3,578,517
Trade and other receivables (note 2)	451,380	469,882
MFA deposit (note 3)	309,417	311,049
Due from Municipalities	<u>14,129,576</u>	<u>14,945,025</u>
	<u>18,753,669</u>	<u>19,304,473</u>
LIABILITIES		
Accounts payable and accruals (note 4)	344,922	391,221
Landfill closure costs accrual (note 5)	335,240	291,196
Deferred revenue (note 6)	1,690,802	1,513,610
MFA debt reserve (note 3)	309,417	311,049
MFA loans for Regional District (note 7)	27,898	69,449
Debentures issued for Municipalities (note 8)	<u>14,129,576</u>	<u>14,945,025</u>
	<u>16,837,855</u>	<u>17,521,550</u>
NET FINANCIAL ASSETS		
	1,915,814	1,782,923
Physical assets (note 1 and schedule 4)	3,070,508	3,177,619
Prepaid expenses	<u>6,399</u>	<u>8,623</u>
NET POSITION	<u>4,992,721</u>	<u>4,969,165</u>
REGIONAL DISTRICT POSITION		
Operating surplus (schedule 1)	1,318,566	1,239,338
Reserve funds (schedule 2)	631,545	621,657
Equity in Physical Assets (note 1 and schedule 3)	<u>3,042,610</u>	<u>3,108,170</u>
	<u>4,992,721</u>	<u>4,969,165</u>

APPROVED BY THE BOARD


 _____ Chair

 _____ Treasurer

NORTH COAST REGIONAL DISTRICT
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED DECEMBER 31
STATEMENT B

	Unaudited Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
REVENUE			
Taxation	1,453,530	1,453,534	1,444,177
Grants in lieu	60,760	148,031	141,948
Sales, fees and other	1,524,770	1,672,818	1,661,995
Provincial, federal and other grants	303,095	259,388	440,845
Municipal debt payments	1,311,842	1,175,441	1,497,539
	<u>4,653,997</u>	<u>4,709,212</u>	<u>5,186,504</u>
EXPENDITURE			
Administration	752,380	888,196	721,117
Electoral areas	197,430	161,018	156,637
Grant-in-aid	15,085	5,763	2,770
Municipal debt service	1,311,842	1,175,441	1,497,539
Sandspit fire protection	28,600	41,390	15,470
Emergency programming	20,470	1,172	26,388
Islands solid waste	940,930	965,154	932,491
Regional recycling	671,400	637,918	691,219
Planning	67,250	45,213	168,500
Economic development	77,370	42,941	28,915
Prince Rupert Regional Archives	85,980	90,340	88,505
North Pacific Cannery	95,620	102,100	102,000
Haida Gwaii Museum	75,980	77,100	76,500
Vancouver Island Regional Library	44,160	48,280	44,156
Haida Gwaii recreation	129,810	142,955	122,530
Sandspit hall	18,100	10,322	10,381
Mainland recreation	11,620	13,025	11,818
Sandspit water utility	106,200	86,558	102,185
Feasibility Studies	15,540	3,968	-
Amortization / loss on disposal	-	146,802	153,527
	<u>4,665,767</u>	<u>4,685,656</u>	<u>4,952,648</u>
REVENUE OVER EXPENDITURE	- 11,770	23,556	233,856
OPENING REGIONAL DISTRICT POSITION	<u>4,969,165</u>	<u>4,969,165</u>	<u>4,735,309</u>
CLOSING REGIONAL DISTRICT POSITION	<u>4,957,395</u>	<u>4,992,721</u>	<u>4,969,165</u>

NORTH COAST REGIONAL DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31
STATEMENT C

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	23,556	233,856
Amortization / loss on disposal	146,802	153,527
Landfill closure costs accrual	44,044	43,418
Accounts payables and accruals	- 46,299	78,393
Trade and other receivables	18,502	- 162,728
Deferred revenue	177,192	129,585
Prepaid expenses	2,224	14,814
	<u>366,021</u>	<u>490,865</u>
FINANCING ACTIVITIES		
Debt repayment	<u>- 41,551</u>	<u>- 75,228</u>
INVESTING ACTIVITIES		
Purchase of physical assets	- 39,691	- 45,061
Sale of physical assets	<u>-</u>	<u>6,000</u>
	<u>- 39,691</u>	<u>- 39,061</u>
CHANGE IN CASH	284,779	376,576
OPENING CASH AND INVESTMENTS	<u>3,578,517</u>	<u>3,201,941</u>
CLOSING CASH AND INVESTMENTS	<u>3,863,296</u>	<u>3,578,517</u>

NORTH COAST REGIONAL DISTRICT
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31
STATEMENT D

	2017	2016
	\$	\$
Revenue over expenditure	23,556	233,856
Amortization of physical assets	146,802	153,527
Purchase of physical assets	- 39,691	- 45,061
Sale of physical assets	-	6,000
Prepaid expenses	<u>2,224</u>	<u>14,814</u>
Increase in net financial assets	132,891	363,136
Opening net financial assets	<u>1,782,923</u>	<u>1,419,787</u>
Closing net financial assets	<u>1,915,814</u>	<u>1,782,923</u>

NORTH COAST REGIONAL DISTRICT

NOTES

DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Regional District has adopted the reporting format from the recommendations by the Public Sector Accounting Board.

The Regional District maintains the following funds that are combined in the financial statements:

- Operating fund reports the general activities of the Regional District.
- Capital fund reports the physical assets of the Regional District together with the related financing.
- Reserve fund reports the activities of the funds established by bylaw for specific purposes.

Basis of accounting

Revenue and expenditures are reported on an accrual basis.

Revenue recognition

Taxation revenues are recognized when requisitioned from the Province of British Columbia and member Municipalities. Sale of services and user fee revenues are recognized when the service or product is provided by the Regional District. Grant revenues are recognized when the commitments are met.

Financial instruments

The Regional District measures financial assets and liabilities at market value at the date of acquisition except for those investments quoted in an active market, which are reported as market value.

It is management's opinion that the Regional District's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks.

Cash and investments

Cash and investments are reported at market value.

NORTH COAST REGIONAL DISTRICT

NOTES

DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Physical assets

Physical assets are recorded at cost and are amortized using the straight-line method as follows:

Buildings	40 years
Automotive	10 and 20 years
Equipment	10 and 20 years
Infrastructure	40 years

Equity in Physical Assets

Equity in Physical Assets reports the accumulated funded historical cost of physical assets less accumulated amortization.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

2. TRADE AND OTHER RECEIVABLES

	2017	2016
Provincial and Federal governments	\$ 102,982	\$ 190,492
Regional and local governments	132,381	157,510
Trade receivables and other	<u>216,017</u>	<u>121,880</u>
	<u>\$ 451,380</u>	<u>\$ 469,882</u>

3. MFA DEPOSIT AND DEBT RESERVE

A condition of MFA borrowings stipulates that a portion of the debenture proceeds be withheld as a security deposit and a debt reserve fund.

NORTH COAST REGIONAL DISTRICT

NOTES

DECEMBER 31, 2017

4. ACCOUNTS PAYABLE AND ACCRUALS

	2017	2016
Provincial and Federal governments	\$ 15,482	\$ 10,825
Regional and local governments	36,285	84,764
Payroll	135,792	137,653
Trade payables and other	157,363	157,979
	<u>\$ 344,922</u>	<u>\$ 391,221</u>

5. LANDFILL CLOSURE COSTS ACCRUAL

The Regional District is responsible for closing a landfill on Haida Gwaii in accordance with Ministry of Environment regulations. Management has prepared its estimates using a provisional phased closure plan.

6. DEFERRED REVENUE

Revenues received in advance of expenses that will be incurred in a later period are deferred until they are matched against those expenses.

	2017	2016
Gas tax	\$ 1,681,195	\$ 1,456,161
Other	9,607	57,449
	<u>\$ 1,690,802</u>	<u>\$ 1,513,610</u>

7. MFA LOANS FOR REGIONAL DISTRICT

Loans are with the Municipal Finance Authority and are being repaid in accordance with approved bylaws and agreements.

8. DEBENTURES ISSUED FOR MUNICIPALITIES

When a member municipality within the Regional District wishes to issue debenture debt through the Municipal Finance Authority of BC (MFA), the borrowing is done through the Regional District. The Regional District is therefore responsible for repayment of the debt to MFA. When payments (principal and interest) are made on this debt, the Regional District pays MFA and is reimbursed by the municipality.

NORTH COAST REGIONAL DISTRICT

NOTES

DECEMBER 31, 2017

8. DEBENTURES ISSUED FOR MUNICIPALITIES (continued)

The Regional District reports the outstanding debt borrowed on behalf of the member municipalities as both a financial asset and financial liability. Municipal debt payments are shown as revenue and offsetting expenditure.

9. EXPENDITURES BY TYPE

	2017	2016
Director remuneration	\$ 162,066	\$ 155,475
Director travel	41,433	39,893
Staff remuneration and benefits	1,256,304	1,248,140
Staff travel and education	37,305	39,173
Interest	820	21,809
Purchased services, grants and supplies	1,865,485	1,797,092
Municipal debt payments	1,175,441	1,497,539
Amortization / loss on disposal	146,802	153,527
	<u>\$ 4,685,656</u>	<u>\$ 4,952,648</u>

10. PENSION INFORMATION

The Regional District and its employees contribute to the Municipal Pension Plan (the Plan), a jointly-trusted 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 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018 with results available in 2019.

NORTH COAST REGIONAL DISTRICT

NOTES

DECEMBER 31, 2017

10. PENSION INFORMATION (continued)

Employers participating in the Plan record their pension expenses 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

The Regional District paid \$81,463 (2016 - \$82,229) for employer contributions to the plan in fiscal 2017.

11. PURPOSE OF ORGANIZATION

The North Coast Regional District is a partnership of four electoral areas and five municipalities that provide local government services to approximately 20,000 residents living on the North Coast of British Columbia and Haida Gwaii.

The Regional District administers services ranging from solid waste management and recycling to land use planning, water supply and public safety.

NORTH COAST REGIONAL DISTRICT
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31
SCHEDULE 1

	2017	2016
	\$	\$
Administration	161,739	229,477
Electoral areas	226,904	186,308
Grant-in-aid	23,157	18,637
Sandspit fire protection	-	12,768
Emergency programming	95,291	75,233
Islands solid waste	157,645	222,788
Regional recycling	225,644	127,910
Planning	142,242	120,951
Economic development	64,451	43,729
Prince Rupert Regional Archives	21,462	18,858
North Pacific Cannery	44,282	35,259
Haida Gwaii Museum	10,212	8,638
Vancouver Island Regional Library	3,864	6,563
Haida Gwaii recreation	16,700	25,363
Sandspit hall	25,222	16,987
Mainland recreation	786	1,338
Sandspit water utility	87,050	77,833
Feasibility studies	11,915	10,698
	<u>1,318,566</u>	<u>1,239,338</u>

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF RESERVE FUNDS
YEAR ENDED DECEMBER 31
SCHEDULE 2**

	2017	2016
	\$	\$
Opening balance	621,657	635,550
Interest	9,888	15,852
Transfer to Operating Fund	<u>-</u>	<u>- 29,745</u>
Closing balance	<u>631,545</u>	<u>621,657</u>

Represented by the following reserve funds

Bylaw 486 Sandspit Water	91,542	90,108
Bylaw 561 Electoral Area Administration	39,895	39,270
Bylaw 566 General Administration	86,442	85,087
Bylaw 567 Feasibility Studies	27,091	26,667
Bylaw 568 Regional Recycling - Other	37,308	36,723
Bylaw 568 Regional Recycling - Building	118,904	117,051
Bylaw 569 Island Solid Waste	230,280	226,670
Bylaw 602 Haida Gwaii Recreation	<u>83</u>	<u>81</u>
	<u>631,545</u>	<u>621,657</u>

NORTH COAST REGIONAL DISTRICT
STATEMENT OF CHANGES IN EQUITY IN PHYSICAL ASSETS
YEAR ENDED DECEMBER 31
SCHEDULE 3

	2017	2016
	\$	\$
Opening balance	<u>3,108,170</u>	<u>3,147,409</u>
Increase (decrease) in equity		
Contribution from operations	39,691	45,061
Sale of physical assets	-	- 6,000
Debt repayment	41,551	56,756
Actuarial additions	-	18,471
Amortization / loss on disposal	<u>- 146,802</u>	<u>- 153,527</u>
	<u>- 65,560</u>	<u>- 39,239</u>
Closing balance	<u>3,042,610</u>	<u>3,108,170</u>

NORTH COAST REGIONAL DISTRICT
 STATEMENT OF PHYSICAL ASSETS
 YEAR ENDED DECEMBER 31
 SCHEDULE 4

	COST			ACCUMULATED AMORTIZATION				NET BOOK VALUE		
	Opening Balance \$	Additions \$	Disposals \$	Closing Balance \$	Opening Balance \$	Annual Amortization \$	Disposals \$	Closing Balance \$	Total 2017 \$	Total 2016 \$
Land	279,748	-	-	279,748	-	-	-	-	279,748	279,748
Buildings	1,556,043	-	-	1,556,043	378,538	38,901	-	417,439	1,138,604	1,177,505
Automotive	244,758	-	-	244,758	102,420	22,114	-	124,534	120,224	142,338
Equipment	507,403	39,691	-	547,094	255,815	40,048	-	295,863	251,231	251,588
Infrastructure	1,829,571	-	-	1,829,571	503,131	45,739	-	548,870	1,280,701	1,326,440
	<u>4,417,523</u>	<u>39,691</u>	<u>-</u>	<u>4,457,214</u>	<u>1,239,904</u>	<u>146,802</u>	<u>-</u>	<u>1,386,706</u>	<u>3,070,508</u>	<u>3,177,619</u>