

AGENDA

MEETING NO. 7

May 8, 2025

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VISION

“A World of Opportunities
Within Our Region”

MISSION

“We Will Foster Social,
Environmental, and
Economic Opportunities
Within Our Diverse Region Through Effective
Leadership”

2022-2026 Strategic Plan

1. Relationships with First Nations
2. Advocacy with the Province
3. Housing Supply
4. Community and Economic Sustainability



REGIONAL DISTRICT OF BULKLEY-NECHAKO

AGENDA Thursday, May 8, 2025

<u>PAGE NO.</u>	<u>CALL TO ORDER</u>	<u>ACTION</u>
	<u>First Nations Acknowledgement</u>	
	<u>AGENDA – May 8, 2025</u>	Approve
	<u>SUPPLEMENTARY AGENDA</u>	Receive
	<u>DELEGATION</u>	
	<u>BESWICK HILDEBRANDT LUND CHARTERED PROFESSIONAL ACCOUNTANTS – Via Zoom</u> Taylor Turkington, CPA RE: 2024 Financial Statements	
	<u>ADMINISTRATION REPORTS</u>	<u>ACTION</u>
4-46	John Illes, Chief Financial Officer – 2024 Financial Statements and Audit Report	Recommendation
47-58	John Illes, Chief Financial Officer – Release of Reserves for Lakes District Airport	Recommendation
	<u>SUPPLEMENTARY AGENDA</u>	
	<u>NEW BUSINESS</u>	
	<u>ADJOURNMENT</u>	



Regional District of Bulkley-Nechako Board of Directors

To: Chair and Board
From: John Illes, CFO
Date: May 8, 2025
Subject: **2024 Financial Statements and Audit Report**

RECOMMENDATION:**(all/directors/majority)**

That the Board accept and authorize the Chair and the Chief Financial Officer to sign the Financial Statements for the year ending December 31, 2024;

And That the Year End Audit Findings Report to the Board be received.

BACKGROUND

The draft Financial Statements are attached and our auditor, Taylor Turkington, CPA, will make a presentation to the Board covering the changes to the financial statements since last year and discuss any audit findings.

The annual financial statements along with additional reporting must be sent to the Province by May 15th each year.

The Financial Statements and the Statement of Financial Information (SOFI) report must be sent to the Province by June 30th every year. This year the financial staff plan to bring this report forward at the May 22nd (or possibly the June 5th) Board meeting. The meeting containing this presentation on annual financial reporting must have a notice of the meeting published in accordance with section 94 of the community charter.

The 2023 Financial Statements have been restated to include the "donation" of the Cluculz Lake Sewer System to the Regional District. The legal transfer happened near the end of 2023 and Environmental Services started to actively manage this system in the beginning of 2024.

ATTACHMENTS:

Draft Financial Statements for 2024
Year End Audit Findings Report for 2024

REGIONAL DISTRICT OF BULKLEY-NECHAKO

FINANCIAL STATEMENTS

December 31, 2024

DRAFT

REGIONAL DISTRICT OF BULKLEY-NECHAKO

FINANCIAL STATEMENTS

December 31, 2024

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Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Beswick Hildebrandt Lund Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Regional District of Bulkley-Nechako and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Regional District of Bulkley-Nechako

John Illes
Chief Financial Officer

Mark Parker
Board Chair

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Regional District of Bulkley-Nechako

Opinion

We have audited the financial statements of Regional District of Bulkley-Nechako (the Entity), which comprise the statement of financial position as at December 31, 2024, and the statements of remeasurement gains and losses, 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 Entity as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

Beswick Hildebrandt Lund CPA
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Auditor's 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 auditor's 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.

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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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

Prince George, British Columbia

May 8, 2025

DRAFT

REGIONAL DISTRICT OF BULKLEY-NECHAKO

STATEMENT OF FINANCIAL POSITION

December 31, 2024

	<u>2024</u>	<u>2023</u> <u>Restated</u> <u>(Note 19)</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 29,970,488	\$ 25,116,602
Accounts receivable	907,101	717,992
Grants receivable	544,636	528,582
Investments (Note 3)	89	89
Debt Reserve Fund - Municipal Finance Authority (Note 4)	149,363	153,435
Debentures recoverable from municipalities (Note 5)	6,180,499	6,744,430
	<u>37,752,176</u>	<u>33,261,130</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6 and 10)	1,940,394	1,827,812
Deferred revenue (Note 7)	11,812,845	8,826,638
Asset retirement obligations (Note 12)	10,778,639	10,382,629
Debt Reserve Fund - Municipal Finance Authority (Note 4)	149,363	153,435
Debentures issued for municipalities (Note 5)	6,180,499	6,744,430
Debentures issued for the Regional District (Note 9)	305,001	326,199
	<u>31,166,741</u>	<u>28,261,143</u>
NET FINANCIAL ASSETS	<u>6,585,435</u>	<u>4,999,987</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 3)	31,144,328	30,255,834
Prepaid expenses	381,798	80,080
	<u>31,526,126</u>	<u>30,335,914</u>
ACCUMULATED SURPLUS (Note 13)	<u>\$ 38,111,561</u>	<u>\$ 35,335,901</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 38,107,203	\$ 35,335,901
Accumulated remeasurement gains(losses)	4,358	-
	<u>\$ 38,111,561</u>	<u>\$ 35,335,901</u>

CONTINGENCIES (Note 10)

Approved by the Board:

_____ Chairperson

_____ Chief Financial Officer

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO
STATEMENT OF REMEASUREMENT GAINS AND LOSSES

December 31, 2024

	<u>2024</u>	<u>2023</u>
ACCUMULATED REMEASUREMENT GAINS (LOSSES)		
AT BEGINNING OF YEAR	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	4,358	-
Amounts reclassified to the statement of operations:		
Portfolio investments	-	-
	<u>4,358</u>	<u>-</u>
Net remeasurement gains (losses) for the year	4,358	-
ACCUMULATED REMEASUREMENT GAINS (LOSSES)		
AT END OF YEAR	<u>\$ 4,358</u>	<u>\$ -</u>

See notes to the financial statements

REGIONAL DISTRICT OF BULKLEY-NECHAKO

STATEMENT OF OPERATIONS

For the year ended December 31, 2024

	2024		2023
	<u>Budget</u> (Note 14)	<u>Actual</u>	<u>Actual</u> Restated (Note 19)
REVENUE (Schedule 4)			
Property tax requisition			
Electoral area	\$ 9,948,789	\$ 9,948,802	\$ 8,378,819
Municipal	4,485,262	4,485,262	4,341,029
	14,434,051	14,434,064	12,719,848
Grants-in-lieu of taxes	1,299,869	1,342,810	1,284,108
Federal grants - conditional	715,000	685,957	1,129,343
Fees and permits	1,101,273	2,922,638	2,292,520
Municipal debt payments	749,800	713,991	661,385
Provincial grants - northern capital	459,156	423,654	706,359
Provincial grants - unconditional	185,000	233,011	195,000
Other grants - conditional	1,063,209	600,902	2,496,416
Emergency expenditure recoveries	316,000	113,116	578,273
Interest	-	663,817	498,090
Municipal cost sharing	237,415	654,175	256,231
Sundry	164,097	543,989	704,960
Administration recoveries	16,657	24,562	18,571
Donations	-	11,250	949,180
Debt sinking fund actuarial earnings	3,753	10,086	5,703
Community forest	50,000	89,600	149,300
	20,795,280	23,467,622	24,645,287
EXPENSES (Schedule 1) (Schedule 4)			
Environmental services	6,661,857	6,678,036	6,286,180
Government - general, rural and local commission	3,729,731	4,127,477	3,804,317
Recreation and culture	4,405,599	3,794,808	3,423,617
Fire protection and emergency response	3,494,968	2,945,813	3,229,101
Building inspection, building numbering, planning and development services	1,570,092	1,314,325	1,184,684
Economic development	775,983	456,493	438,990
Municipal debt payments	749,800	713,991	661,385
Street lighting and transportation	490,087	467,148	280,259
Sewer and water	232,512	193,871	168,923
	22,110,629	20,691,962	19,477,456
ANNUAL SURPLUS	(1,315,349)	2,775,660	5,167,831
ACCUMULATED SURPLUS - BEGINNING OF YEAR	35,335,901	35,335,901	30,168,070
ACCUMULATED SURPLUS - END OF YEAR (Note 13)	\$ 34,020,552	\$ 38,111,561	\$ 35,335,901

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2024

	2024		2023
	<u>Budget</u> (Note 14)	<u>Actual</u>	<u>Actual</u> Restated (Note 19)
ANNUAL SURPLUS	\$ (1,315,349)	\$ 2,775,660	\$ 5,167,831
Acquisition of tangible capital assets	(3,527,312)	(2,922,019)	(9,332,438)
(Gain) loss on sale of tangible capital assets	-	(19,903)	(3,451)
Proceeds on sale of tangible capital assets	-	65,048	40,000
Amortization of tangible capital assets	<u>1,509,950</u>	<u>1,988,380</u>	<u>1,807,669</u>
	(3,332,711)	1,887,166	(2,320,389)
Net use of (addition to) prepaid expenses	<u>-</u>	<u>(301,718)</u>	<u>276,181</u>
CHANGE IN NET FINANCIAL ASSETS	(3,332,711)	1,585,448	(2,044,208)
NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR	<u>4,999,987</u>	<u>4,999,987</u>	<u>7,044,195</u>
NET FINANCIAL ASSETS AT END OF THE YEAR	<u>\$ 1,667,276</u>	<u>\$ 6,585,435</u>	<u>\$ 4,999,987</u>

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	<u>2024</u>	<u>2023</u> <u>Restated</u> <u>(Note 19)</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 2,775,660	\$ 5,167,831
Add: Non-cash items		
Debt sinking fund actuarial earnings	(10,086)	(5,703)
Amortization of tangible capital assets	1,988,380	1,807,669
Loss (gain) on sale of tangible capital assets	(19,903)	(3,451)
	<u>4,734,051</u>	<u>6,966,346</u>
Changes in non-cash working capital:		
Accounts receivable	(189,109)	(16,237)
Grants receivable	(16,054)	866,648
Accounts payable and accrued liabilities	112,582	(4,963,477)
Deferred revenue	2,986,207	(459,187)
Asset retirement obligations	396,010	10,382,629
Prepaid expenses	(301,718)	276,181
	<u>7,721,969</u>	<u>13,052,903</u>
FINANCING ACTIVITIES		
Debt repayments	(11,112)	(14,800)
	<u>(11,112)</u>	<u>(14,800)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,922,019)	(9,332,438)
Proceeds on disposal of tangible capital assets	65,048	40,000
	<u>(2,856,971)</u>	<u>(9,292,438)</u>
INCREASE DURING THE YEAR	4,853,886	3,745,665
CASH AT BEGINNING OF THE YEAR	25,116,602	21,370,937
CASH AT END OF THE YEAR	\$ 29,970,488	\$ 25,116,602

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

The Regional District of Bulkley-Nechako ("the Regional District") was incorporated as a Regional District on February 1, 1966 under the Municipal Act (replaced by the Local Government Act) of British Columbia. The Regional District provides a political and administrative framework for region-wide, inter-municipal and sub-regional services and acts as the local government for electoral areas.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS).

No Statement of Remeasurement Gains and Losses has been included because the Regional District does not own assets that would result in unrealized gains or losses. The function of this statement is to reconcile the accumulated surplus between operating and remeasurement gains and losses.

Funds and reserves

Certain amounts, as approved by the Board of Directors, through a bylaw, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development improvement or betterment of the asset. Costs include overhead directly attributable to construction and development but exclude interest costs directly attributable to the acquisition or construction of the asset.

Contributed tangible capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where there are stipulations on their use or where fair value cannot be reasonably determined, in which case they are recognized at a nominal value.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful life of the asset.

Buildings	40-50 years
Water and waste systems	50 years
Heavy vehicles	10-20 years
Passenger vehicles	6-10 years
Other equipment	5-20 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Regional District's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Assets under construction are not amortized until the asset is available for productive use.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. **SIGNIFICANT ACCOUNTING POLICIES, continued**Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Tax revenue from local government requisitions are recognized in the year levied, provided that the effective date of tax has passed and the related bylaws have been approved by the Board of Directors.

Government transfers are recognized as revenues when 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. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable and are presented as non-financial assets in the statement of financial position.

Grants received from the Federal Gas Tax Agreement and Northern Capital Planning Grant Agreement are each contributed to a designated reserve and recorded as revenue in the year amounts are expended on qualifying projects.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the Regional District will be required to settle. The Regional District recognizes asset retirement obligations 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.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to expenses over the useful life of the tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. **SIGNIFICANT ACCOUNTING POLICIES, continued**Measurement uncertainty

The preparation of the financial statements in accordance with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the year. These estimates and assumptions are based on management's judgement and the best information available at the time of preparation and may differ significantly from actual results. Estimates are reviewed periodically or as new information becomes available, by management, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates include the determination of the useful life of tangible capital assets, valuation of the landfill closure and post-closure obligation, and provisions for contingencies.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Financial instruments*Measurement of financial instruments*

The Regional District initially measures its financial assets and financial liabilities at fair value. The Regional District subsequently measures all its financial assets and financial liabilities at cost.

Financial assets measured at cost include cash and cash equivalents, accounts receivable, cash deposits included in the debt reserve fund – Municipal Finance Authority, investments, and debentures recoverable from municipalities.

Financial liabilities measured at cost include accounts payable and accrued liabilities, debentures issued for municipalities, debentures issued for the Regional District, and financial liabilities included in the debt reserve fund –Municipal Finance Authority.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Regional District recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

Investments are reported at cost or amortized cost less any write-downs associated with a loss in value that is other than a temporary decline.

2. CASH AND CASH EQUIVALENTS

	2024	2023
Bank accounts	\$ 6,335,303	\$ 6,148,431
Petty cash	50	250
Guaranteed investment certificates	23,635,135	18,967,921
	<u>\$ 29,970,488</u>	<u>\$ 25,116,602</u>

Cash and cash equivalents consist unrestricted cash and fixed income guaranteed investment certificates, which have a maturity of one year or less, and are carried at market value which approximates cost. For the year ended December 31, 2024, the guaranteed investment certificate interest rates ranged between 3.9% to 6.15% (2023 – ranged between 1.30% to 6.15%).

3. INVESTMENTS

The Regional District has a 9% interest in the Chinook Comfor Limited Partnership and Chinook Comfor Ltd.

4. DEBT RESERVE FUND – MUNICIPAL FINANCE AUTHORITY

The Regional District issues debt instruments through the Municipal Finance Authority of British Columbia ("MFA"), and as a condition of borrowing, one percent of the debenture proceeds is withheld as a debt reserve fund. The Regional District also executes demand notes in connection with each debenture whereby the Regional District could be required to pay certain amounts to MFA in excess of the debt borrowed. The demand notes are contingent in nature, and it is unlikely that they will be called; therefore, a liability has not been reported in the financial statements (see note 10).

The Regional District reports the debt reserve fund balances for both debts issued on its behalf, and on behalf of member municipalities, as a financial asset. Because all debt reserve fund refunds received on behalf of Municipal borrowing are repayable to those Municipalities, the Municipal portion of the Debt Reserve Fund balances are also reported as a financial liability.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

5. DEBT RECOVERABLE FROM MUNICIPALITIES

When a member Municipality within the Regional District wishes to issue debenture debt through the Municipal Finance Authority of British Columbia ("MFA"), the borrowing is done through the Regional District. The Regional District is therefore responsible for repayment of the debt to MFA. When payments (interest and sinking fund or principal) are made on this debt, the Regional District pays MFA and is in turn reimbursed by the Municipality.

The Regional District therefore reports the net outstanding debt borrowed on behalf of Municipalities as both a financial liability and a financial asset.

Service borrowing was incurred for:	Originally Borrowed		Year of Maturity	Current Rate of Interest	Net Debt Outstanding	
	Year	Amount			2024	2023
Vanderhoof Issue 145	2018	1,000,000	2038	3.15%	759,274	802,417
Smithers Issue 142	2017	3,000,000	2037	3.15%	2,144,508	2,277,821
Vanderhoof Issue 142	2017	2,000,000	2037	3.15%	1,429,672	1,518,546
Smithers Issue 127	2013	650,000	2034	4.52%	387,929	418,997
Fort St. James Issue 124	2013	304,879	2033	4.52%	166,446	181,956
Smithers Issue 124	2012	147,639	2033	4.52%	80,602	88,113
Fort St. James Issue 124	2013	121,952	2028	4.52%	39,724	48,830
Smithers Issue 116	2011	800,000	2026	1.47%	134,774	198,763
Houston Issue 99	2006	2,407,125	2032	1.53%	924,825	1,037,414
Smithers Issue 81	2004	500,000	2024	2.85%	-	38,211
Smithers Issue 79	2003	500,000	2023	2.25%	-	-
Granisle 149	2019	210,000	2029	2.24%	112,745	133,362
		<u>\$ 11,641,595</u>			<u>\$ 6,180,499</u>	<u>\$ 6,744,430</u>

Scheduled debt repayments may be suspended in the event of excess sinking fund earnings within the MFA.

Principal paid during 2024 was \$402,489 (2023 - \$415,715). Interest paid during 2024 was \$300,799 (2023 - \$305,649).

The MFA performs a rate reset on long-term loans each 5 year period beginning after the first 10 year term; therefore, interest rates on long-term debt are subject to change.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

5. DEBT RECOVERABLE FROM MUNICIPALITIES, continued

Actuarial earnings received during 2024 was \$161,443 (2023 - \$166,760). Future principal payments, including sinking fund additions, on existing debt are as follows:

2025	\$ 544,166
2026	562,324
2027	510,152
2028	527,079
2029	533,761
Thereafter	<u>3,503,017</u>
	<u>\$ 6,180,499</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Trade payables	\$ 880,278	\$ 915,404
Vacation accrual	279,803	259,060
Sick leave accrual (Note 10)	444,588	273,262
Retirement accrual (Note 10)	<u>335,725</u>	<u>380,086</u>
	<u>\$ 1,940,394</u>	<u>\$ 1,827,812</u>

7. DEFERRED REVENUE

	<u>2024</u>	<u>2023</u>
Government transfers - Northern Capital Planning Grant	\$ 1,673,993	\$ 2,005,885
Government transfers - Federal Gas Tax Reserve	7,281,574	6,679,642
Government transfers - NWRS	2,160,330	-
Government transfers - COVID Restart	-	-
Government transfers - Climate Action	348,952	-
Government transfers - Provincial	233,378	70,000
Other	<u>114,618</u>	<u>71,111</u>
	<u>\$ 11,812,845</u>	<u>\$ 8,826,638</u>

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

7. DEFERRED REVENUE, continued

Government transfers – Federal Gas Tax Reserve

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by funding agreement between the Regional District and the Union of British Columbia Municipalities. Gas Tax funding may be used towards qualifying expenditures as specified in the funding agreement. The Regional District maintains the amounts in a statutory reserve.

	<u>2024</u>	<u>2023</u>
Opening balance	\$ 6,679,642	\$ 6,593,666
Add: Amounts received in the year	923,045	936,063
Interest earned	364,844	279,256
	<u>1,287,889</u>	<u>1,215,319</u>
Less: Amounts spent in the year	<u>(685,957)</u>	<u>(1,129,343)</u>
Closing balance	<u>\$ 7,281,574</u>	<u>\$ 6,679,642</u>

Government transfers – Northern Capital Planning Grant

Northern Capital and Planning funding is provided by the Province of British Columbia. The Northern Capital and Planning funding may be used towards infrastructure and eligible projects include engineering, infrastructure planning, pipes, wells, treatment facilities, building, roads, machinery, equipment, vehicles, and other associated capital that are owned and controlled by the Regional District. This can also include the cost of land associated with developing the above capital investment.

	<u>2024</u>	<u>2023</u>
Opening balance	\$ 2,005,885	\$ 2,611,985
Add: Amounts received in the year	-	-
Interest earned	91,762	100,259
	<u>91,762</u>	<u>100,259</u>
Less: Amounts spent in the year	<u>(423,654)</u>	<u>(706,359)</u>
Closing balance	<u>\$ 1,673,993</u>	<u>\$ 2,005,885</u>

The Northern Capital Planning Grant is broken into the following reserves:

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

7. DEFERRED REVENUE, continued

Reserve	Initial Allocation	Planning Expenses	Capital Expenses	Total Interest	December 31, 2024 Balance
General Administration	\$ 1,019,248	\$ 397,003	\$ 209,515	\$ 86,625	\$ 499,355
Clucluz Lake Fire Service	623,068	31,008	603,148	11,088	-
Protective Services	1,375,000	186,927	1,022,947	90,815	255,941
Glacier Gulch Water Diversion	30,000	-	-	5,288	35,288
Round Lake Fires Service	10,000	-	11,154	1,154	-
Luck Bay Fire Service	60,000	-	62,357	2,357	-
Fort Fraser Fire	186,595	-	191,237	4,642	-
Economic Development	185,273	-	-	32,660	217,933
Regional Parks and Trails	1,055,345	58,164	633,172	78,501	442,510
Environmental Service	2,394,843	-	2,264,268	92,391	222,966
Fort Fraser Water and Sewer Utilities	425,628	-	447,234	21,606	-
	<u>\$ 7,365,000</u>	<u>\$ 673,102</u>	<u>\$ 5,445,032</u>	<u>\$ 427,127</u>	<u>\$ 1,673,993</u>

Government transfers – COVID Restart Grant

COVID Restart funding is provided by the Government of Canada. The use of the funding is established by funding agreement between the Regional District and the Union of British Columbia Municipalities. COVID Restart funding may be used towards qualifying expenditures as specified in the funding agreement.

	2024	2023
Opening balance	\$ -	\$ 8,924
Add: Amounts received in the year	-	-
Interest earned	-	-
	-	-
Less: Amounts spent in the year	-	(8,924)
Closing balance	<u>\$ -</u>	<u>\$ -</u>

8. CREDIT FACILITY

The Regional District has available on an authorized operating line of credit to a maximum of \$400,000. This facility bears interest at prime rate of 5.45% (December 31, 2023 – 7.2%) and is secured by the current borrowing resolution. The facility remained unused at year end.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

9. DEBENTURES ISSUED FOR THE REGIONAL DISTRICT

The Regional District issues debt instruments through the Municipal Finance Authority of British Columbia ("MFA"), pursuant to security issuing bylaws, under authority of the Community Charter, to finance certain capital expenditures. The debt is issued on a sinking fund basis, whereby MFA invests the Regional District's principal payments so that the payments plus investment income, will equal the original outstanding debt amount at the end of the repayment period. Actuarial earnings on debt represent the repayment and/or forgiveness of debt by the MFA using surplus investment income generated by the principal payments. Gross amount of debt and the repayment and actuarial earnings to retire the debt are as follows:

Service borrowing was incurred for:	Originally Borrowed		Year of Maturity	Current Rate of Interest	Repayment & Actuarial Earnings	2024 Principal Repayment	Net Debt Outstanding	
	Year	Amount					2024	2023
Round Lake Fire Protection	2017	\$ 14,909	2037	3.15%	\$ 3,697	\$ 555	\$ 10,657	\$ 11,320
Luck Bay Fire Protection	2006	125,000	2026	1.53%	103,455	4,198	17,347	25,524
Topley Rural Fire Protection	2016	366,348	2041	2.10%	79,303	10,048	276,997	289,355
		<u>\$ 506,257</u>			<u>\$ 186,455</u>	<u>\$ 14,801</u>	<u>\$ 305,001</u>	<u>\$ 326,199</u>

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

9. DEBENTURES ISSUED FOR THE REGIONAL DISTRICT, continued

Scheduled debt repayments may be suspended in the event of excess sinking fund earnings within the MFA.

Principal paid during 2024 was \$14,801 (2023 - \$14,801). Interest paid during 2024 was \$10,075 (2023 - \$10,075).

The MFA performs a rate reset on long-term loans each 5 year period beginning after the first 10 year term; therefore, interest rates on long-term debt are subject to change.

Actuarial earnings received during 2024 was \$6,396 (2023 - \$5,703). Future principal payments, including sinking fund additions, on existing debt are as follows:

2025	21,915
2026	22,657
2027	14,228
2028	14,655
2029	15,094
Thereafter	216,452
	<u>\$ 305,001</u>

10. CONTINGENCIESMunicipal Finance Authority Demand Notes

The Regional District is contingently liable to the Municipal Finance Authority of British Columbia ("MFA") in excess of the amounts borrowed under the terms of demand notes issued to MFA.

Member municipalities have signed offsetting demand notes to the Regional District for borrowing made on their behalf. The amounts are as follows:

	<u>2024</u>	<u>2023</u>
Demand Notes Outstanding:		
Borrowing on behalf of member municipalities	\$ 271,453	\$ 286,163
Borrowing for Regional District purposes	<u>9,331</u>	<u>9,332</u>
	<u>\$ 280,784</u>	<u>\$ 295,495</u>

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

10. CONTINGENCIES, continuedEmployee Sick Leave

The Regional District is contingently liable to pay its employees sick leave. The total maximum value of the accumulated sick time is \$792,026 at December 31, 2024 (2023 - \$587,555). As at year end an amount of \$444,588 (2023 - \$273,262) has been recognized as a liability, representing the estimated future usage of accumulated sick days.

Employee Retiring Allowance

The Regional District is contingently liable to pay employees one week salary for every year of employment to a maximum of 13 weeks upon normal retirement from the Regional District. The total value of this retiring allowance is \$554,187 at December 31, 2024 (2023 - \$551,989). As at year end an amount of \$335,725 (2023 - \$380,086) has been accrued as an estimate of the liability.

11. MUNICIPAL 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. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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 \$419,966 (2023 - \$383,659) for employer contributions to the plan in fiscal 2024.

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.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

12. ASSET RETIREMENT OBLIGATION

The Regional District owns and operates the following assets that have asset retirement obligations associated with them:

Landfill Obligation

The Ministry of Environment and Climate Change Strategy (MoECCS) Landfill Criteria for Municipal Solid Waste outlines regulations for the closure and care of both active and inactive landfill sites. These requirements encompass activities such as final covering and landscaping, leachate treatment and monitoring, groundwater and surface water monitoring, gas monitoring and recovery, and ongoing maintenance of various control and drainage systems. Estimated liabilities for closure and post-closure care are based on assumptions and information available to management, covering a period ranging from 100 – 200 years depending on the capacity of the landfill. Future events may alter these estimates, leading to adjustments in recognized liabilities as changes in estimates occur.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure monitoring activities using an assumed rate of 5.0% (2022 – n/a) for inflation and a discount factor of 5.0% (2022 – n/a) for most obligations except for a 3% discount factor for long term obligations for the three active landfills to reflect a better estimate for those obligations that may not be realized for an extensive period of time. The Regional District currently has 16 inactive and 3 active landfill sites. The Regional District uses the median return of its GIC investments for the discount factor and an estimate of the inflation rate based on an assessment of contract rates for construction activities that the Regional District undertakes in the current year. Both of these rates are trending downwards.

Asbestos Obligation

Asbestos and other designated hazardous materials represent a health hazard upon disturbance and as a result carry a legal obligation to remove them when a facility undergoes a significant renovation or demolition. The Regional District owns and operates a facility that is known to have asbestos and as a result recognized an obligation relating to the removal of the hazardous materials upon adoption of the PS 3280 Asset Retirement Obligations. An asset retirement obligation associated with asbestos within the facility owned by the Regional District that will need to be abated upon retirement.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

12. ASSET RETIREMENT OBLIGATION, continued

Leasehold Obligation

Lease agreements often contain requirements for the lessee to return the leased property to its pre-lease condition. Since the end of lease work meets the criteria under PS 3280 an asset retirement obligation has been recognized. In The Regional District's case, this liability is associated with removing structures, bins and signage for sites leased as well as the removal of equipment.

Asset Retirement Obligations	Landfill Obligation	Asbestos Abatement	Leasehold Obligations	Balance
Opening	\$ 8,287,879	\$ 73,500	\$ 2,021,250	\$ 10,382,629
Adoption of PSAS 3280				-
Accretion expense	291,271	3,675	101,064	396,010
Closing Balance	<u>\$ 8,579,150</u>	<u>\$ 77,175</u>	<u>\$ 2,122,314</u>	<u>\$ 10,778,639</u>

13. ALLOCATION OF ACCUMULATED SURPLUS

The accumulated surplus at the end of the year is comprised of the following Funds:

	2024	2023
Operating Reserves	\$ 25,321,443	\$ 22,570,097
	<u>12,790,118</u>	<u>12,765,804</u>
	<u>\$ 38,111,561</u>	<u>\$ 35,335,901</u>

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

14. BUDGET

In accordance with legislative requirements, the Financial Plan, adopted by the Board of Directors on March 21, 2024, was prepared on a modified accrual basis. These financial statements, in accordance with Canadian Public Sector Accounting Standards, were prepared on a full accrual basis. The following reconciles the approved Financial Plan to budgeted amounts reported in these Financial Statements.

	<u>2024</u>
Budgeted surplus per statement of financial activities	<u>\$ (1,315,349)</u>
Less: Capital expenditures	(3,459,000)
Internal allocations	-
Prior year net deficits	<u>(46,547)</u>
	<u>(4,820,896)</u>
Add: Prior year net surplus	2,690,143
Withdrawals from capital reserves	1,509,950
Transfer from equity in tangible capital assets	<u>620,803</u>
	<u>4,820,896</u>
	<u>\$ -</u>

15. FINANCIAL INSTRUMENTS

The Regional District's financial instruments are comprised of cash, temporary investments, accounts receivable, debt reserve funds – Municipal Finance Authority, debentures recoverable from municipalities, accounts payable and accrued liabilities, debentures issued for municipalities, and debentures issued for the Regional District.

Liquidity risk

Liquidity risk is the risk that the Regional District will encounter difficulty in meeting obligations associated with financial liabilities. The Regional District is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, debentures issued for municipalities and debentures issued for the Regional District. The Regional District manages this risk by holding a sufficient amount of funds in highly liquid investments, and closely monitoring cash flows.

Credit risk

Credit risk is the risk that the Regional District will incur financial losses if a debtor fails to make payments when due. The Regional District is exposed to credit risk on its debenture recoverable from municipalities and accounts receivable. Risk in respect to the debentures recoverable from municipalities is managed primarily by the policies put in place by the Municipal Finance Authority of British Columbia ("MFA"). The maximum exposure to credit risk in respect to accounts receivable is limited to the carrying amount of accounts receivable, which is managed by credit

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

15. FINANCIAL INSTRUMENTS, continued

policies such as limiting the amount of credit extended and obtaining security deposits where appropriate.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Regional District is mainly exposed to interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the Regional District's debt servicing costs and the value of certain investments will fluctuate due to changes in interest rates. In respect of debt servicing costs, the risk is minimal as all of the Regional District's long-term debentures are fixed rate and is usually refinanced every five to ten years as that is when most underlying debentures issued by the MFA mature. Investments subject to interest rate risk include guaranteed investment certificates (Note 2). The amount of risk is minimal due to the short terms of the investments.

16. SEGMENT REPORTING

The Regional District provides services to its members, that have been grouped into related departmental functions or service areas for segment reporting purposes. The various segments are as follows:

Environmental Services

This segment administers services including solid and liquid waste management, recycling, invasive plant control and developing the Regional District's Corporate Energy and Emissions Plan.

Government – general, rural and local commission

This segment administers services that relate to the legislative function as well as the administrative and financial management of the Regional District.

Recreation and culture

This segment administers services that relate to recreational and cultural, activities and organizations within the Regional District.

Fire protection and emergency response

This segment administers services related to rural fire protection and rescue services, 9-1-1 services, emergency preparedness and support services, and health and safety planning.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

16. SEGMENT REPORTING, continued**Building inspection, building numbering, planning and development services**

This segment administers services related to long range and current community planning, geographical information services, building inspections, and bylaw enforcement.

Economic Development

This segment provides economic and community development services including assisting local community groups in accessing funding opportunities for community and economic initiatives.

Municipal Debt Payments

This segment is comprised of debenture debt payments to the Municipal Finance Authority on behalf of other Regional District members.

Street Lighting and Transportation

This segment is comprised of services for street lighting and transportation within the Regional District.

Sewer and Water

This segment is comprised of services for sewer and water treatment within the Regional District.

17. RELATED PARTY TRANSACTIONS

The Regional District of Bulkley-Nechako and the Regional Hospital District share the same management team but operate under the governance of a different board of directors.

During the year, the Regional District of Bulkley-Nechako provided administration and accounting services of \$15,536 (2023 - \$15,900) to the Regional Hospital District.

18. COMPARATIVE FIGURES

Certain prior year figures, presented for comparative purposes, have been reclassified to conform to the current year's financial statement presentation.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

19. PRIOR PERIOD RESTATEMENT

During the year, information became available that the Regional District had understated the value of its capital assets. On July 31, 2023, the Regional District assumed ownership of the sewer system for Cluculz Lake. The Regional District has revised the 2023 comparative figures to correct the capital assets, revenue, expenses and accumulated surplus.

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Statement of Financial Position			
Non-Financial Assets Total	29,505,814	830,100	30,335,914
Accumulated Surplus	34,505,801	830,100	35,335,901
Statement of Operations			
Revenue Total	23,802,107	843,180	24,645,287
Expenses Total	19,464,376	13,080	19,477,456
Accumulated Surplus - End of year	34,505,801	830,100	35,335,901
Statement of Changes in Net Financial Assets			
Annual Surplus	4,337,731	830,100	5,167,831
Acquisition of tangible capital assets	(8,489,258)	(843,180)	(9,332,438)
Amortization of tangible capital assets	1,794,589	13,080	1,807,669
Statement of Cash Flows			
Annual surplus	4,337,731	830,100	5,167,831
Amortization of tangible capital assets	1,794,589	13,080	1,807,669
Purchase of tangible capital assets	(8,489,258)	(843,180)	(9,332,438)

REGIONAL DISTRICT OF BULKLEY-NECHAKO

SCHEDULE OF EXPENSES BY OBJECT

For the year ended December 31, 2024

	2024		2023
	<u>Budget</u> (Note 14)	<u>Actual</u>	<u>Actual</u> Restated (Note 19)
Staff remuneration and benefits	\$ 7,500,448	\$ 6,945,787	\$ 6,362,042
Purchased services and supplies	5,926,994	4,251,163	4,713,556
Payments to societies	2,555,071	2,243,841	1,887,268
Municipal debt payments	749,800	713,991	661,385
Payments to municipalities	2,502,665	2,697,685	2,342,463
Directors' remuneration	498,369	504,036	501,055
Insurance and permits	298,024	304,900	287,928
Electoral area grants-in-aid	359,842	460,432	304,004
Staff travel, upgrading and conferences	3,000	96,552	77,392
Directors' travel and expenses	144,903	24,171	67,042
Interest on debentures	8,663	16,472	15,778
Memberships and dues	35,600	41,028	61,640
Interest	5,000	3,286	3,186
Elections, referenda and studies	6,000	-	-
Bad debts	3,500	856	1,876
Volunteer benefits	2,800	3,372	2,605
Accretion	-	396,010	380,567
Amortization	1,509,950	1,988,380	1,807,669
	<u>\$ 22,110,629</u>	<u>\$ 20,691,962</u>	<u>\$ 19,477,456</u>

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO
SCHEDULE OF CONTINUITY OF RESERVE FUNDS

For the year ended December 31, 2024

	2024	2023
BALANCE AT BEGINNING OF THE YEAR	\$ 21,451,331	\$ 18,996,831
Contribution to funds	4,070,963	3,655,145
Interest earned on funds	1,464,060	870,559
Withdrawals from funds	(2,731,387)	(2,071,204)
BALANCE AT END OF THE YEAR	24,254,967	21,451,331
Less reserves recorded as deferred revenue (Note 7):		
Climate Action	348,952	-
Federal Gas Tax	7,281,574	6,679,642
North West Revenue Sharing	2,160,330	-
Northern Capital Planning Grant	1,673,993	2,005,885
	<u>11,464,849</u>	<u>8,685,527</u>
	<u>\$ 12,790,118</u>	<u>\$ 12,765,804</u>
REPRESENTED BY THE FOLLOWING RESERVE FUNDS		
911 Capital	\$ 710,331	\$ 673,680
Administrative Equipment	44,777	42,466
Administration/Planning Vehicle	102,886	72,090
Building	683,400	452,984
Building Inspection Vehicle	58,100	45,344
Bulkley Valley Pool	2,751,660	2,691,587
Burns Lake TV Rebroadcasting	59,303	56,243
Bylaw Enforcement	32,285	20,861
Climate Action	348,952	-
Climate Change	-	97,007
Cluculz Sewer	97,022	14,022
Rural Election	43,234	31,245
Emergency Prep	64,721	61,381
Federal Gas Tax	7,281,574	6,679,642
Fort Fraser Sewer	475,899	451,343
Fort Fraser Rural Fire Protection	30,866	-
Fort Fraser Water	449,002	362,410
Landfill closure	450,395	427,156
Glacier Gulch Water Diversion	14,401	13,658
Growing Community	1,055,162	1,791,927
Insurance	257,866	145,471
Lakes District Airport	416,901	322,207
Landfill Capital	-	-
Legal	154,794	49,230
Luck Bay Rural Fire Protection	64,118	60,810
Northern Capital Planning Grant	1,673,993	2,005,885
North West Revenue Sharing	2,160,330	-
Operational	4,423,500	4,501,948
Planning Plotter	33,155	31,445
Round Lake Rural Fire Protection	6,658	4,850
Smithers Rural Fire Protection	118,814	132,199
Southside Rural Fire Protection Vehicle	26,700	15,564
Southside Rural Fire Protection	-	1,546
Topley Fire Department	44,483	33,894
Telkwa Rural Fire Protection	9,698	56,924
Vanderhoof Pool	109,987	104,312
	<u>24,254,967</u>	<u>21,451,331</u>
Less reserves recorded as deferred revenue (Note 7):		
Climate Action	348,952	-
Federal Gas Tax	7,281,574	6,679,642
North West Revenue Sharing	2,160,330	-
Northern Capital Planning Grant	1,673,993	2,005,885
	<u>11,464,849</u>	<u>8,685,527</u>
	<u>\$ 12,790,118</u>	<u>\$ 12,765,804</u>

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO
STATEMENT OF TANGIBLE CAPITAL ASSETS
For the year ended December 31, 2024

	Land	Building	Equipment / Vehicles	Works in Progress	Engineered Structures				Retirement Obligations			2024 Total	2023 Total Restated (Note 19)
					Water	Sewer	Landfills	Transfer Stations	Regional Parks	Landfill Operations	All Others		
COST													
Opening Balance	\$ 791,108	\$ 9,052,671	\$ 11,465,650	\$ -	\$ 5,173,753	\$ 1,744,117	\$ 6,783,397	\$ 5,999,283	\$ 1,758,765	\$ 4,285,671	\$ 645,000	\$ 47,699,415	\$ 38,480,932
Add: Additions	-	526,093	1,374,851	-	-	44,739	495,301	470,803	10,232	-	-	2,922,019	9,332,438
Less: Disposals	-	-	(179,886)	-	-	-	-	-	-	-	-	(179,886)	(113,955)
Less: Write-downs	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	791,108	9,578,764	12,660,615	-	5,173,753	1,788,856	7,278,698	6,470,086	1,768,997	4,285,671	645,000	50,441,548	47,699,415
ACCUMULATED AMORTIZATION													
Opening Balance	-	3,815,892	6,231,144	-	1,298,629	496,748	2,884,158	2,570,192	63,151	68,694	14,973	17,443,581	15,713,318
Add: Amortization	-	301,769	879,489	-	97,065	52,224	311,014	227,772	35,381	68,694	14,972	1,988,380	1,807,669
Less: Acc. Amortization on Disposals	-	-	(134,741)	-	-	-	-	-	-	-	-	(134,741)	(77,406)
Closing Balance	-	4,117,661	6,975,892	-	1,395,694	548,972	3,195,172	2,797,964	98,532	137,388	29,945	19,297,220	17,443,581
Net Book Value for year ended December 31, 2024	\$ 791,108	\$ 5,461,103	\$ 5,684,723	\$ -	\$ 3,778,059	\$ 1,239,884	\$ 4,083,526	\$ 3,672,122	\$ 1,670,465	\$ 4,148,283	\$ 615,055	\$ 31,144,328	
Net Book Value for year ended December 31, 2023	\$ 791,108	\$ 5,236,779	\$ 5,234,506	\$ -	\$ 3,875,124	\$ 1,247,369	\$ 3,899,239	\$ 3,429,091	\$ 1,695,614	\$ 4,216,977	\$ 630,027		\$ 30,255,834

See notes to the consolidated financial statements.

**REGIONAL DISTRICT OF BULKLEY-NECHAKO
SEGMENTED DISCLOSURE**

For the year ended December 31, 2024

	Government - General, Rural and Local	Environmental Services	Recreation and Culture	Fire Protection and Emergency Response	Building Inspection and Planning	Municipal Debt Payments	Street Lighting and Transportation	Economic Development	Sewer and Water	2024	2023 Restated (Note 19)
REVENUE											
Taxation	\$ 2,368,483	\$ 4,404,515	\$ 3,673,677	\$ 2,209,598	\$ 919,018	\$ -	\$ 220,382	\$ 515,003	\$ 123,388	\$ 14,434,064	\$ 12,719,848
Fees, rates and service charges	-	2,547,618	10,629	132,531	60,472	-	82,810	-	88,578	2,922,638	2,292,520
Government transfers	908,585	310,000	80,063	512,419	50,500	-	22,957	59,000	-	1,943,524	4,527,118
Investment income	661,488	-	-	2,329	-	-	-	-	-	663,817	498,090
Other	531,336	352,025	22,057	210,058	318,003	713,991	2,304	10,921	74	2,160,769	3,323,603
Grants-in-lieu of Taxes	267,257	488,861	254,857	156,908	76,356	-	22,217	76,354	-	1,342,810	1,284,108
	4,737,149	8,103,019	4,041,283	3,223,843	1,424,349	713,991	350,670	661,278	212,040	23,467,622	24,645,287
EXPENSES											
Staff Remuneration and Benefits	1,553,562	3,178,142	132,460	644,480	1,138,514	-	42,388	256,241	-	6,945,787	6,362,042
Purchased services and supplies	1,038,426	1,759,893	152,004	864,463	109,928	-	218,260	70,880	37,309	4,251,163	4,713,555
Insurance	62,817	106,863	51,815	43,745	33,172	-	-	1,000	5,488	304,900	287,929
Payments to Societies	102,710	8,800	1,863,647	105,184	-	-	163,500	-	-	2,243,841	1,887,268
Other	1,056,878	395,650	26,250	41,908	13,344	713,991	-	10,872	1,313	2,260,206	2,076,530
Payments to Municipalities	165,000	-	1,341,439	1,030,746	-	-	43,000	117,500	-	2,697,685	2,342,463
Amortization of capital assets	148,084	1,228,688	227,193	215,287	19,367	-	-	-	149,761	1,988,380	1,807,669
	4,127,477	6,678,036	3,794,808	2,945,813	1,314,325	713,991	467,148	456,493	193,871	20,691,962	19,477,456
NET REVENUE(EXPENSES)	\$ 609,672	\$ 1,424,983	\$ 246,475	\$ 278,030	\$ 110,024	\$ -	\$ (116,478)	\$ 204,785	\$ 18,169	\$ 2,775,660	\$ 5,167,831

See notes to the financial statements.

Regional District of Bulkley-Nechako

**Year-End Audit Findings Report
to Board of Directors**

**For the year ending
December 31, 2024**

Prepared as of May 1, 2025

May 1, 2025

Board of Directors
Regional District of Bulkley-Nechako
PO Box 820
Burns Lake, BC
V0J 1E0

Dear Board of Directors:

Re: Audit Findings

We prepared the accompanying report to assist you in your review of the financial statements of Regional District of Bulkley-Nechako for the year ending December 31, 2024. The report includes a discussion on the significant accounting and financial reporting matters dealt with during the audit process as well as communications required by Canadian generally accepted auditing standards.

We have substantially completed our audit of the financial statements of Regional District of Bulkley-Nechako (the entity) prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) for the year ended December 31, 2024. We propose to issue our auditor's report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included as Appendix A.

We look forward to meeting with you and discussing the matters outlined below.

We would like to express our sincere thanks to the management and staff of the entity who have assisted us in carrying out our work. If you have any questions or concerns, please do not hesitate to contact us.

Yours very truly,

Taylor Turkington CPA
Partner

c.c: John Illes, Chief Financial Officer

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

Beswick Hildebrandt Lund CPA
556 North Nechako Road, Suite 10,
Prince George BC, Canada V2K 1A1
T: +1 250 564 2515, F: +1 250 562 8722

Audit Status

We have completed the audit of the financial statements, with the exception of the following items:

- Receipt of a signed management representation letter by management;
- Completing our discussions with the Board of Directors;
- Obtaining evidence of the Board's approval of the financial statements;

Once these items have been completed, we will date and sign our auditor's report.

Significant Risks

We identified the following significant risks in our planning letter dated March 7, 2025:

- Revenue recognition
- Management Override of Controls

We executed the proposed audit responses to the significant risks identified above, as noted in our planning letter, and we have no issues to report.

Significant Matters Arising

Changes to Audit Plan

There were no changes to the audit plan (as previously presented to you).

Other Matters

We have not identified any other significant matters that we wish to bring to your attention at this time.

Significant Difficulties Encountered

There were no significant difficulties encountered during our audit.

Comments on Accounting Practices

Accounting Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting policies used by the entity are outlined in Note 1 to the financial statements.

- There were no significant changes in accounting policies.
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- We did not identify any significant accounting policies in controversial or emerging areas.

Significant Accounting Estimates

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

The following significant estimates/judgments are contained in the financial statements:

- Asset Retirement Obligations

Based on audit work performed, we are satisfied with the estimates made by management.

Significant Financial Statement Disclosures

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.

Uncorrected Misstatements

We accumulated uncorrected misstatements that we identified during our audit and communicated them to management. We then requested that management correct these misstatements. All uncorrected misstatements for the current year have been corrected.

Significant Deficiencies in Internal Control

A deficiency in internal control exists when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

To identify and assess the risks of material misstatement in the financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

We did not identify any control deficiencies that, in our judgment, would be considered significant deficiencies.

Written Representations

In a separate communication, as attached in Appendix B, we have requested a number of written representations from management in respect to their responsibility for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS).

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the entity's financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

Consultation with Other Accountants (Second Opinions)

Management may consult with other accountants about auditing and accounting matters to obtain a "second opinion". When an entity requests that another accountant provide a written report or oral advice on the application of accounting principles to a specific transaction or the type of opinion that may be rendered on the entity's financial statements, we are required to ensure that the accountant has ensured that the reporting accountant has knowledge of all facts and circumstances and has conducted the engagement in accordance with Canadian generally accepted auditing standards on the Reports on the Application of Accounting Principles.

We are not aware of any consultations that have taken place with other accountants.

Independence

We confirm our independence with respect to the entity as of the date of this report.

Other Audit Matters of Governance Interest

We did not identify any other matters to bring to your attention at this time and would be pleased to discuss with you further any matters mentioned above, at your convenience.

We would like to thank management and staff for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. Should any member of the Board of Directors wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of Regional District of Bulkley-Nechako to carry out and discharge their responsibilities and is not intended for any other purpose. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to a third party who uses this communication.

Yours very truly,

Beswick Hildebrandt Lund

Beswick Hildebrandt Lund Chartered Professional Accountants

Appendix A: Audit Report

Please see attached report.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Regional District of Bulkley-Nechako

Opinion

We have audited the financial statements of Regional District of Bulkley-Nechako (the Entity), which comprise the statement of financial position as at December 31, 2024, and the statements of remeasurement gains and losses, 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 Entity as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

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T: +1 250 564 2515, F: +1 250 562 8722

Auditor's 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 auditor's 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.

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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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

Chartered Professional Accountants

Prince George, British Columbia

May 8, 2025

DRAFT



Regional District of Bulkley-Nechako Board of Directors

To: Chair and Board
From: John Illes, CFO
Date: May 8, 2025
Subject: Release of Reserves for Lakes District Airport

RECOMMENDATION:**(all/directors/majority)**

That the Board authorize the payment of \$250,000 from reserves to the Lakes District Airport Society and further that this release be included in the next budget amendment.

BACKGROUND

The Lakes District Airport Service is a shared service of the Village of Burns Lake, Electoral Area "B" and Electoral Area "E". The airport is owned by the Village of Burns Lake but is operated and maintained by the Lakes District Airport Society.

The Society has sent the Regional District a formal request to release \$250,000 from the service's capital reserves for two capital projects to be undertaken in 2025. The first and most urgent is a crack sealing project to maintain current service levels. The second is an automated refueling system to better support visiting air traffic.

The current balance in the reserve fund for this service is \$417,000 of which \$150,000 was donated to the Regional District from the Society.

While capital projects for airports are normally eligible for community works funding, there is not an asset management plan currently complete for the Lakes District Airport to indicate where priority funds should be allocated. Prior to finalizing the budget amendment other sources of funding will be explored.

The Society is currently behind in their agreement to submit financial information to the Regional District. The last available statements are for the year ending 2022 and are included as an attachment.

ATTACHMENTS:

Lakes District Airport updated budget
Lakes District Airport Society Financial Statements 2022

REGIONAL DISTRICT OF BULKLEY NECHAKO**LAKES DISTRICT AIRPORT****8101****Five Year Financial Plan:**

BYLAW 1751 LIMITATION \$190,000

IMPROVEMENTS ONLY

VILLAGE OF BURNS LAKE, ALL OF B, ALL OF E

REVENUE:

	2022 Actual	2023 Actual	2024 Budget	2024 Actual	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
400002 Requisition	79,311	71,565	52,055	52,055	71,244	63,241	63,241	63,241	63,241
420001 Withdrawal from Capital Reserve					250,000				
442101 Grants									
446001 Grants in Lieu of Taxes	2,517	688	688	264	264	264	264	264	264
446002 Grant in lieu of Alcan Taxes	30,734	27,345	27,345	19,966	22,770	22,770	22,770	22,770	22,770
499999 Prior Year's Surplus	36,010	82,945	170,000	170,000		0	0	0	0
TOTAL REVENUE.....	148,573	182,543	250,088	242,285	344,278	86,275	86,275	86,275	86,275

EXPENDITURE:

612220 Monthly Grant to LD Airport Society	34,375	0	165,000	163,500	330,000	80,000	80,000	80,000	80,000
784001 Principal Payments on 5 year loan (2017-2021)									
783001 Interest Payments									
781001 Contribution to Capital Reserve	25,000	10,000	75,000	75,000					
651010 Administration Service Charge	1,753	2,543	2,588	2,588	1,275	1,275	1,275	1,275	1,275
607002 Accounting Fees	4,500		7,500	9,200	5,000	5,000	5,000	5,000	5,000
799999 Prior year's deficit					8,003				
TOTAL EXPENDITURE.....	65,628	12,543	250,088	250,288	344,278	86,275	86,275	86,275	86,275
Revenues minus Expenditures	82,945	170,000	-	(8,003)	-	-	-	-	-

LAKES DISTRICT AIRPORT SOCIETY

Financial Statements

December 31, 2022

(unaudited)



CHARTERED PROFESSIONAL ACCOUNTANTS

August 1, 2024

Independent Practitioner's Review Engagement Report

To the Board of Directors of Lakes District Airport Society

Report on the financial statements

We have reviewed the accompanying financial statements of Lakes District Airport Society that comprise the statement of financial position as at December 31, 2022 and the statements of operations and changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, 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.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Lakes District Airport Society as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with that of the preceding year.

Beswick Hildebrandt Lund

Chartered Professional Accountants

Prince George, British Columbia

LAKES DISTRICT AIRPORT SOCIETY
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2022

(unaudited)

	Operating Fund	Equipment Fund	2022 Total	2021 Total (Note 10) (Restated)
REVENUE				
Grants	\$ 129,950	\$ -	\$ 129,950	\$ 219,535
Fuel sales	169,099	-	169,099	234,829
Rental	21,867	-	21,867	27,463
Interest	384	-	384	3,079
Donations	-	-	-	-
	<u>321,300</u>	<u>-</u>	<u>321,300</u>	<u>484,906</u>
EXPENSES				
Cost of goods sold	148,990	-	148,990	173,177
Donations	-	-	-	150,000
Repairs and maintenance	49,954	-	49,954	58,153
Subcontractor	41,019	-	41,019	34,028
Insurance, licenses and dues	9,691	-	9,691	9,932
BC hydro	7,799	-	7,799	9,571
Office and miscellaneous	9,798	-	9,798	7,634
Telecommunications	5,382	-	5,382	5,502
Bank charges and interest	6,040	-	6,040	3,736
Advertising	-	-	-	26
Amortization of tangible capital assets	-	90,711	90,711	99,431
	<u>278,673</u>	<u>90,711</u>	<u>369,384</u>	<u>551,190</u>
EXCESS REVENUE (EXPENSES) FOR THE YEAR	42,627	(90,711)	(48,084)	(66,284)
NET ASSETS AT BEGINNING OF THE YEAR	<u>341,469</u>	<u>1,615,470</u>	<u>1,956,939</u>	<u>2,023,223</u>
NET ASSETS AT END OF THE YEAR	<u>\$ 384,096</u>	<u>\$ 1,524,759</u>	<u>\$ 1,908,855</u>	<u>\$ 1,956,939</u>

See notes to the financial statements.

LAKES DISTRICT AIRPORT SOCIETY
STATEMENT OF FINANCIAL POSITION

December 31, 2022

(unaudited)

ASSETS

	Operating Fund	Equipment Fund	2022 Total	2021 Total (Note 10) (Restated)
CURRENT ASSETS				
Cash	\$ 306,363	\$ -	\$ 306,363	\$ 351,443
Accounts receivable (Note 3)	86,584	-	86,584	41,884
Inventory	49,734	-	49,734	15,169
Prepaid expenses	4,164	-	4,164	4,635
	446,845	-	446,845	413,131
TANGIBLE CAPITAL ASSETS (Note 8)	-	1,524,759	1,524,759	1,615,470
	<u>\$ 446,845</u>	<u>\$ 1,524,759</u>	<u>\$ 1,971,604</u>	<u>\$ 2,028,601</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 4)	\$ 17,749	\$ -	\$ 17,749	\$ 28,711
Deferred revenue (Note 5)	45,000	-	45,000	42,950
	62,749	-	62,749	71,661
NET ASSETS				
Operating Fund - Unrestricted	384,096	-	384,096	341,470
Capital Fund	-	1,524,759	1,524,759	1,615,470
	384,096	1,524,759	1,908,855	1,956,940
	<u>\$ 446,845</u>	<u>\$ 1,524,759</u>	<u>\$ 1,971,604</u>	<u>\$ 2,028,601</u>

Approved by the Board:

_____ Director

_____ Director

LAKES DISTRICT AIRPORT SOCIETY

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

(unaudited)

	<u>2022</u>	<u>2021</u> (Note 10) (Restated)
OPERATING ACTIVITIES		
Excess expenses for the year	\$ (48,084)	\$ (66,284)
Item not affecting cash:		
Amortization of tangible capital assets	<u>90,711</u>	<u>99,431</u>
	42,627	33,147
Change in non-cash working capital items:		
Accounts receivable	(44,701)	2,875
Inventory	(34,565)	11,639
Prepaid expenses	471	(720)
Deferred revenue	2,050	42,950
Accounts payable and accrued liabilities	<u>(10,962)</u>	<u>12,342</u>
Cash provided from operations	(45,080)	102,233
INCREASE IN CASH DURING THE YEAR	(45,080)	102,233
CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR	<u>351,443</u>	<u>249,210</u>
CASH AND EQUIVALENTS AT END OF THE YEAR	<u><u>\$ 306,363</u></u>	<u><u>\$ 351,443</u></u>

See notes to the financial statements.

LAKES DISTRICT AIRPORT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

(unaudited)

1. NATURE OF ACTIVITIES

The Lakes District Airport Society (the "Society") is a not-for-profit organization incorporated under the Society Act of the Province of British Columbia. It was incorporated on July 20, 1998 to provide airport services for Burns Lake and the surrounding areas.

2. SIGNIFICANT ACCOUNTING POLICIESBasis of Presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following accounting policies:

Cash

Cash includes cash on hand, cash on deposit net of cheques issued and outstanding at the reporting date, and short-term deposits with maturity dates of less than 3 months.

Revenue recognition

The Society uses the deferral method of accounting for contributions whereby restricted contributions are recognized as revenue of the appropriate fund in the years in which the related expenses are incurred. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses occur.

Fund Accounting

The Operating fund accounts for the Society's revenue and expenditures related to operations and administration activities.

The Equipment fund accounts for the acquisitions, disposal, and amortization of tangible capital assets.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is provided on a declining basis over the assets' estimated useful lives, as follows:

Buildings	4%
Automotive	30%
General equipment	20%
Fuel tanks	5%
Paving	5%

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the

LAKES DISTRICT AIRPORT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

(unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES, continued

reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates include useful life of capital assets.

Financial Instruments*Measurement of financial instruments*

The Society initially measures its financial assets and financial liabilities at fair value. The entity subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value reflects the transaction costs that are directly attributable to their origination, issuance or assumption.

Contributed Material and Services

Contributions of materials and services by donors and volunteers are not recorded in these financial statements due to the difficulty of determining their fair market value.

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 86,584	\$ 41,884
GST receivable	-	-
	<u>\$ 86,584</u>	<u>\$ 41,884</u>

LAKES DISTRICT AIRPORT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

(unaudited)

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Accounts payable and accrued liabilities	\$ 12,496	\$ 21,704
GST payable	2,703	4,357
Fuel key deposits	<u>2,550</u>	<u>2,650</u>
	<u>\$ 17,749</u>	<u>\$ 28,711</u>

5. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
BLCF Refuelling station	\$ 30,000	\$ -
NKDF Refuelling station	15,000	-
Ministry of Transportation - Covid Airport Relief	<u>-</u>	<u>42,950</u>
	<u>\$ 45,000</u>	<u>\$ 42,950</u>

6. FINANCIAL INSTRUMENTSRisks and Concentrations

The Society is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Society's risk exposure as at December 31, 2022:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risks relates to its accounts receivable. The Society rarely provides credit to its clients in the normal course of its operations and the majority of its receivables are from government agencies. Management considers credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Management considers liquidity risk to be minimal.

7. ECONOMIC DEPENDENCE

In 2022, \$129,950 (2021 - \$219,535) of the Society's total operating funds of \$321,300 (2021 - \$484,906) was comprised of government funding. The Society's ability to continue operations is dependent upon the continuation of such funding.

LAKES DISTRICT AIRPORT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

(unaudited)

8. TANGIBLE CAPITAL ASSETS

	2022		2021
	Cost	Accumulated Amortization	Net Book Value
			Net Book Value
			(Note 10)
			(Restated)
Buildings	\$ 413,447	\$ 62,288	\$ 351,159
Automobiles	32,939	25,032	7,907
General equipment	140,223	82,787	57,436
Fuel tanks	58,902	10,927	47,975
Paving	1,301,747	241,465	1,060,282
	<u>\$ 1,947,258</u>	<u>\$ 422,499</u>	<u>\$ 1,524,759</u>
			\$ 1,615,470

9. REMUNERATION

Remuneration of directors

Remuneration paid to elected directors during the year ended December 31, 2022 was \$nil (2021-\$nil).

Remuneration of employees

No employees received compensation including benefits in excess of \$75,000 for the year ended December 31, 2022 (2021 – nil).

LAKES DISTRICT AIRPORT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

(unaudited)

10. PRIOR PERIOD RESTATEMENT

During the year, it was determined that the Society had applied the tangible capital asset amortization rates incorrectly in the prior years. Expenses relating to amortization were incorrectly recorded. The Society has revised the 2021 comparative figures to correctly report the expense amounts, opening and closing net assets and capital asset balances to better align with the amortization policy.

	Previously Reported	Adjustment	Restated
Statement of Operations			
Revenue	484,906	-	484,906
Expenses	761,921	(210,731)	551,190
Net income	(277,015)	210,731	(66,284)
Net Assets			
Beginning of the year	1,611,627	411,596	2,023,223
End of the year	1,334,612	622,327	1,956,939
Statement of Financial Position			
Tangible Capital Assets	993,143	622,327	1,615,470
Net assets Capital fund	993,143	622,327	1,615,470