

DRAFT Consolidated Financial Statements of



Central Coast
REGIONAL DISTRICT
That we may be good people together

And Independent Auditors' Report thereon
Year ended December 31, 2021

Board Meeting
APR 07 2021
CCRD ITEM (C)(d)



Central Coast REGIONAL DISTRICT

That we may be good people together

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Central Coast Regional District (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated 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.

The District's management maintains a system of internal controls 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 consolidated financial statements. These systems are monitored and evaluated by management.

The District's Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.

Jayne Kennedy, Chair of Board

Curtis Slingerland, Chief Administrative Officer

To the Members of Central Coast Regional District

Opinion

We have audited the consolidated statement of financial statements of Central Coast Regional District (the District), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated statement of financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2021 and its consolidated results of operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**" section of our auditors' report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Emphasis of Matter - Comparative Information

We draw attention to Note 17 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2020 has been restated.

Note 17 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2021, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2020. In our opinion, such adjustments are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. The other information comprises:

- Information, other than the financial statements and the auditors' report thereon, included in Schedule 1 COVID-19 Safe Restart Grant

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the

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other information and, identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Information, other than the financial statements and the auditors' report thereon, included in Schedule 1 COVID-19 Safe Restart Grant as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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 Canadian public sector accounting standards, 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 District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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

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audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Chartered Professional Accountants

Prince George, Canada

April 7, 2022



Consolidated Statement of Financial Position

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December 31, 2021, with comparative information for 2020

	2021	2020 (restated - note 17)
Financial assets:		
Cash and cash equivalents (note 2)	\$ 6,069,654	\$ 4,132,567
Accounts receivable (note 3)	219,020	249,510
Debt reserve fund (note 4)	10,277	10,105
Investments (note 5)	2,006,771	172,691
	<u>8,305,722</u>	<u>4,564,873</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 6)	163,656	122,839
Debt reserve fund (note 4)	10,277	10,105
Deferred revenue (note 7)	3,899,366	2,153,921
Landfill closure and post-closure liability (note 8)	1,943,581	1,863,320
Long-term debt (note 9)	27,367	53,431
	<u>6,044,247</u>	<u>4,203,616</u>
Net financial assets	2,261,475	361,257
Non-Financial Assets:		
Prepaid expenses	1,038	2,016
Tangible capital assets (note 10)	4,897,766	4,198,439
	<u>4,898,804</u>	<u>4,200,455</u>
Commitments and contingencies (note 11)		
Accumulated surplus (note 13)	<u>\$ 7,160,279</u>	<u>\$ 4,561,712</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Director

_____ Director



Consolidated Statement of Operations and Accumulated Surplus

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Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 16)	2021 Actual	2020 Actual (restated - note 17)
Revenue (note 14):			
Airport fees and rentals	\$ 132,655	\$ 134,911	\$ 122,740
Federal government grants	-	20,083	-
Federal grants-in-lieu of tax	45,932	46,150	50,886
Fire protection tolls	20,654	21,968	3,475
Investment income	49,078	81,263	48,551
Landfill user fees	37,500	77,590	28,931
Miscellaneous revenue	4,496,165	95,701	221,455
Multi Materials BC	12,000	14,752	10,430
Nuxalk Nation contributions	105,000	105,000	105,000
Parcel Taxes	24,625	26,875	-
Provincial government grants	6,000,319	1,056,672	959,366
Recreation user fees	25,075	28,638	20,515
Hagensborg Waterworks District (note 15)	-	1,980,371	-
Tax levy	865,064	865,064	760,260
Watertolls	143,146	151,165	56,977
	<u>11,957,213</u>	<u>4,706,203</u>	<u>2,388,586</u>
Expenditures (note 14):			
Community works and planning	886,453	62,621	67,899
Economic development services	169,581	13,220	24,014
General government	1,295,370	1,221,994	981,529
Parks, recreation and culture	5,125,257	195,375	151,449
Protective services	849,397	134,714	54,541
Solid waste management	692,128	265,339	266,500
Transportation	784,557	115,023	118,517
Utility services	3,144,696	99,350	77,459
	<u>12,947,439</u>	<u>2,107,636</u>	<u>1,741,908</u>
Annual (deficit) surplus	(990,226)	2,598,567	646,678
Accumulated surplus, beginning of year	4,561,712	4,561,712	3,915,034
Accumulated surplus, end of year	<u>\$ 3,571,486</u>	<u>\$ 7,160,279</u>	<u>\$ 4,561,712</u>

See accompanying notes to consolidated financial statements.



Consolidated Statement of Changes In Net Financial Assets

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Year ended December 31, 2021, with comparative information for 2020

	Budget (note 16)	2021	2020 (restated - note 17)
Annual (deficit) surplus	\$ (990,226)	\$ 2,598,567	\$ 646,678
Acquisition of tangible capital assets	(125,200)	(338,013)	(305,912)
Amortization of tangible capital assets	-	271,417	172,989
Loss on disposal of tangible capital assets	-	-	1,939
Transfer of tangible capital assets from Hagensborg Waterworks District	-	(632,731)	-
	(125,200)	(699,327)	(130,984)
Acquisition of prepaid expenses	-	(1,038)	(2,016)
Use of prepaid expenses	-	2,016	25,372
	-	978	23,356
Change in net financial assets	(1,115,426)	1,900,218	539,050
Net financial assets (debt), beginning of year	361,257	361,257	(177,793)
Net financial (debt) assets, end of year	\$ (754,169)	\$ 2,261,475	\$ 361,257

See accompanying notes to consolidated financial statements.



Consolidated Statement of Cash Flows

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Year ended December 31, 2021, with comparative information for 2020

	2021	2020 (restated - note 17)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,598,567	\$ 646,678
Items not involving cash:		
Amortization	271,417	172,989
Loss on disposal of tangible capital assets	-	1,939
Transfer of tangible capital assets from Hagensborg Waterworks District	(632,731)	-
	<u>2,237,253</u>	<u>821,606</u>
Changes in non-cash operating working capital:		
Accounts receivable	30,490	(146,484)
Debt reserve fund asset	(172)	(204)
Accounts payable and accrued liabilities	40,817	(5,603)
Increase in investments	(1,834,080)	(172,691)
Debt reserve fund liability	172	204
Deferred revenue	1,745,445	1,368,167
Landfill closure and post-closure liability	80,261	98,011
Prepaid expenses	978	23,356
	<u>2,301,164</u>	<u>1,986,362</u>
Financing activities:		
Repayment of long-term debt	(26,064)	(24,823)
Investing activities:		
Acquisition of tangible capital assets	(338,013)	(305,912)
Increase in cash and cash equivalents	1,937,087	1,655,627
Cash and cash equivalents, beginning of year	4,132,567	2,476,940
Cash and cash equivalents, end of year	<u>\$ 6,069,654</u>	<u>\$ 4,132,567</u>

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements

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Year ended December 31, 2021

Nature of operations:

Central Coast Regional District (the "District") operates under the provisions of the Local Government Act and the Community Charter of British Columbia. Its principal activities include the provision of local government services to residents of the region. These include regional protective, water and environmental, airport and recreation services.

1. Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The District's significant accounting policies are as follows:

(a) Basis of presentation:

The consolidated financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

(b) Principles of consolidation:

The consolidated financial statements include accounts of all funds of the District including General Operating, Water Operating, General Capital, Water Capital and Reserve Funds. Interfund balances and transactions have been eliminated.

(c) Accrual accounting:

The accrual method for reporting revenues and expenditures, including capital expenditures, has been used. Revenues are recorded in the period they are earned. Expenditures are recorded as the cost of goods and services in the period they are obtained.

(d) Administration apportionment:

A percentage of certain budgeted administration expenses of the District has been allocated to other functions. These expenses include audit fees, bank charges, liability insurance, wages and related costs of the administrative staff, board representation and governance, office, stationary and telephone.



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase and term deposits with a maturity of less than one year. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

(f) Investments:

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

(g) Tangible capital assets:

Tangible capital assets are recorded in the General Capital Fund and Water Capital Fund at cost or deemed cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset less accumulated amortization

Contributed tangible capital assets are recorded at fair value at the date of receipt and also are recorded as revenue.

The costs, less residual values, of the tangible capital assets, excluding land are amortized using the declining balance method, at the following rates over their estimated useful lives as follows:

Asset	Rate
Buildings	4%
Furniture and equipment	20%
Parks and recreation projects	20%
Paving	5%
Vehicles	30%
Water distribution system	4%

The District regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets costs.



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(h) Revenue recognition:

Grants and contributions (other than grants-in-lieu of taxes) are recorded when receivable. Grants-in-lieu of taxes are recognized at the earlier of when received or when money is determined to be more likely than not collected.

Each Electoral Area within the District is requisitioned for their portion of each service in which they participate. These funds are then levied by the Province (for Electoral Areas) to individual taxpayers and turned over to the District by August 1st of each year. Tax levies are recognized in the year in which they are levied. Government transfers are recognized as revenues in the period in which events giving rise to the transfer occur.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue unearned in the current period is recorded as deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government transfers are recognized as revenue in the period in which events giving rise to the transfer occur. Revenue is recognized when a transfer is authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(i) Landfill closure and post-closure costs:

The liability for closure of the operational landfill site and post-closure care has been recognized based on estimated future expenses, estimated inflation and the site's remaining capacity at the end of the year. The change in this liability during the year is recorded as a charge to operations in the Statement of Operations and Accumulated Surplus. These estimates are reviewed and adjusted annually.



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

1. Significant accounting policies (continued):

(j) Interest:

Interest earned is allocated on the basis of actual earnings from the specific instruments. Excess funds or temporary borrowings of all functions and capital projects are pooled and interest income or expense is allocated to the individual functions and capital projects on a monthly basis.

(k) Budget reporting:

The original budget bylaw stated in the Statement of Operations and Accumulated Surplus represents the Annual Budget Bylaw adopted by the Board of Directors on March 25, 2021. These figures do not reflect subsequent amendments made by the Board of Directors to reflect changes in the budget throughout the year as required by law.

(l) Contaminated sites:

Contaminated sites are a result of a contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environment standard. The liability is recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the District is directly responsible or accepts responsibility;
- iv) future economic benefits will be given up; and
- v) a reasonable estimate of the amount can be made.

The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.



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Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

1. Significant accounting policies (continued):

(m) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Areas requiring use of management estimates relate to the collectability of accounts receivable, estimated useful lives of tangible capital assets and the landfill closure and post-closure liability. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. Cash and cash equivalents:

	2021	2020
Operating cash	\$ 166,163	\$ 326,135
Savings cash	4,060,628	2,561,654
Term deposits	1,296,254	700,000
Short-term investments	544,609	543,778
Equity shares at the Williams Lake and District Credit Union	2,000	1,000
	\$ 6,069,654	\$ 4,132,567

Short-term investments are held in Municipal Finance Authority pooled money market fund with an annual rate of return of approximately 0.15% (2020 - 0.85%).

The District has a line of credit, secured by a term deposit with a maximum of \$200,000. Interest is payable monthly at prime rate. As of December 31, 2021, the line of credit had not been used.



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

3. Accounts receivable:

	2021	2020
Trade and other	\$ 139,239	\$ 177,650
Local government	667	460
Provincial government	67,407	61,427
Federal government	11,707	9,973
	\$ 219,020	\$ 249,510

4. Debt reserve fund:

The District issues its debt instruments through the Municipal Finance Authority ("MFA"). As a condition of the borrowing, the District is obligated to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. The deposits of \$10,277 (2020 - \$10,105) are included in the District's consolidated financial statements as a debt reserve fund asset. If the debt is repaid without default, the deposits are refunded to the District.

The District has a debt reserve fund demand note in the amount of \$12,039 which is contingent in nature, is held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the District's consolidated financial statements. Upon the maturity of the debt issue, the debt reserve fund demand note is released and deposits are refunded to the District.

5. Investments:

	2021	2020
MFA bond funds	\$ 506,771	\$ -
Term deposits	1,500,000	172,691
	\$ 2,006,771	\$ 172,691

Investments are recorded at cost. As at December 31, 2021, the fair market value of the investments is \$1,998,216 (2020 - \$172,691).



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

6. Accounts payable and accrued liabilities:

	2021	2020
Trade and other payables	\$ 152,940	\$ 118,821
Sales tax payable	10	4,018
Wages and related costs	10,706	-
	\$ 163,656	\$ 122,839

7. Deferred revenue:

Deferred revenue consists of funds received from grants for specific projects with conditions placed on its use for which the related conditions have not yet been met.

The deferred revenue are allocated from the following functions:

	2021	2020
General Operating Fund:		
Active communities grant	\$ 139	\$ 9,364
Community housing planning	-	4,952
Marketing enhancement and brand implementation	170,972	184,614
Regional connectivity	4,687	4,687
Risk assessment, flood modelling and mapping project	446,362	487,884
Hagensborg community potable water distribution and treatment project	1,445,686	1,462,420
Great Bear playground project	288,190	-
Centennial pool renewal project	990,840	-
Bella Coola Airport fuel system upgrade system	512,490	-
Hagensborg governance study grant	40,000	-
	\$ 3,899,366	\$ 2,153,921



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

8. Landfill closure and post-closure liability:

The District operates a landfill and is responsible for closure and post closure care under the Waste Management Act of British Columbia. The future site restoration costs consists of compacting and grading, final cover and vegetation, surface water management, leachate monitoring, water quality monitoring and ongoing maintenance. The landfill has an estimated remaining life of 11 years reaching capacity in the year 2032.

	2021	2020 (restated - note 17)
Estimated closure costs	\$ 1,386,520	\$ 1,329,276
Estimated post-closure costs	557,061	534,044
Total estimated closure and post-closure costs	\$ 1,943,581	\$ 1,863,320

The recorded liability of \$1,943,581 (2020 - \$1,863,320) represents the portion of the estimated future costs reduced by the available capacity 78% (2020 - 76%), and discounted to present value utilizing a discount rate of 3% (2020 - 3%) and offset by a 2% (2020 - 2%) rate of inflation). Landfill expenses are included in solid waste management expenses.



Central Coast REGIONAL DISTRICT

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Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

9. Long-term debt:

Security issuing by-law #275 was enacted November 17, 1997. Repayment of the financing is on a semi-annual basis with a payment of \$4,556 on May 5th and a payment of \$13,042 on November 5th of each year. Final payment based on actuarial calculations will be made on November 5, 2022. The MFA debt has an interest rate of 2.25% (2020 - 2.25%).

As at December 31, 2021, the Municipal Finance Authority loan was \$27,367 (2020 - \$53,431) which is due in 2022. Interest paid on the long-term debt included in payments from the General Operating Fund are \$9,113 (2020 - \$9,113).

10. Tangible capital assets:

	2021		
	Cost	Accumulated amortization	Net book value
Land	\$ 1,689,464	\$ -	\$ 1,689,464
Buildings	1,521,990	415,216	1,106,774
Furniture and equipment	897,032	481,245	415,788
Hagensborg Water System Infrastructure	328,727	10,036	318,691
Parks and recreation projects	583,216	460,302	122,914
Paving	1,709,299	1,327,695	381,603
Vehicles	297,378	182,402	114,976
Water distribution system	1,510,482	976,316	534,166
Work in progress	213,390	-	213,390
	\$ 8,750,978	\$ 3,853,212	\$ 4,897,766



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

10. Tangible capital assets (continued):

			2020
	Cost	Accumulated amortization	Net book value
Land	\$ 1,680,275	\$ -	\$ 1,680,275
Buildings	1,308,811	375,142	933,669
Furniture and equipment	769,166	382,244	386,922
Parks and recreation projects	570,175	429,611	140,564
Paving	1,709,299	1,307,611	401,688
Vehicles	162,384	133,127	29,257
Water distribution system	1,510,482	954,060	556,422
Work in progress	69,642	-	69,642
	\$ 7,780,234	\$ 3,581,795	\$ 4,198,439

Amortization for the year amounted to \$271,417 (2020 - \$172,989).

During the year, tangible capital assets were acquired at an aggregate cost of \$338,013 (2020 – \$305,912). Total net book value of disposals were nil (2020 - \$1,939). In addition, on January 1, 2021, as a result of the restructuring agreement with Hagensborg Waterworks District, tangible capital assets with net book value of \$632,731 were transferred to the District (note 15).

Work in progress represents capital projects at year end that have not been completed and are not ready for their intended use or to be amortized.



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

11. Commitments and contingencies:

- a) The District is involved from time to time in litigation, which arises in the normal course of operations. Liabilities arising from any litigation are recognized in the consolidated financial statements when the outcome becomes reasonably determinable. In management's judgment there is no material negative exposure at this time from existing litigations.
- b) The District is a participant under the Community Works Fund that provides for the District receiving Federal gas taxes transferred under the New Deal for Cities and Communities signed by the Union of BC Municipalities, the Province of British Columbia and the Government of Canada.

Although the District has some latitude in determining which projects to pursue, the agreement provides that the projects must address investments in capital and capacity building projects to build and revitalize public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong communities.

- c) The District is a member of the Municipal Insurance Association of British Columbia. As a member of this association, the District is contingently liable for claims in excess of the insurance fund.
- d) The District and its employees contribute to the Municipal Pension Plan (a jointly trustees 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, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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.



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

11. Commitments and contingencies (continued):

d) Continued:

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$41,301 (2020 - \$46,550) for employer contributions to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

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.

e) The District has entered into the following property lease agreements:

	Term	Expiry date	Annual lease cost
Arena	30 years	July 18, 2041	\$ 1
Centennial pool	50 years	March 31, 2058	1
Thorsen Creek Waste and Recycling Centre	10 years	July 12, 2022	1

The District leases the land for the arena and the Thorsen Creek Waste and Recycling Centre from the Province of British Columbia. The District leases the land for the Centennial pool from The Farmer's Institute. The fair market value on the land leases are undeterminable and therefore an estimate has not been disclosed.



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

12. Related party transactions:

The District is related to the Central Coast Regional Hospital District ("Hospital District") as the members of the Board of Directors of the District form the majority of the members of the Board of Directors of the Central Coast Regional Hospital District. As legislated by the Hospital District Act, the officers and employees are the corresponding officers and employees of the Central Coast Regional District. Each of the Regional District and the Hospital District are separate legal entities authorized by separate legislation.

During the year, Central Coast Regional Hospital District received accounting and management services from the District and paid \$13,500 (2020 - \$13,500) for these services.

The District is related to the Nuxalk Nation as key management personnel of these entities are close family members.

During the year, Nuxalk Nation contributed \$105,000 (2020 - \$105,000) for the use of the District owned landfill.

During the year, the District paid Nuxalk Nation \$21,275 (2020 - \$21,275) per their water supply agreement.

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



Central Coast
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That we may be good people together

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

13. Accumulated surplus:

	2021	2020 (restated - note 17)
General operating fund	\$ 417,723	\$ 70,971
Water operating fund	70,862	61,762
General capital fund	3,552,668	3,505,091
Water capital fund	717,277	740,000
Capital works, machinery, equipment reserve	6,014	6,014
Asset replacement fund	211,477	177,874
Hagensborg fire - unrestricted	556,125	-
Hagensborg water - unrestricted	872,401	-
Hagensborg general capital	682,939	-
Hagensborg fire reserve	38,222	-
Hagensborg water reserve	34,571	-
	\$ 7,160,279	\$ 4,561,712



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

14. Segmented information:

The Central Coast Regional District is a local government providing a wide range of services to residents, including parks, recreation centres, fire protection, water and sewer services. As a requirement of the Local Government Act, separate financial records must be kept for each service providing detailed allocation of assets and liabilities, revenues and expenses, information concerning reserve funds and other pertinent financial details. For each reported segment, revenues and expenses represents amounts that are directly attributable to the segment and also amounts that are allocated on a reasonable basis. Segmentation has been determined on a functional basis with consideration to service delivery and department accountabilities. The following is a description of the types of services included in each of the main service segments of the District's consolidated financial statements.

Community works and planning:

This segment pertains to the Community Works Fund under the Gas Tax Agreement with the Provincial and Federal Governments as well as the Land Use Planning function operated by the District. Land Use Planning includes zoning bylaws and the Official Community Plan, as well as the assessment of Housing Needs, which is a mandate from the provincial government.

Economic development services:

This service includes the services of a full time economic development officer. The function provides economic development services to all electoral areas.

General government:

General government services include the District's administration and Board governance. It also provides grants in aid services to community groups.

Parks, recreation and culture:

The District owns and operates regional parks in the Bella Coola Valley, and provides recreation services to the Denny Island Community in addition to Bella Coola. The District also requisitions a tax levy for the provision of library services by the Vancouver Island Regional Library in Bella Coola and 'books by mail' service to other communities in the region.



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

14. Segmented information (continued):

Protective services:

These services include the function of emergency management within all electoral areas, as well as fire protection in the Bella Coola town site and Hagensborg.

Solid waste management:

The District owns and operates the Thorsen Creek Waste & Recycling Centre in the Bella Coola Valley. The site includes a full range of recycling facilities, free store and waste disposal.

Transportation:

The Bella Coola Airport and the Denny Island Airport are owned and operated by the District. The facility in Bella Coola includes terminal buildings, an office/hangar, lease lots, runway, parking area and other things associated with airport facilities. The Denny Island facility includes a landing strip and small outbuilding.

Utility services:

Streetlights in various locations throughout the Bella Coola valley and the town site are provided by the District through an agreement with BC Hydro. Water supply is provided by agreement with the Nuxalk Nation and water distribution is provided to the Bella Coola town site and Hagensborg areas.



Central Coast
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Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

14. Segmented information (continued):

	2021							Total
	Community works and planning	Economic development services	General government	Parks, recreation and culture	Protective services	Solid waste management	Transportation	Utility services
Revenue:								
Airport fees and rentals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,911	\$ -
Grants	476,518	14,143	141,923	57,443	109,615	28,439	239,691	55,133
Investment income	525	-	33,965	60	35	-	-	46,678
Other	6,443	60,418	13,500	2,002	-	127,107	-	5,983
Taxation	58,599	21,061	227,485	191,773	190,535	130,996	9,973	215,453
User charges	1,400	-	-	28,638	21,968	76,190	-	61,517
Hagensborg Waterworks District	-	-	-	-	802,197	-	-	151,165
								1,178,174
Total revenues	543,485	95,622	416,873	279,916	1,124,350	362,732	384,575	1,498,650
Expenses:								
Amortization	-	-	249,160	-	-	-	-	22,257
Contracts	-	-	-	-	-	112,543	18,240	-
Interest	-	-	340	47	21	-	51	9,284
Landfill post closure costs	-	-	-	-	-	-	-	-
Operating	47,796	13,066	224,549	109,728	106,842	24,664	69,466	80,261
Professional fees	14,825	-	66,513	1,763	4,750	-	-	9,046
Repairs and maintenance	-	-	517	9,349	8,008	6,543	23,999	13,480
Telephone and utilities	-	-	30,764	4,272	12,130	6,586	3,041	18,438
Wages and related costs	-	154	650,151	70,216	2,963	34,742	226	120
Waterworks - Nuxalk Band	-	-	-	-	-	-	-	21,275
Total expenses	62,621	13,220	1,221,994	195,375	134,714	265,339	115,023	99,350
Annual surplus (deficit)	\$ 480,864	\$ 82,402	\$ (805,121)	\$ 84,541	\$ 989,636	\$ 97,393	\$ 269,552	\$ 1,399,300
								\$ 2,598,567



Central Coast
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That we may be good people together

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

14. Segmented information (continued):

	2020							Total (restated - note 17)
	Community works and planning	Economic development services	General government	Parks, recreation and culture	Protective services	Solid waste management	Transportation	Utility services
Revenue:								
Airport fees and rentals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,740	\$ -
Grants	249,023	82,317	533,839	8,723	280,770	28,439	4,532	13,019
Investment income	10,071	-	19,724	-	-	-	-	18,756
Other	-	-	14,834	290	69	122,147	-	9,135
Taxation	58,598	41,346	247,899	176,214	85,711	124,142	9,973	146,475
User charges	-	-	-	20,515	3,475	28,931	-	16,377
								56,977
Total revenues	317,692	123,663	816,296	205,742	370,025	303,659	137,245	114,264
Expenses:								
Amortization	-	-	149,804	-	-	-	-	23,184
Contracts	-	-	-	-	-	101,538	18,240	-
Interest	-	-	27	-	-	-	-	9,316
Landfill post closure costs	-	-	-	-	-	-	-	-
Operating	30,685	23,076	119,945	89,181	40,818	98,011	-	-
Professional fees	37,214	825	29,708	-	-	23,477	70,484	4,292
Repairs and maintenance	-	-	-	-	-	1,143	1,649	-
Telephone and utilities	-	-	790	8,312	4,056	3,193	25,164	905
Wages and related costs	-	-	19,079	4,318	7,109	7,281	2,923	18,482
Waterworks - Nuxalk Band	-	113	660,237	49,638	2,558	31,857	57	5
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	21,275
			1,939	-	-	-	-	-
Total expenses	67,899	24,014	981,529	151,449	54,541	266,500	118,517	77,459
Annual surplus (deficit)	\$ 249,793	\$ 99,649	\$ (165,233)	\$ 54,293	\$ 315,484	\$ 37,159	\$ 18,728	\$ 36,805
								\$ 646,678

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Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

15. Hagensborg Waterworks District

Effective January 1, 2021, pursuant to the orders of the Province of British Columbia, the rights, property, assets and obligations of the Hagensborg Waterworks District ("HWD") were transferred and assumed by the District. HWD was approved for a provincial grant for replacement of the water mains and associated infrastructure and establishment of a water treatment facility and the transfer ordered by the Province of British Columbia was a condition of the grant.

The assets and liabilities transferred into the District on January 1, 2021 include:

Cash and cash equivalents	\$ 1,350,261
Accounts receivable	31,094
Accounts payable	21,266
Deferred revenue	18,658
Prepaid expenses	6,209
Tangible capital assets	632,731
The net effect of the transfer:	
Revenue - Hagensborg Waterworks District	\$ 1,980,371



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

15. Hagensborg Waterworks District (continued):

Included in the Statement of Operations, are revenue and expenses incurred in fiscal 2021 relating to the transferred responsibilities in the amounts of:

	2021
Revenue:	
Federal government grants	\$ 20,083
Fire protection tolls	18,658
Investment income	29,134
Miscellaneous revenue	244
Parcel Taxes	26,875
Provincial government grants	20,614
Tax levy	89,750
Watertolls	94,398
Expenditures:	
Protective services	(28,893)
Utility services	(26,644)



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

16. Budget data:

The budget data presented in the financial statements is based upon the 2021 operating budget approved by the Board on March 25, 2021. The table below reconciles the approved budget to the budget figures reported in these financial statements.

	2021
Revenue:	
Operating budget	\$ 12,516,778
Less:	-
Apportioned administration	(559,565)
Total revenues	11,957,213
Expenses:	
Operating budget	13,632,204
Less:	
Apportioned administration	(559,565)
Capital expenditures	(125,200)
Total expenses	12,947,439
Annual surplus	\$ (990,226)



Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2021

17. Restatement:

During the year, the District obtained an external evaluation of the landfill closure and post-closure liability. The Liability was previously understated in the District's financial statements. The District has determined that the following adjustments were needed to be reflected in the prior year financial statements to correct the balance.

	As previously reported	Increase (decrease)	As restated
Consolidated Statement of Financial Position:			
Landfill closure and post-closure liability	\$ 210,000	\$ 1,653,320	\$ 1,863,320
Accumulated surplus	6,215,032	(1,653,320)	4,561,712
Consolidated Statement of Operations:			
Solid waste management	198,489	68,011	266,500
Annual surplus	714,689	(68,011)	646,678
Accumulated surplus, beginning of year,	5,500,343	(1,585,309)	3,915,034
Accumulated surplus, end of year	6,215,032	(1,653,230)	4,561,712

18. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year annual surplus.



Schedule 1 - COVID-19 Safe Restart Grant

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Year ended December 31, 2021

In November 2020 the District was the recipient of \$340,000 grant under the COVID-19 Safe Restart Grant for Local Governments program from the Province of British Columbia. In March 2021 an additional \$55,000 grant was received and included in grant revenue on the Consolidated Statement of Operations and Accumulated Surplus. Due to the conditions of use this grant funding allows local governments to use the funding where the greatest need arises, the District determined this to be addressing revenue shortfalls, facility reopening and operating costs, emergency planning and response and other related costs.

Total grant funding received	\$ 395,000
Less amounts utilized in 2021:	
Denny Island Airport	2,500
Emergency management	31,463
General operations	279,902
Parks & recreation - Bella Coola	5,000
Planning	38,000
Swimming pool	38,135
	<u>395,000</u>
COVID-19 Safe Restart Grant unallocated	<u>\$ -</u>