

**REGIONAL DISTRICT OF BULKLEY-NECHAKO**  
**SPECIAL BOARD MEETING**  
**Thursday, May 7, 2020**

**CALL TO ORDER**

**MOTION TO HOLD SPECIAL BOARD MEETING**

In accordance with Section 220 of the *Local Government Act*, the Regional District of Bulkley-Nechako Board of Directors calls a Special Board Meeting.

**PAGE NO.**

**ACTION**

**AGENDA – May 7, 2020**

Approve

**SUPPLEMENTARY AGENDA**

Receive

**DELEGATION**

**BESWICK HILDEBRANDT LUND**

Taylor Turkington, Manager, Assurance

Kristin Gianotti, Director

RE: 2019 Audit

**REPORTS**

2-51

John Illes, Chief Financial Officer  
 - Approval of the 2019 Audited Financial Statements

Recommendation

52-56

John Illes, Chief Financial Officer  
 - Lakes District Museum Society Grant Request

Recommendation

**NEW BUSINESS**

**ADJOURNMENT**



## Regional District of Bulkley-Nechako Memo Special Board Meeting

**To:** Board of Directors  
**From:** John Illes, Chief Financial Officer  
**Date:** May 7, 2020  
**Issue:** Approval of the 2019 Audited Financial Statements

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### **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, 2019.”

**Background:** Under Section 167 of the Community Charter Regional Districts (and Municipalities) each year must present to its Board (Council) the financial statements for its acceptance by May 15 of the following year.

Beswick Hildebrandt Lund working with staff have prepared the Financial Statements for the calendar year of 2019 and have audited the financial proceedings of the Regional District.

The Financial Statements are attached and a short presentation will be made by Beswick Hildebrandt Lund to the Board.

The Board also has responsibilities to ensure that the financial controls of the Regional District are adequate. The Board provides overall financial governance through its financial policies; and in addition, Board members usually co-sign all cheques and sign and review all payroll reconciliations and direct (online) bill payments.

Board members have unfettered and unlimited access to the auditors to answer any questions in a confidential manner.

It is important that any suggestions from the auditors for improvements to internal financial security are carefully considered. Staff will bring back a report if there are any suggestions presented to the next Board Meeting.

**REGIONAL DISTRICT OF BULKLEY-NECHAKO**  
**FINANCIAL STATEMENTS**  
**December 31, 2019**

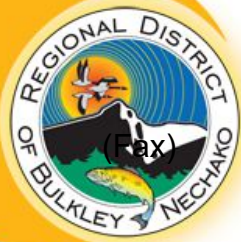
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**REGIONAL DISTRICT OF BULKLEY-NECHAKO**  
**FINANCIAL STATEMENTS**

**December 31, 2019**

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REGIONAL DISTRICT  
OF BULKLEY-NECHAKO  
“A WORLD OF OPPORTUNITIES WITHIN OUR REGION”

## 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

\_\_\_\_\_  
Gerry Thiessen  
Chairperson

#### MUNICIPALITIES:

SMITHERS FT. ST. JAMES  
VANDERHOOF FRASER LAKE  
HOUSTON TELKWA  
BURNS LAKE GRANISLE

#### ELECTORAL AREAS:

A-SMITHERS RURAL F-VANDERHOOF RURAL  
B-BURNS LAKE RURAL E-FRANCOIS & OOSTA LAKES  
C-FORT ST. JAMES RURAL G-HOUSTON RURAL  
D-FRASER LAKE RURAL

**REGIONAL DISTRICT OF BULKLEY-NECHAKO**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2019

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 16,481,561	\$ 8,448,228
Accounts receivable	460,733	511,124
Grants receivable	393,671	2,008,402
Investments (Note 3)	89	89
Debt Reserve Fund - Municipal Finance Authority (Note 4)	168,247	183,005
Debentures recoverable from municipalities (Note 5)	9,065,323	9,442,795
	<b>26,569,624</b>	<b>20,593,643</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6, 10 and 11)	4,157,098	4,487,177
Deferred revenue (Note 7)	9,987,829	4,075,354
Debt Reserve Fund - Municipal Finance Authority (Note 4)	168,247	161,145
Debentures issued for municipalities (Note 5)	9,065,323	9,442,795
Debentures issued for the Regional District (Note 9)	821,397	1,293,593
	<b>24,199,894</b>	<b>19,460,064</b>
<b>NET FINANCIAL ASSETS</b>	<b>2,369,730</b>	<b>1,133,579</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 3)	18,019,980	17,641,299
Prepaid expenses	86,877	72,506
	<b>18,106,857</b>	<b>17,713,805</b>
<b>ACCUMULATED SURPLUS (Note 13)</b>	<b>\$ 20,476,587</b>	<b>\$ 18,847,384</b>
<b>CONTINGENCIES (Note 10)</b>		

Approved by the Board:

\_\_\_\_\_ Chairperson

\_\_\_\_\_ Chief Financial Officer

## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## STATEMENT OF OPERATIONS

For the year ended December 31, 2019

	2019		2018
	<u>Budget</u> (Note 14)	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Property tax requisition			
Electoral area	\$ 6,420,230	\$ 6,422,148	\$ 5,879,723
Municipal	3,957,248	3,955,250	3,707,588
	10,377,478	10,377,398	9,587,311
Grants-in-lieu of taxes	992,040	1,081,160	1,026,862
Federal grants - conditional	1,336,558	977,941	723,795
Fees and permits	771,934	898,553	921,624
Municipal debt payments (Note 5)	959,436	813,443	743,366
Provincial grants - northern capital	-	803,898	-
Provincial grants - unconditional	185,000	317,554	195,000
Other grants - conditional	410,410	313,117	479,004
Emergency expenditure recoveries	-	235,859	1,396,651
Provincial grants - conditional	-	227,502	2,751,824
Interest	43,500	219,089	143,417
Municipal cost sharing	196,812	178,098	162,991
Sundry	23,635	133,867	135,246
Administration recoveries	617,762	18,484	17,655
Donations	40,000	54,773	8,829
Debt sinking fund actuarial earnings (Note 9)	-	40,724	59,500
Investment income	-	12,680	25,360
	15,954,565	16,704,140	18,378,435
<b>EXPENSES (Schedule 1) (Note 16)</b>			
Environmental services	3,933,378	4,282,381	5,314,781
Government - general, rural and local commission	3,566,988	3,349,216	2,622,512
Recreation and culture	2,580,305	2,442,718	2,231,049
Fire protection and emergency response	2,451,055	2,019,249	3,206,484
Building inspection, building numbering, planning and development services	1,164,614	1,094,434	988,264
Economic development	867,464	560,444	560,793
Municipal debt payments (Note 5)	-	813,443	743,366
Street lighting and transportation	383,944	336,222	370,043
Sewer and water	146,391	176,830	199,665
	15,094,139	15,074,937	16,236,957
<b>ANNUAL SURPLUS</b>	860,426	1,629,203	2,141,478
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	18,847,384	18,847,384	16,705,906
<b>ACCUMULATED SURPLUS - END OF YEAR (Note 13)</b>	\$ 19,707,810	\$ 20,476,587	\$ 18,847,384

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, 2019

	2019		2018
	<u>Budget</u> (Note 14)	<u>Actual</u>	<u>Actual</u>
<b>ANNUAL SURPLUS</b>	\$ 860,426	\$ 1,629,203	\$ 2,141,478
Acquisition of tangible capital assets	(1,896,557)	(1,543,988)	(4,401,882)
Loss on sale of tangible capital assets	-	(1,660)	(27,751)
Proceeds on sale of tangible capital assets	-	21,000	96,000
Amortization of tangible capital assets	1,180,685	1,145,967	1,093,337
	144,554	1,250,522	(1,098,818)
Net use of (addition to) prepaid expenses	-	(14,371)	(6,567)
<b>CHANGE IN NET FINANCIAL ASSETS</b>	144,554	1,236,151	(1,105,385)
<b>NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR</b>	1,133,579	1,133,579	2,238,964
<b>NET FINANCIAL ASSETS AT END OF THE YEAR</b>	<u>\$ 1,278,133</u>	<u>\$ 2,369,730</u>	<u>\$ 1,133,579</u>

See notes to the consolidated financial statements.



## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 1,629,203	\$ 2,141,478
Add: Non-cash items		
Debt sinking fund actuarial earnings (Note 9)	(40,724)	(17,655)
Amortization of tangible capital assets	1,145,967	1,093,337
Loss (gain) on sale of tangible capital assets	<u>(1,660)</u>	<u>(27,751)</u>
	2,732,786	3,189,409
Changes in non-cash working capital:		
Accounts receivable	50,391	(192,697)
Grants receivable	1,614,731	(1,819,957)
Accounts payable and accrued liabilities	(330,079)	1,589,098
Deferred revenue	5,912,475	(606,419)
Prepaid expenses	<u>(14,371)</u>	<u>(6,567)</u>
	<u>9,965,933</u>	<u>2,152,867</u>
<b>FINANCING ACTIVITIES</b>		
Repayments from Debt Reserve Fund - Municipal Finance Authority	21,860	8,696
Debt repayments	<u>(431,472)</u>	<u>(523,899)</u>
	<u>(409,612)</u>	<u>(515,203)</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(1,543,988)	(4,401,882)
Proceeds on disposal of tangible capital assets	<u>21,000</u>	<u>96,000</u>
	<u>(1,522,988)</u>	<u>(4,305,882)</u>
<b>INCREASE (DECREASE) DURING THE YEAR</b>	<b>8,033,333</b>	<b>(2,668,218)</b>
<b>CASH AT BEGINNING OF THE YEAR</b>	<u>8,448,228</u>	<u>11,116,446</u>
<b>CASH AT END OF THE YEAR</b>	<u><u>\$ 16,481,561</u></u>	<u><u>\$ 8,448,228</u></u>

See notes to the consolidated financial statements.

**REGIONAL DISTRICT OF BULKLEY-NECHAKO**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

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).

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	5-10 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, 2019****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.

Unfunded landfill liability

The landfill for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated for inflation and the usage of the sites capacity during the year. The change in this liability during the year is recorded as a charge to operations. These estimates are reviewed and adjusted annually.

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.

## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

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

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.

## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

**2. CASH AND CASH EQUIVALENTS**

	<u>2019</u>	<u>2018</u>
Bank accounts	\$ 8,706,458	\$ 1,833,501
Petty cash	650	650
Guaranteed investment certificates	<u>7,774,453</u>	<u>6,614,077</u>
	<u>\$ 16,481,561</u>	<u>\$ 8,448,228</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, 2019, the guaranteed investment certificate interest rates ranged between 2.45% to 2.71% (2018 – ranged between 2.20% to 2.85%).

**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.

**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.

## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

## 5. DEBT RECOVERABLE FROM MUNICIPALITIES, continued

Service borrowing was incurred for:	Originally Borrowed		Year of Maturity	Current Rate of Interest	Net Debt Outstanding	
	Year	Amount			2019	2018
Vanderhoof Issue 145	2018	1,000,000	2038	3.15%	962,784	1,000,000
Smithers Issue 142	2017	3,000,000	2037	3.15%	2,773,356	2,888,353
Vanderhoof Issue 142	2017	2,000,000	2037	3.15%	1,848,904	1,925,569
Smithers Issue 127	2013	650,000	2034	3.30%	531,772	557,308
Fort St. James Issue 124	2013	304,879	2033	3.15%	236,968	249,425
Smithers Issue 124	2012	147,639	2033	3.15%	114,753	120,785
Fort St. James Issue 124	2013	121,952	2028	3.15%	81,554	88,964
Smithers Issue 116	2011	800,000	2026	4.20%	431,865	484,440
Smithers Issue 110	2010	17,172	2020	4.50%	2,036	3,993
Smithers Issue 105	2009	23,093	2019	4.90%	-	2,738
Houston Issue 99	2006	2,407,125	2032	1.75%	1,446,097	1,538,636
Fraser Lake Issue 85	2004	350,000	2019	2.00%	-	32,114
Smithers Issue 81	2004	500,000	2024	2.40%	173,704	203,643
Smithers Issue 81	2004	38,824	2019	2.40%	-	3,562
Smithers Issue 79	2003	500,000	2023	2.10%	142,268	173,704
Smithers Issue 77	2002	500,000	2022	1.75%	109,260	142,268
Burns Lake Issue 71	1999	363,850	2019	2.10%	-	27,293
Granisle 149	2019	210,000	2029	2.24%	210,000	-
		<u>\$ 12,934,534</u>			<u>\$ 9,065,323</u>	<u>\$ 9,442,795</u>

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade payables	\$ 633,178	\$ 964,686
Vacation accrual	200,123	207,232
Sick leave accrual (Note 11)	303,254	301,217
Retirement accrual (Note 11)	164,624	129,263
Accrued debenture interest	8,884	11,397
Landfill closure cost accrual (Note 13)	2,847,035	2,873,382
	<u>\$ 4,157,098</u>	<u>\$ 4,487,177</u>

## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

## 7. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Government transfers - Northern Capital Planning Grant	\$ 4,996,102	\$ -
Government transfers - Federal Gas Tax Reserve	4,969,789	4,058,894
Government transfers - Provincial	1,989	1,989
Government transfers - Municipal	9,949	8,821
Other	<u>10,000</u>	<u>5,650</u>
	<u>\$ 9,987,829</u>	<u>\$ 4,075,354</u>

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>2019</u>	<u>2018</u>
Opening balance	\$ 4,058,894	\$ 3,777,613
Add: Amounts received in the year	1,780,558	922,803
Interest earned	<u>108,278</u>	<u>82,273</u>
	<u>1,888,836</u>	<u>1,005,076</u>
Less: Amounts spent in the year	<u>(977,941)</u>	<u>(723,795)</u>
Closing balance	<u>\$ 4,969,789</u>	<u>\$ 4,058,894</u>

## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

## 7. DEFERRED REVENUE, continued

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>2019</u>	<u>2018</u>
Opening balance	\$ -	\$ -
Add: Amounts received in the year	5,800,000	-
Interest earned	-	-
	<u>5,800,000</u>	-
Less: Amounts spent in the year	<u>(803,898)</u>	-
Closing balance	<u>\$ 4,996,102</u>	<u>\$ -</u>

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

Reserve	Initial Allocation	Planning Expenses	Capital Expenses	December 31, 2019 Balance
General Administration Clucluz	\$ 1,019,248.00	\$ 208,146	\$ -	\$ 811,102
Lake Fire Service Protective Services	40,000	-	-	40,000
Glacier Gulch Water Diversion	1,325,000	-	-	1,325,000
Round Lake Fire Service	30,000	-	-	30,000
Economic Development	10,000	-	-	10,000
Regional Parks and Trails	185,273	-	-	185,273
Environmental Services	370,008	-	-	370,008
Fort Fraser Water and Sewer Utilities	2,394,843	-	595,752	1,799,091
	425,628	-	\$ -	425,628
	<u>\$ 5,800,000</u>	<u>\$ 208,146</u>	<u>\$ 595,752</u>	<u>\$ 4,996,102</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 (December 31, 2019 - 2.45%, December 31, 2018 - 3.95%) 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, 2019

## 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	2019 Principal Repayment	Net Debt Outstanding	
	Year	Amount					2019	2018
Environmental Services	2010	729,517	2020	3.73%	582,272	60,762	86,483	169,639
Burns Lake Arena	1999	200,000	2019	6.20%	193,370	6,630	-	15,000
Round Lake Fire Protection	2017	14,909	2037	3.15%	572	555	13,765	14,354
Fort Fraser Fire Protection	2004	147,140	2019	2.65%	140,321	6,819	-	13,499
Luck Bay Fire Protection	2006	125,000	2026	1.75%	65,597	4,198	55,205	61,924
Luck Bay Fire Protection	2010	10,000	2030	3.73%	3,218	336	6,446	6,904
Environmental Services	2015	1,547,000	2020	2.55%	981,244	308,598	257,158	565,753
Baker Airport	2016	167,625	2021	2.58%	67,050	33,525	67,050	100,573
Topley Rural Fire Protection	2016	366,348	2041	2.10%	21,010	10,048	335,290	345,947
		<u>\$ 3,307,539</u>			<u>\$ 2,054,654</u>	<u>\$ 431,471</u>	<u>\$ 821,397</u>	<u>\$ 1,293,593</u>

## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

**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 2019 was \$431,471 (2018 - \$482,054). Interest paid during 2019 was \$67,167 (2018 - \$91,040).

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 2019 was \$40,724 (2018 - \$59,500). Future principal payments, including sinking fund additions, on existing debt are as follows:

2020	\$ 366,582
2021	48,662
2022	15,137
2023	15,137
2024	15,137
Thereafter	<u>308,838</u>
	769,493
Actuarial additions	<u>51,904</u>
	<u><u>\$ 821,397</u></u>

**10. CONTINGENCIES**Municipal 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>2019</u>	<u>2018</u>
Demand Notes Outstanding:		
Borrowing on behalf of member municipalities	\$ 321,309	\$ 340,875
Borrowing for Regional District purposes	<u>46,278</u>	<u>59,174</u>
	<u><u>\$ 367,587</u></u>	<u><u>\$ 400,049</u></u>

**REGIONAL DISTRICT OF BULKLEY-NECHAKO****NOTES TO THE FINANCIAL STATEMENTS****For the year ended December 31, 2019****10. CONTINGENCIES, continued**Employee Sick Leave

The Regional District is contingently liable to pay its employees sick leave. The total maximum value of the accumulated sick time is \$487,075 at December 31, 2019 (2018 - \$475,167). As at year end an amount of \$303,254 (2018 - \$301,217) 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 \$225,770 at December 31, 2019 (2018 - \$185,064). As at year end an amount of \$164,624 (2018 - \$129,263) 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, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Regional District paid \$309,682 (2018 - \$272,413) for employer contributions to the plan in fiscal 2019.

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.

**REGIONAL DISTRICT OF BULKLEY-NECHAKO****NOTES TO THE FINANCIAL STATEMENTS****For the year ended December 31, 2019****12. UNDERFUNDED LIABILITY FOR LANDFILL CLOSURE COSTS**

British Columbia environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post closure activities for 30 years after closure using a discount rate of 3.0% which is net of projected annual inflation.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. Management had a closure cost evaluation completed in the year which resulted in updated information for management's landfill closure cost estimate.

The Knockholt landfill has been divided into six phases with only the first three phases being utilized. The total capacity of the Knockholt landfill is estimated at 1,998,500 cubic metres, with a total usage of 263,162 cubic metres of the first three phases. Phase one and two are at 90% and 93% capacity respectively and are expected to reach capacity by 2020. The capacity of Knockholt landfill was remeasured during the year ended December 31, 2019 and was increased from 420,000 to 469,898 cubic meters. The total capacity of phase three of the Knockholt landfill is estimated at 469,898 cubic meters with a total usage of 34,898 cubic metres. Phase 3B and 3C remain undeveloped. Phase three is expected to reach capacity in 2038. The existing landfill site was originally expected to reach capacity approximately in the year 2076 and has been estimated to last past 2096 because of refined estimates for utilization based on current landfill rates.

The Clearview landfill has been divided into four phases with only the first phase being utilized. The total capacity of the Clearview landfill is estimated at 1,157,600 cubic meters with a total usage of 104,540 cubic metres of the first phase. Phase one has a developed capacity of 238,000 and is expected to reach capacity in 2030. The existing landfill site is expected to reach capacity approximately in the year 2106.

Considerable uncertainty exists with these estimations. The long time span for full site utilization combined with predicting costs that will be paid in far future years relies on a large number of assumptions including the certainty of current environmental legislation, a predictable rate of inflation for costs associated with landfill work and engineering, and an even flow of waste landfilled each year. Landfilling estimates do not include allowances for population change, change in landfilling from industrial sites (such as industrial camps), the possible diversion from recycling programs currently increasing and those being developed, and the diversion potential from composting programs.

## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

## 12. UNDERFUNDED LIABILITY FOR LANDFILL CLOSURE COSTS, continued

	<u>2019</u>	<u>2018</u>
<b>Knockholt Landfill Phase One, Two, and Three</b>		
Estimated closure costs	\$ 568,152	\$ 611,791
Estimated post-closure costs	<u>1,157,717</u>	<u>1,168,957</u>
	1,725,869	1,780,748
Estimated capacity used	<u>12%</u>	<u>12%</u>
Accrued liability for Knockholt landfill	<u>204,597</u>	<u>209,938</u>
<b>Clearview Landfill Phase One</b>		
Estimated closure costs	602,707	627,079
Estimated post-closure costs	<u>1,157,717</u>	<u>1,168,957</u>
	1,760,424	1,796,036
Estimated capacity used	<u>21%</u>	<u>17%</u>
Accrued liability for Clearview landfill	<u>369,386</u>	<u>313,420</u>
<b>Inactive sites closure estimates</b>	<u>2,273,052</u>	<u>2,350,024</u>
<b>Total closure and post-closure liability</b>	<u>\$ 2,847,035</u>	<u>\$ 2,873,382</u>

The liability expense of \$2,847,036 is unfunded as at December 31, 2019. The Regional District has established Landfill Closure and Post-Closure Reserve Funds that is restricted for purposes of funding landfill closure and post-closure costs. As at December 31, 2019, the Landfill Closure and Post-Closure Reserve Funds have a balance of \$390,841 (2018 - \$380,686).

## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

## 13. ALLOCATION OF ACCUMULATED SURPLUS

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

	<u>2019</u>	<u>2018</u>
Operating	\$ 16,169,323	\$ 15,250,464
Reserves	4,307,264	3,596,920
	<u>\$ 20,476,587</u>	<u>\$ 18,847,384</u>

## 14. BUDGET

The budget figures included in these financial statements represent the Financial Plan adopted by the Board of Directors on March 21, 2019. Subsequent amendments to the budget bylaw are not reflected in the budget figures.

The Financial Plan adopted by the Board of Directors was prepared on a modified accrual basis while the financial statements are prepared on a full accrual basis as required by PSAS. The Financial Plan anticipated the use of surpluses accumulated in prior years to supplement current year revenues. In addition, the Financial Plan expensed tangible capital asset expenditures, debt re-payments and reserve transfers.

The following is a reconciliation between the budgeted amounts approved in the Financial Plan and presented in the financial statements:

	<u>2019</u>
Budgeted deficit per statement of financial activities	<u>\$ 860,426</u>
Less: Capital expenditures	(1,896,577)
Debt principal repayments	(1,467,271)
Amortization	(1,180,685)
Prior year net deficits	<u>(10,284)</u>
	<u>(3,694,391)</u>
Add: Prior year net surplus	2,312,553
Withdrawals from capital reserves	(498,847)
Transfer from equity in tangible capital assets	1,180,685
Debenture issue	<u>700,000</u>
	<u>3,694,391</u>
	<u>\$ -</u>

**REGIONAL DISTRICT OF BULKLEY-NECHAKO****NOTES TO THE FINANCIAL STATEMENTS****For the year ended December 31, 2019****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 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 3). 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:

**REGIONAL DISTRICT OF BULKLEY-NECHAKO****NOTES TO THE FINANCIAL STATEMENTS****For the year ended December 31, 2019****16. SEGMENT REPORTING, continued****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.

**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.



**REGIONAL DISTRICT OF BULKLEY-NECHAKO****NOTES TO THE FINANCIAL STATEMENTS****For the year ended December 31, 2019****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 \$18,600 (2018 - \$16,200) to the Regional Hospital District.

As of December 31, 2019, there was an account receivable of \$25,886 (2018 - \$25,193) from the Regional Hospital District to the Regional District of Bulkley-Nechako.

This amount is unsecured, non-interest bearing, with no specific terms of repayment.

**18. COMPARATIVE FIGURES**

Certain prior year figures, presented for comparative purposes, have been reclassified to conform to the current year's financial statement presentation. Cash and temporary investments have been combined into Note 2 cash and cash equivalents.

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## REGIONAL DISTRICT OF BULKLEY-NECHAKO

## SCHEDULE OF EXPENSES BY OBJECT

For the year ended December 31, 2019

	2019		2018
	<u>Budget</u> (Note 14)	<u>Actual</u>	<u>Actual</u>
Staff remuneration and benefits	\$ 4,646,402	\$ 4,575,966	\$ 4,365,165
Purchased services and supplies	4,564,177	3,991,725	5,729,571
Payments to societies	3,346,631	2,621,823	2,417,801
Municipal debt payments	-	813,443	743,366
Payments to municipalities	920,967	774,371	848,208
Directors' remuneration	449,119	421,624	325,708
Insurance and permits	217,032	201,578	183,540
Electoral area grants-in-aid	412,003	156,589	117,811
Staff travel, upgrading and conferences	287,615	121,144	100,011
Directors' travel and expenses	155,362	107,236	116,859
Interest on debentures	-	66,878	91,040
Memberships and dues	45,143	40,141	43,486
Interest	2,000	28,308	34,478
Elections, referenda and studies	31,923	-	13,883
Bad debts	-	4,189	9,426
Volunteer benefits	3,765	3,300	3,267
First nations dialogue	12,000	-	-
Amortization	-	1,146,622	1,093,337
	<u>\$ 15,094,139</u>	<u>\$ 15,074,937</u>	<u>\$ 16,236,957</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, 2019

	2019	2018
<b>BALANCE AT BEGINNING OF THE YEAR</b>	<b>\$ 7,655,814</b>	<b>\$ 7,416,208</b>
Contribution to funds	8,257,049	1,721,827
Interest earned on funds	211,313	169,039
Withdrawals from funds	(1,851,021)	(1,651,260)
<b>BALANCE AT END OF THE YEAR</b>	<b>14,273,155</b>	<b>7,655,814</b>
Less reserves recorded as deferred revenue (Note 7):		
Federal Gas Tax	4,969,789	4,058,894
Northern Capital Planning Grant	4,996,102	-
	<b>9,965,891</b>	<b>4,058,894</b>
	<b>\$ 4,307,264</b>	<b>\$ 3,596,920</b>
<b>REPRESENTED BY THE FOLLOWING RESERVE FUNDS</b>		
911 Capital	\$ 609,930	\$ 567,177
911 Vehicle	5,997	4,291
Administrative Equipment	29,701	43,943
Administration/Planning Vehicle	75,612	54,523
Building	122,272	94,482
Building Inspection Vehicle	40,395	21,624
Bulkley Valley Pool	1,758,007	1,404,395
Burns Lake Arena	137	14,348
Burns Lake Rural Fire Protection	190	185
Burns Lake TV Rebroadcasting	41,050	25,216
Election	46,229	43,059
Emergency Prep	52,617	51,250
Environmental Services Vehicle	24,030	23,406
Federal Gas Tax	4,969,789	4,058,894
Fort Fraser Sewer	241,377	194,741
Fort Fraser Rural Fire Protection	100,720	92,688
Fort Fraser Water	63,788	12,905
Fort St. James Rural Fire Protection	54,423	43,164
Glacier Gulch Water Diversion	7,424	2,308
Houston Rural Fire Protection	16,171	15,751
Insurance	49,242	33,181
Lakes District Airport	84,819	48,157
Landfill Capital	390,841	380,687
Luck Bay Rural Fire Protection	28,544	19,729
Northern Capital Planning Grant	4,996,102	-
Planning Plotter	25,614	21,994
Round Lake Rural Fire Protection	1,516	-
Smithers Rural Fire Protection	156,752	142,835
Southside Rural Fire Protection	127,078	128,983
Topley Fire Department	9,816	8,084
Telkwa Rural Fire Protection	52,789	45,510
Vanderhoof Pool	45,885	15,158
Vanderhoof Rural Fire Protection	38,231	37,237
Weed Control Vehicle	6,067	5,909
	<b>14,273,155</b>	<b>7,655,814</b>
Less reserves recorded as deferred revenue (Note 13):		
Federal Gas Tax	4,969,789	4,058,894
Northern Capital Planning Grant	4,996,102	-
	<b>9,965,891</b>	<b>4,058,894</b>
	<b>\$ 4,307,264</b>	<b>\$ 3,596,920</b>

See notes to the consolidated financial statements.

**Regional District of Bulkley-Nechako  
STATEMENT OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2019

	Engineered Structures							2019 Total	2018 Total
	Land	Building	Equipment / Vehicles	Water	Sewer	Landfills	Transfer Stations		
<b>COST</b>									
Opening Balance	\$ 294,595	\$ 6,909,517	\$ 6,588,069	\$ 4,527,601	\$ 718,501	\$ 4,615,346	\$ 4,817,250	\$ 28,470,879	\$ 24,495,165
Add: Additions	-	148,719	606,707	296,718	-	116,404	375,440	1,543,988	4,401,882
Less: Disposals	-	-	56,703	-	-	-	-	56,703	426,168
Less: Write-downs	-	-	-	-	-	-	-	-	-
Closing Balance	294,595	7,058,236	7,138,073	4,824,319	718,501	4,731,750	5,192,690	29,958,164	28,470,879
<b>ACCUMULATED AMORTIZATION</b>									
Opening Balance	-	2,691,949	3,309,237	831,280	394,211	1,815,808	1,787,095	10,829,580	10,094,162
Add: Amortization	-	161,688	579,775	94,301	15,196	166,973	128,034	1,145,967	1,093,337
Less: Acc. Amortization on Disposals	-	-	37,363	-	-	-	-	37,363	357,919
Closing Balance	-	2,853,637	3,851,649	925,581	409,407	1,982,781	1,915,129	11,938,184	10,829,580
<b>Net Book Value for year ended December 31, 2019</b>	<b>\$ 294,595</b>	<b>\$ 4,204,599</b>	<b>\$ 3,286,424</b>	<b>\$ 3,898,738</b>	<b>\$ 309,094</b>	<b>\$ 2,748,969</b>	<b>\$ 3,277,561</b>	<b>\$ 18,019,980</b>	
Net Book Value for year ended December 31, 2018	\$ 294,595	\$ 4,217,564	\$ 3,278,834	\$ 3,696,321	\$ 324,291	\$ 2,799,539	\$ 3,030,155		\$ 17,641,299

See notes to the consolidated financial statements.

# Regional District of Bulkley-Nechako

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

**For the year ending  
December 31, 2019**

**Prepared as of May 7, 2020**



CHARTERED PROFESSIONAL ACCOUNTANTS

March 7, 2020

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, 2019. 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, 2019. 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,

Kristin Giannotti, CPA CGA  
Director

c.c: John Illes, Chief Financial Officer

**Partners**

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

**Director**

Kristin Giannotti CPA, CGA

**Beswick Hildebrandt Lund CPA**

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Prince George BC, Canada V2K 1A1  
T: +1 250 564 2515, F: +1 250 562 8722



CHARTERED PROFESSIONAL ACCOUNTANTS

### **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 April 15, 2020:

- Revenue recognition
- Management Override of Controls
- Estimates

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.



CHARTERED PROFESSIONAL ACCOUNTANTS

- 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:

- Accrued liabilities
- Book value of capital assets
- Landfill closure cost accrual (RDBN)

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.





CHARTERED PROFESSIONAL ACCOUNTANTS

### **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 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;



CHARTERED PROFESSIONAL ACCOUNTANTS

- 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.

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## 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, 2019, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, 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.

### Comparative Information

The financial statements of the Entity for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on May 2, 2019.

### 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.

---

#### Partners

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

#### Director

Kristin Giannotti CPA, CGA

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

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.

### **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.



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- 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 7, 2020

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***Appendix B: Management Representation Letter***

Please see attached letter.

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37, 3RD AVE PO Box 820  
 BURNS LAKE, BC  
 VOJ 1E0

May 7, 2020

Beswick Hildebrandt Lund Chartered Professional Accountants  
 556 North Nechako Road, Suite 10  
 Prince George, British Columbia,  
 V2K 1A1

Dear Sir/Madame:

This representation letter is provided in connection with your audit of the financial statements of Regional District of Bulkley-Nechako for the year ended December 31, 2019, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards (PSAS).

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

**Financial Statements**

We have fulfilled our responsibilities as set out in the terms of the audit engagement letter dated March 6, 2020 for:

- a. Preparing and fairly presenting the financial statements in accordance with PSAS ;
- b. Providing you with:
  - i. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
    - A. Accounting records, supporting data and other relevant documentation,
    - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
    - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
  - ii. Additional information that you have requested from us for the purpose of the audit; and
  - iii. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c. Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d. Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware



## **Preparation of Financial Statements**

The financial statements are fairly presented in accordance with PSAS, and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which Regional District of Bulkley-Nechako is subject. We have prepared the Regional District of Bulkley-Nechako's financial statements on the basis that the Regional District of Bulkley-Nechako is able to continue as a going concern.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. subledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a statement of financial position account, which should have been written off to a revenue and expense account and vice versa. All intra entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

## **Fraud**

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
  - i. Management;
  - ii Employees who have significant roles in internal control; or
  - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;and
- c. The results of our risk assessments regarding possible fraud or error in the financial statements.

## **Compliance with Laws and Regulations**

We have disclosed all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements

There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices. We are up to date with all corporate filings and annual returns. This includes all Canada Revenue Agency GST returns.

## **Litigation and Claims**

All known actual or possible litigation and claims, which existed as at December 31, 2019 or exist now, have been disclosed to you and accounted for and disclosed in accordance with PSAS, whether or not they have been discussed with legal counsel.

### **Related Parties**

We have disclosed to you the identity of all of the entity's related-party relationships and transactions of which we are aware. This includes sales, purchases, loans, transfers of assets, liabilities and services, leasing agreements, guarantees, non-monetary transactions, and transactions for no consideration for the year ended as well as related balances due to or from such parties at the year end. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of CPA Canada Public Sector Accounting Handbook, Section PS 2200 (Related Party Disclosures) and we confirm our belief that any receivable balances are fully collectable. The list of related parties attached to this letter as Appendix A accurately and completely describes the Regional District of Bulkley-Nechako's related parties and the relationships with such parties.

### **Estimates**

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with PSAS. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. In particular, we confirm the following:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable, appropriate and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with the Regional District of Bulkley-Nechako's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 2130 (Measurement Uncertainty) have been appropriately disclosed, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

### **Subsequent Events**

We have identified all events that occurred between December 31, 2019 and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure as per the requirements of PSAS.

### **Going Concern**

There are no events or conditions that, individually or collectively, may cast significant doubt on the Regional District of Bulkley-Nechako's ability to continue as a going concern.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

### **Commitments and Contingencies**

All contractual arrangements entered into by Regional District of Bulkley-Nechako with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. Regional District of Bulkley-Nechako has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements but have not been disclosed. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

### **Misstatements and Adjustments**

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the are free from material misstatements, including omissions.

We confirm there are no uncorrected misstatements in the financial statements.

We have reviewed, approved and recorded all of your proposed adjustments, summarized in Appendix B, to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

### **Other Representations**

#### **Accounting Policies**

We confirm that we have reviewed the Regional District of Bulkley-Nechako's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in the Regional District of Bulkley-Nechako's particular circumstances.

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous year (except as disclosed in the financial statements).

#### **Internal Control Over Financial Reporting**

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware.

#### **Minutes**

All matters requiring disclosure to or approval of Board of Directors the have been brought before them at appropriate meetings and are reflected in the minutes.

### **Other Information**

We confirm to you that we are not required by law, regulation or custom and do not intend to issue a document (which would include or accompany the financial statements and our auditor's report thereon) with information on Regional District of Bulkley-Nechako's operations and the Regional District of Bulkley-Nechako's financial results and financial position as set out in the financial statements.

### **Assets and Liabilities**

We have satisfactory title or control over all assets. We have recorded or disclosed, as appropriate, all liabilities, in accordance with PSAS.

**For the following specific representations, the terms "year end" and "year" are defined as each year end and each year respectively, covered by the audit of the financial statements as stated above.**

### **Cash and Banks**

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the Regional District of Bulkley-Nechako.

All cash balances are under the control of the Regional District of Bulkley-Nechako, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the Regional District of Bulkley-Nechako.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line(s) of credit, or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of the Regional District of Bulkley-Nechako are included in the financial statements.

### **Accounts Receivable**

All amounts receivable by the Regional District of Bulkley-Nechako were recorded in the books and records.

Receivables classified as current do not include any material amounts that are collectible after one year.

Receivables recorded in the financial statements, represent bona fide claims against debtors for sales or other charges arising on or before the statement of financial position date[s] and are not subject to discount except for normal cash discounts.

Amounts receivable that are non-interest bearing and are expected to be paid more than a year after initial recognition date have been initially recognized at fair value, using an appropriate discount rate, and subsequently measured at amortized cost.

Amounts receivable amounted to \$854,404 and are considered to be fully collectible.

All receivables were free from hypothecation or assignment as security for advances to Regional District of Bulkley-Nechako, except as hereunder stated.

**Tangible Capital Assets**

All charges to tangible capital asset accounts represented the actual cost of additions or the fair value at the date of contribution. We have provided sufficient information in schedule 3 to the financial statements for a reader to understand the organization's economic resources held in tangible capital assets.

No material or significant amounts relating to additions or improvements to property, plant and equipment were charged to repairs and maintenance or other expense accounts.

Carrying values of tangible capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

We have good and valid title to all items of property and equipment reflected in the accounts relating thereto, and any liens or encumbrances on our assets have been appropriately disclosed in the financial statements.

Tangible capital assets owned by the Regional District of Bulkley-Nechako are being depreciated on a systematic basis over their estimated useful lives and the provision for depreciation was calculated on a basis consistent with that of the previous date.

During the year, we reviewed the appropriateness of the depreciation policy and estimate of useful lives for tangible capital assets, taking into account all pertinent factors. Any changes in our assessment from the prior year have been adequately disclosed and reflected in the financial statements.

We have evaluated tangible capital assets for recoverability in accordance with the provisions of the CPA Canada Public Sector Accounting Handbook, Section PS 3150 (Tangible Capital Assets). There have been no events or changes in circumstances that indicate that any tangible capital assets no longer have any long-term service potential to the organization. Accordingly management was not required to write down any tangible capital assets to their residual values, if any, during the year.

**Financial Instruments**

We have properly recorded all financial assets of equity instruments quoted on an active market at fair value.

We have evaluated whether there are indicators of impairment for all financial assets measured at cost or amortized cost, and where there has been a significant adverse change in the expected timing or amount of future cash flows from a financial asset or group of similar financial assets, we have assessed whether a reduction in the carrying value is necessary.

**Marketable Securities**

All marketable securities owned by us are recorded in the accounts. The marketable securities are measured at fair value.

All income earned for the year ended December 31, 2019 on these securities has been recognized in earnings along with any transaction costs incurred and changes in fair value.

**Accounts Payable**

Accounts payable that are non-interest bearing and are expected to be paid more than a year after the initial recognition date have been classified as long term in the financial statements, initially recognized at fair value, using an appropriate discount rate, and subsequently measured at amortized cost.

## Revenue Recognition

We have recorded all revenue that met the following criteria:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred, or services have been rendered;
- Price is fixed or determinable; and
- Collectability is reasonably assured.

## Government Transfers

### Transferring organization

Transfers have only been recognized as an expense in the year the transfer has been authorized and all eligibility criteria have been met by the recipient.

### Recipient organization

We have disclosed all significant terms and agreements in respect of transfers received from governments.

Transfers without eligibility criteria or stipulations have been recognized as revenue once the transfer has been authorized.

Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.

Transfers with or without eligibility criteria but with stipulations have been recognized as revenue in the year the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3200 (Liabilities).

### Disclosure

The major kinds of transfers recognized have all been disclosed in the financial statements as well as the nature and terms of liabilities arising from government transfers received.

## Segment Reporting

Pursuant to CPA Canada Public Sector Accounting Handbook, Section PS 2700 (Segment Disclosures), in identifying segments, management has considered the definition of a segment and other factors, including:

- the objectives of disclosing financial information by segment;
- the expectations of members of the community and their elected or appointed representatives regarding the key activities and accountabilities of the government;
- the qualitative characteristics of financial reporting as set out in CPA Canada Public Sector Accounting Handbook, Section PS 1000 (Financial Statement Concepts);
- the homogeneous nature of the activities, service delivery, or recipients of the services;
- whether the activities relate to the achievement of common outcomes or services as reflected in government performance reports and plans;

- whether discrete financial information is reported or available; and
- the nature of the relationship between the government and its organizations (within the reporting entity).

The financial statements disclose all the relevant factors used to identify the Regional District of Bulkley-Nechako's reportable segments.

**Budgetary Data**

We have included budgetary data in our financial statements, which is relevant to the users of financial statements and consistent with that originally planned and approved by Board of Directors on March 21, 2019. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.

Yours truly,

---

John Illes, Chief Financial Officer

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Gerry Thiessen, Chair

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***Appendix A: Related Parties***

See attached proposed related parties summary.

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**Appendix A: Related parties listing****Board of Directors**

- Director Clint Lambert, and immediate family
- Mayor Gerry Thiessen, and immediate family
- Director Michael Riis-Christianson, and immediate family
- Director Mark Fisher, and immediate family
- Mayor Taylor Bachrach, and immediate family
- Mayor Beverley Playfair, and immediate family
- Director Thomas Greenway, and immediate family
- Director Mark Parker, and immediate family
- Mayor Dolores Funk, and immediate family
- Mayor Bradley Layton, and immediate family
- Councilor Kimberly Watt-Senner, and immediate family
- Director Robert Newell, and immediate family
- Director Jerry Petersen, and immediate family
- Mayor Gladys Atrill, and immediate family
- Director Andrea Newell, and immediate family
- Mayor Shane Brienen, and immediate family
- Mayor Linda McGuire, and immediate family

**Management**

- John Illes, Chief Financial Officer, and immediate family
- Curtis Helgesen, Chief Administrative Officer, and immediate family

**Related party entities:**

Stuart-Nechako Regional Hospital District  
High Slope Acres  
Bachrach Communications  
Prosports Holdings  
0702090 BC Ltd.  
EDVI Holdings Inc.  
Jeraud Ranch and Farm

***Appendix B: Proposed Audit Adjustments***

See attached proposed audit adjustments.

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Numt	Date	Name	Account No	Debit	Credit
1	2019-12-31	Due from GRF - NCPG	110290	108,162.00	
1	2019-12-31	NCPG Reserve	201007		-108,162.00
1	2019-12-31	Northern Capital Planning Grant	310090		-108,162.00
1	2019-12-31	Contribution to NCPG Reserve	781098.1202	108,162.00	
<p>To reverse NCPG revenue transaction that was recorded twice.</p>					
2	2019-12-31	Transfer from NCPG	420099.1202		-803,898.00
2	2019-12-31	Contribution to NCPG Reserve	781098.1202	803,898.00	
<p>To record transfer from NCPG reserve.</p>					
3	2019-12-31	Due from/to Hospital District	101006	1,738.00	
3	2019-12-31	Administration Recovery - SNRHD	460001.1203		-1,738.00
<p>To agree intercompany balance to SNHRHD caseware</p>					

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## Regional District of Bulkley-Nechako Memo Special Board Meeting

**To:** Board of Directors  
**From:** John Illes, Chief Financial Officer  
**Date:** May 7, 2020  
**Issue:** Lakes District Museum Society Grant Request

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### **Recommendation** (All/Directors/Majority):

“That the Board approve the grant request of the Lakes District Museum Society and authorize payment of \$1,105.85.”

### **Background:**

The Lakes District Museum Society has requested a grant from the Lakes District Arts and Culture Service (the contributors to this service are Electoral Areas B and E and the Village of Burns lake) for \$1,105.85.

The purpose of this grant is to create a small public art gallery within the Lakes District Museum. The grant request is attached to this memo.

The Lakes District Arts and Council Service taxes the three contributors based on Improvements-only assessments. Each year \$10,000 is allocated to an operational grant program for community functions. With this grant allocation, \$18,894.15 is left to allocate for future grant requests (this includes surplus from last year).

Director Funk and Director Lambert are supportive of this proposal.



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**Lakes District Museum Society**  
520 Highway 16 West  
PO Box 266  
Burns Lake, British Columbia V0J 1E0

Tel: (250) 692-7450  
Email: [ldmuseumsociety@gmail.com](mailto:ldmuseumsociety@gmail.com)

April 27, 2020

Board of Directors  
Regional District of Bulkley-Nechako  
PO Box 812  
Burns Lake, British Columbia V0J 1E0

Dear Sirs/Mesdames:

**RE: Arts and Culture Fund Application**

The purpose of this letter is to apprise you of a new initiative at the Lakes District Museum and request supplementary financial support totalling \$1,105.85 from the RDBN's Arts and Culture Fund.

For several years, local artists have been lobbying for the creation of gallery space in Burns Lake. At the same time, our museum has been searching for ways to (a) increase museum visits, (b) generate additional revenue for museum society projects, and (c) secure additional space for small traveling exhibits from institutions such as the Royal BC Museum.

Last winter, our society converted all its documentary heritage material (photographs, manuscripts, transcribed interviews, old newspapers, etc.) to digital files accessible by computer. This monumental task has allowed the Lakes District Museum to move all its bulky hard-copy materials to a secure storage area within the facility, freeing up an entire 12' x 11' room on the building's main floor.

We propose to redevelop this area as a small public art gallery. Ideally, we would use the space to display the work of local and regional artists each year (and the occasional traveling museum exhibit) during our May – September operating season. Visitors would be charged admission, but those who purchase an annual \$10 museum society membership would be entitled to unlimited visits.

Community response to this proposal has been tremendous. Individuals in the economic development departments of both the Regional District of Bulkley-Nechako and the Village of Burns Lake have expressed their support in principle for it, as have several local artists, photographers, and arts-related organizations. With this in mind, we would like to undertake the required work this year, as it makes sense to complete it now in conjunction with other museum renovations. (Because our facility is closed due to the COVID-19 pandemic, our staff can make the changes in a safe manner without inconveniencing the public.)

Our society is prepared to fund a significant portion of the costs associated with this initiative (materials and staff time valued at more than \$750) from its 2020 operating budget. Volunteers are providing additional labour valued at approximately \$400, but we are seeking financial support for the rail picture hanging system and pedestal displays.

The cost of purchasing a gallery-quality STAS picture hanging system, as well as the materials required to fabricate pedestal displays, is \$1,105.85 (including tax). Museum staff and volunteers will complete the necessary installation and fabrication work (an in-kind contribution valued at approximately \$400).

**At this time, we are requesting a one-time contribution to this project of \$1,105.85 from the Regional District of Bulkley-Nechako's Lakes Arts & Culture Fund.** It is our understanding that the fund, set up to support projects of this type in the Lakes District, can accommodate our request without increasing taxation.

Thank you for considering our application. We feel the proposed gallery will be a great addition to the community, promoting arts and culture in the region while at the same time generating new opportunities for our society.

If you require additional information, please feel free to contact the Lakes District Museum at (250) 692-7450.

Sincerely,

  
pr Russ Skillen  
President

attach.

## STAS PICTURE HANGING SYSTEM

Based in Eindhoven, The Netherlands, STAS was founded in 1995 by brothers Rien and André Stas. The company is now the #1 worldwide seller of picture hanging systems. It uses premium European components, and its products are available in more than 53 countries worldwide. It holds over 20 patents, and has won several prestigious design awards.

More than 40 million pieces of wall décor hang from STAS rail systems, including quilts, plates, paintings, and mirrors. More than 10,000 museums, offices, galleries, and public buildings around the world utilize STAS rail systems to present art in a safe, professional *non-destructive* manner.

### Why STAS?

#### Creative wall use

STAS products are designed in such a way that moving and replacing wall decorations does not take any effort. This makes them ideal for environments where decoration changes regularly, such as offices, galleries, hospitals, or schools. The products are easy to use without tools and walls remain spared, no matter how often your wall fixture changes.

#### Sustainable building management and cost savings

STAS products are a one-off investment for the long term. The neutrally designed systems are timeless and create calmness and overview. Because walls remain undamaged, wall maintenance or repair is no longer a cost item.

#### STAS knows best

STAS has been an expert in flexible hanging since 1995 and has already provided hundreds of companies and institutions with hanging systems. Our advice is free of obligation and if possible takes place on location. Our professionals know what to do with every wall and ceiling type.

#### STAS products TÜV certified

STAS strives day after day for products of the highest quality. To guarantee the quality and independence of products, STAS has commissioned TÜV for the testing of its products. TÜV Nederland is an independent and recognized body that assesses the quality of products according to a set standard and has extensive experience in the field of product safety and product inspections. Under the direction of TÜV, a large part of our range of products has been tested for quality and correctness of the specified features. All products where the TÜV logo is shown, have actually been tested by TÜV Nederland and approved for the capacity that is stated in the features of that product.

[More information about our TÜV certification >>](#)



**TÜV**  
certified



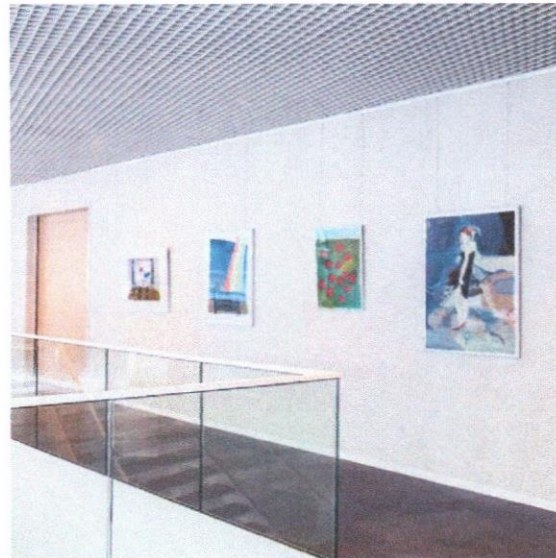
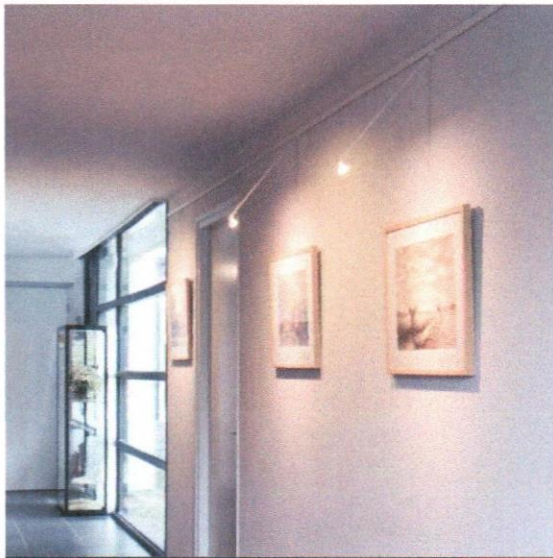
### STAS CLIPRAIL PRO

STAS cliprail pro is ideal for hanging heavier objects on walls thanks to its thick-walled profile. This rail can carry an amazing 45 kg per linear metre. Despite its large weight-bearing capacity, the STAS cliprail pro is an elegant, unobtrusive rail that can be used in professional environments as well as in the home. STAS cliprail pro owes its name to the specially designed fastening clip - the STAS railclip - which allows easy fixation to the wall.

[More information on STAS cliprail pro](#)



STAS products in a public gallery. The elegant, unobtrusive rail system has a load capacity of up to 99 lbs. (45 kg) per lineal metre.



STAS rail system in private collections. Some systems come with integral track lighting (left).