

2014

DISTRICT OF WELLS
STATEMENT OF
FINANCIAL
INFORMATION

Financial Information Regulation, Schedule 1

Checklist – Statement of Financial Information (SOFI)

For the Corporation:

Corporate Name: DISTRICT OF WELLS Contact Name: Katrina Leckovic
 Fiscal Year End: 31 December 2013 Phone Number: (250) 994-3330
 Date Submitted: 24 June 2014 E-mail: administrator@wells.ca

For the Ministry:

Ministry Name: _____ Reviewer: _____
 Date Received: _____ Deficiencies: Yes No
 Date Reviewed: _____ Deficiencies Addressed: Yes No
 Approved (SFO): _____ Further Action Taken: _____

Distribution: Legislative Library Ministry Retention

FR Schedule 1 Section	Item	Yes	No	N/A	Comments
General					
1 (1) (a)	Statement of assets and liabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (1) (b)	Operational statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (1) (c)	Schedule of debts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (1) (d)	Schedule of guarantee and indemnity agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
1 (1) (e)	Schedule of employee remuneration and expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (1) (f)	Schedule of suppliers of goods and services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (3)	Statements prepared on a consolidated basis or for each fund, as appropriate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1 (4) 1 (5)	Notes to the financial statements for the statements and schedules listed above	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	



Statement of Assets & Liabilities

2	<ul style="list-style-type: none"> A balance sheet prepared in accordance with GAAP or stated accounting principles / policies, and Show changes in equity and surplus or deficit due to operations 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
---	---	-------------------------------------	--------------------------	--------------------------	--

Operational Statement

3 (1)	<p>Prepared in accordance with GAAP or stated accounting principles / policies and consists of:</p> <ul style="list-style-type: none"> a Statement of Income or Statement of Revenue and Expenditures, and a Statement of Changes in Financial Position 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3 (2) 3 (3)	<ul style="list-style-type: none"> The Statement of Changes in Financial Position may be omitted if it provides no additional information The omission must be explained in the notes 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
3 (4)	Community colleges, school districts, and municipalities must prepare a Statement of Changes in Financial Position for the Capital Fund	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Schedule of Debts

4 (1) (a) 4 (2)	List each long-term debt (secured by debentures, mortgages, bonds, etc.), stating the amount outstanding, the interest rate, and the maturity date	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4 (1) (b)	Identify debts covered by sinking funds or reserves and amounts in these accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
4 (3) 4 (4)	<ul style="list-style-type: none"> The schedule may be omitted if addressed under section 2 or 5 and it provides no additional information The omission must be explained in a note to the schedule 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Schedule of Guarantee and Indemnity Agreements

5 (1)	List financial agreements that required government approval prior to being given (see Guarantees and Indemnities Regulation in FIA Guidance Package)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
5 (2)	State the entities involved, and the specific amount involved if known	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
5 (3) 5 (4)	<ul style="list-style-type: none"> • The schedule may be omitted if addressed under section 2 or 4 and it provides no additional information • The omission must be explained in a note to the schedule 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Schedule of Remuneration and Expenses
(See Guidance Package for suggested format)

6 (2) (a)	List separately, by name and position, the total remuneration and the total expenses for each elected official, member of the board of directors, and employee appointed by Cabinet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6 (2) (b)	List alphabetically each employee whose total remuneration exceeds \$75,000 and the total expenses for each [excluding the persons listed under 6 (2) (a)]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
6 (2) (c)	Include a consolidated total for employees whose remuneration is \$75,000 or less [excluding the persons listed under 6 (2) (a)]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6 (2) (d)	Reconcile or explain any difference between total remuneration in this schedule and related information in the operational statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6 (3)	Exclude personal information other than name, position, function or remuneration and expenses of employees	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Schedule of Remuneration and Expenses
(See Guidance Package for suggested format)

6 (6)	Report the employer portion of EI and CPP as a supplier payment to the Receiver General for Canada rather than as employee remuneration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6 (7) (a) 6 (7) (b)	<p>Include a statement of severance agreements providing:</p> <ul style="list-style-type: none"> the number of severance agreements under which payment commenced in the fiscal year being reported on for non-union employees, and the range of equivalent months' compensation for them <p>(see Guidance Package for suggested format)</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
6 (8)	Provide the reason for omitting a statement of severance agreements in a note to the schedule of remuneration and expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Schedule of Suppliers of Goods or Services
(See Guidance Package for suggested format)

7 (1) (a)	List in alphabetical order all suppliers of goods and services who received aggregate payments exceeding \$25,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7 (1) (b)	Include a consolidated total of all payments to suppliers who received \$25,000 or less	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7 (1) (c)	Reconcile or explain any difference between the consolidated total and related figures in the operational statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7 (2) (b)	Include a statement of payments for the purposes of grants or contributions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Inactive Corporations					
8 (1)	The ministry reports for the corporation if the corporation is not operating to the extent required to produce a SOFI	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
8 (2) (a)	The ministry's report contains the statements and schedules required under section 1 (1), to the extent possible	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
8 (2) (b)	The ministry's report contains a statement of the operational status of the corporation (see Guidance Package regarding what to include)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Approval of Financial Information					
9 (1)	Corporations other than municipalities – the SOFI is signed as approved by the board of directors or the governing body (see Guidance Package for example)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
9 (2)	Municipalities – the SOFI is approved by its council and by the officer assigned responsibility for financial administration (see Guidance Package for example)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9 (3)	A management report is included, signed by the head and chief financial officer, or by the municipal officer assigned responsibility for financial administration (see examples in annual report at http://www.gov.bc.ca/cas/popt/)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9 (4)	The management report explains the roles and responsibilities of the board of directors or governing body, audit committee, management, and the auditors	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9 (5)	Signature approvals required in section 9 are for each of the statements and schedules of financial information, not just the financial statements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

STATEMENT OF FINANCIAL INFORMATION

SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF GOODS OR SERVICES IN 2013

1 .Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

Supplier name	Aggregate amount paid to supplier
BC Hydro and Power Authority	\$38,119.33
Cariboo Regional District	\$39,852.71
HMC Road Maintenance Inc.	\$76,860.00
Jepson Petroleum Ltd.	\$32,673.85
Municipal Finance Authority	\$33,296.82
Receiver General of Canada	\$79,501.61
Two Boys Ltd.	\$29,577.46
Vachon Construction Ltd.	\$70,539.00

Total aggregate amount paid to suppliers \$400,420.78

2. Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less

\$307,289.76

3. Total paid to Suppliers \$707,710.54

STATEMENT OF FINANCIAL INFORMATION

DISTRICT OF WELLS

Staff 2013 Remuneration

Name	Position	Salary	Expenses
Gary Champagne	Chief Administrative Officer	\$ 79,818	\$2770
Dennis Manuel	Supt. Of Public Works	\$ 78,756	\$0
Other under \$50,000		\$148,179	

Mayor and Council 2013 Remuneration and Expenses

Name	Remuneration	Expenses
Mayor Robin Sharpe	\$7955	\$4628
Councillor Richard Wright	\$3235	\$0
Councillor Mike Wallace	\$3235	\$3054
Councillor Virginia Wilkins	\$3235	\$2450
Councillor Judy Campbell	\$3235	\$875

DISTRICT OF WELLS

2013

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

Katrina Leckovic
Position of Financial Officer/Administrator
Date: June 24, 2013

Robin Sharpe
Mayor
Date: June 24, 2013

DISTRICT OF WELLS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

INDEX

	Page
Management's Responsibility	2
Independent Auditor's Report	3-4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-17
Independent Auditor's Report on Supplementary Information	18
General Operating Fund Statement of Financial Position	19
General Operating Fund Statement of Operations	20-22
Water System Statement of Financial Position	23
Water System Statement of Operations	24
Sewer System Statement of Financial Position	25
Sewer System Statement of Operations	26

MANAGEMENT'S RESPONSIBILITY

The information and representations in the consolidated financial statements are the responsibility of management and have been approved by the Mayor and Council of the District of Wells. The consolidated financial statements were prepared by management in accordance with Canadian Public Sector Accounting Standards and, where necessary, reflect management's best estimates and judgements at this time. It is reasonably possible that circumstances may arise which cause actual results to differ. Management does not believe it is likely that any differences will be material.

The District of Wells maintains systems of internal accounting controls, policies and procedures to provide reasonable assurances as to the reliability of the financial records and safeguarding of its assets.

The Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been reviewed and approved by the Mayor and Council. The consolidated financial statements have been audited by Fraser Bevz Broughton Chartered Accountants LLP, the independent auditors, whose report follows.

March 19, 2014
Wells, British Columbia



D. Kane Fraser, CPA, CA*
Partner

Shelley R. Bevez, CPA, CA
Partner, Certified Aboriginal Finance Manager

Ryan Broughton, CPA, CA*
Partner

**Denotes incorporated professional*

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council,
District of Wells

We have audited the accompanying consolidated financial statements of the District of Wells, which comprise the Consolidated Statement of Financial Position as at December 31, 2013 and the Consolidated Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



FRASER BEVZ BROUGHTON
Chartered Accountants LLP

D. Kane Fraser, CPA, CA*
Partner

Shelley R. Bevez, CPA, CA
Partner, Certified Aboriginal Finance Manager

Ryan Broughton, CPA, CA*
Partner

**Denotes incorporated professional*

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the District of Wells as at December 31, 2013, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ryan Broughton, CA

March 19, 2014
Quesnel, British Columbia

Fraser Bevez Broughton Chartered Accountants LLP

District of Wells
Consolidated Statement of Financial Position
As at December 31, 2013

	<u>2013</u>	<u>2012</u>
Financial assets		
Cash and investments	\$ 508,476	\$ 612,244
Taxes and accounts receivable (note 2)	163,540	170,089
Investment in wholly owned subsidiary (note 3)	955	955
	<u>672,971</u>	<u>783,288</u>
Financial Liabilities		
Accounts payable and accrued liabilities	50,992	18,365
Deferred revenue (note 4)	124,609	232,846
Barkerville cemetary fund	1,137	1,137
District debt (note 5)	76,599	146,843
	<u>253,337</u>	<u>399,191</u>
Net financial assets	<u>419,634</u>	<u>384,097</u>
Non-financial assets		
Property acquired for taxes	4,620	4,620
Tangible capital assets (note 6)	6,340,111	6,426,407
	<u>6,344,731</u>	<u>6,431,027</u>
District Surplus (note 7)	<u>\$ 6,764,365</u>	<u>\$ 6,815,124</u>

District of Wells

Consolidated Statement of Operations

For the year ended December 31, 2013

	2013 Budget (unaudited)	2013 Actual	2012 Actual
Revenue			
Government grants	\$ 318,101	\$ 342,687	\$ 678,017
Taxation	176,226	175,411	173,117
Other revenue from own sources	91,239	80,218	95,516
Utility user fees	66,606	67,540	68,611
Northern Development Initiative Trust	42,500	57,395	35,000
Worksafe BC	-	-	25,146
Sale of services	19,143	15,498	19,054
Barkerville co-operative marketing	2,500	-	2,205
Government and other contributions for capital	59,514	59,509	59,514
	<u>775,829</u>	<u>798,258</u>	<u>1,156,180</u>
Deferred from previous year	-	232,846	161,280
Deferred to following year	-	(124,609)	(232,846)
	<u>775,829</u>	<u>906,495</u>	<u>1,084,614</u>
Expenses			
Amortization	-	172,982	171,090
General government services	688,223	713,960	795,917
Protective services	20,655	16,489	19,317
Water utility operations	38,175	23,493	21,156
Sewer utility operations	26,879	24,044	21,595
Interest	7,208	6,286	4,567
	<u>781,140</u>	<u>957,254</u>	<u>1,033,642</u>
Annual Surplus	<u>(5,311)</u>	(50,759)	50,972
District surplus, beginning of year		<u>6,815,124</u>	<u>6,764,152</u>
District surplus, end of year		<u>\$ 6,764,365</u>	<u>\$ 6,815,124</u>

District of Wells

Consolidated Statement of Changes in Net Financial Assets For the year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Annual surplus	(50,759)	50,972
Amortization	172,982	171,090
Tangible assets purchased	<u>(86,686)</u>	<u>(65,185)</u>
Increase in net financial assets	35,537	156,877
Net Financial Assets, beginning of year	<u>384,097</u>	<u>227,220</u>
Net Financial Assets, end of year	<u>\$ 419,634</u>	<u>\$ 384,097</u>

District of Wells

Consolidated Statement of Cash Flows For the year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
NET INFLOW (OUTFLOW) OF CASH:		
Operating Activities		
Annual surplus	\$ (50,759)	\$ 50,972
Non-cash charges to operations		
Amortization	172,982	171,090
Changes in non-cash operating balances:		
Increase in taxes and accounts receivable	6,549	(18,885)
Increase (decrease) in accounts payable and accrued liabilities	32,627	(41,884)
Increase (decrease) in deferred revenue	(108,237)	71,566
Increase in Barkerville cemetery fund	-	-
	<u>53,162</u>	<u>232,859</u>
Capital Activities		
Tangible capital asset purchases	<u>(86,686)</u>	<u>(65,185)</u>
Financing Activities		
District debt repayment	<u>(70,244)</u>	<u>(68,800)</u>
Increase (decrease) in cash and investments	(103,768)	98,874
Cash and investments, beginning of year	<u>612,244</u>	<u>513,370</u>
Cash and investments, end of year	<u>\$ 508,476</u>	<u>\$ 612,244</u>

District of Wells

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

General

The Notes to the Consolidated Financial Statements are an integral part of the statements. They explain the significant accounting and reporting policies, and the principles that form the basis for these statements. The Notes also provide important supplementary information and explanations, which cannot be conveniently integrated into the Consolidated Financial Statements.

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

These consolidated financial statements reflect all revenues, expenses, assets and liabilities of the District of Wells. It is the District's policy to follow Canadian public sector accounting standards and apply such principles consistently. The consolidated financial statements have been prepared incorporation guidelines issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants as recommended by Municipal Affairs, Province of British Columbia.

The focus of Canadian public sector accounting standards is on the financial position of the District and the changes thereto. The Consolidated Statement of Financial Position reflects the combined results and activities of the District's Operating, Capital and Reserve Funds. The purposes of these funds are:

i. **Operating Funds**

Operating Funds are to be used to record the costs associated with providing District services.

ii. **Capital Funds**

Capital Funds are used to account for the acquisition costs of the District's Tangible Capital Assets, the accumulated amortization thereon, and the funding thereof including related long-term debt.

iii. **Reserve Funds**

Under the *Local Government Act* of the province of British Columbia, the Mayor and Council of the District may, by bylaw, establish Reserve Funds for specific purposes. Money in a Reserve Fund and interest thereon must be used only for the purpose for which the fund was established. If the amount in a Reserve Fund is greater than required, the Mayor and Council may, by bylaw, transfer all or part of the balance to another Reserve Fund.

Financial assets are economic resources controlled by the government as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the government to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recorded in the period in which goods and services are acquired and a liability is incurred.

District of Wells

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Restricted Financial Assets

Restricted financial assets include assets held in trust to be expended only in accordance with the conditions of the trust, and amounts from reserve funds set aside for future debt retirement or for future capital expenditures.

c. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, excluding all interest costs. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

Amortization is provided using the straight-line method at the following rates:

Buildings	2.50%
Roads and infrastructure	2.00%
Equipment	10.00%
Water system	1.25%
Sewer system	1.25%
Mountain trails system	1.25%

d. Restricted and Deferred Revenues

Receipts which are restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When related expenses are incurred they are brought into revenue in the year the expenses were incurred. Revenues received in advance of expenses which will be incurred in a later period are deferred until the expenses are incurred.

e. Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the the use of management estimates include: determination of accrued sick benefits, collectability of accounts receivable, amortization of tangible capital assets and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

District of Wells

Notes to the Consolidated Financial Statements For the year ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Accounting Policy Developments

On April 1, 2014, the District will be required to adopt the provisions of Section PS 3260 - Liability for Contaminated Sites of the PSAB handbook. Section PS 3260 establishes standards on accounting for and disclosure of liabilities associated with the remediation of contaminated sites in order to ensure relevant and reliable information is provided and to promote uniformity and consistency of application of the standards. The District has implemented the necessary procedures to enable it to comply with the requirements of Section PS 3260.

2. TAXES AND ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
Tax roll and utilities	\$ 59,984	\$ 45,569
GST/HST refund	12,604	34,891
Northern Development Initiative Trust	57,395	35,000
UBCM	-	26,173
CMHC	-	10,000
Wells Curling Rink	-	9,557
Northern Health Authority	4,925	4,925
Real Estate Foundation	-	3,000
Other	-	974
Western Economic Development	28,632	-
	<u>\$ 163,540</u>	<u>\$ 170,089</u>

3. INVESTMENT IN WHOLLY OWNED SUBSIDIARY

Wells - Barkerville Community Forest Ltd.		
Advances	\$ 855	\$ 855
Shares	100	100
	<u>\$ 955</u>	<u>\$ 955</u>

There are no specific terms of repayment on the unsecured non-interest bearing advances. The above company is in the process of developing a community forest, the economic benefits of which will accrue to the local area.

District of Wells

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

4. DEFERRED REVENUE

The District has recorded the following externally restricted revenues to be used in the completion of ongoing projects:

	<u>2013</u>	<u>2012</u>
Small Communities Grant	\$ 124,609	\$ 230,165
Community Works Fund	-	2,681
	<u>\$ 124,609</u>	<u>\$ 232,846</u>

The District is a participant under the Community Works Fund that provides for the District's receiving Federal gas taxes transferred under the New Deal for Cities and Communities signed by the Union of BC Municipalities, the Province of British Columbia, and the Government of Canada. Although the District has some latitude in determining which projects to pursue, the agreement provides that projects should address the reduction of greenhouse gas emissions, cleaner air and cleaner water.

Activity of the Community Works Fund	<u>2013</u>	<u>2012</u>
Balance - beginning of the year	\$ 2,681	\$ -
Received from UBCM	59,509	59,514
Interest	-	26
Eligible project expenditures	<u>(62,190)</u>	<u>(56,859)</u>
	<u>\$ -</u>	<u>\$ 2,681</u>

5. DISTRICT DEBT

General Fund

M.F.A. Leasing Corporation - Toshiba copier lease repayable in monthly instalments of \$166 including interest at 1.25%	\$ 1,004	\$ 2,747
--	----------	----------

Water Fund

Interim Funding - Water System Upgrade Project	40,176	97,977
Debenture Debt	<u>35,419</u>	<u>46,119</u>
	<u>\$ 76,599</u>	<u>\$ 146,843</u>

District of Wells

Notes to the Consolidated Financial Statements For the year ended December 31, 2013

5. DISTRICT DEBT (continued)

Estimated principal repayments required in the each of the next five years are as follows:

2014	\$	7,260
2015		6,256
2016		6,256
2017		6,256
2018		6,256

6. TANGIBLE CAPITAL ASSETS

			<u>2013</u>	<u>2012</u>
	Cost	Accumulated Amortization	Net Carrying Amount	
Land	\$ 257,524	\$ -	\$ 257,524	\$ 257,524
Buildings	2,855,495	681,259	\$ 2,174,236	2,157,934
Roads and infrastructure	708,957	150,400	\$ 558,557	572,736
Mountain trail systems	181,580	5,441	\$ 176,139	177,274
Equipment	672,637	486,076	\$ 186,561	230,078
Water system	2,274,191	354,280	\$ 1,919,911	1,947,187
Sewer system	1,319,257	252,074	\$ 1,067,183	1,083,674
	<u>\$ 8,269,641</u>	<u>\$ 1,929,530</u>	<u>\$ 6,340,111</u>	<u>\$ 6,426,407</u>

Tangible Capital Asset Additions for the year are as follows:

	Cost January 1, 2013	Additions	Cost December 31, 2013
Land	\$ 257,524	\$ -	\$ 257,524
Buildings	2,768,937	86,558	\$ 2,855,495
Roads and infrastructure	708,957	-	\$ 708,957
Mountain trail systems	181,580	-	\$ 181,580
Equipment	672,509	128	\$ 672,637
Water system	2,274,191	-	\$ 2,274,191
Sewer system	1,319,257	-	\$ 1,319,257
	<u>\$ 8,182,955</u>	<u>\$ 86,686</u>	<u>\$ 8,269,641</u>

District of Wells

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

6. TANGIBLE CAPITAL ASSETS (continued)

Amortization for the year is as follows:

	Accumulated Amort. January 1, 2013	Amortization	Cost December 31, 2013
Buildings	\$ 611,003	\$ 70,256	\$ 681,259
Roads and infrastructure	136,221	14,179	150,400
Mountain trail systems	4,306	1,135	5,441
Equipment	442,431	43,645	486,076
Water system	327,004	27,276	354,280
Sewer system	235,583	16,491	252,074
	<u>\$ 1,756,548</u>	<u>\$ 172,982</u>	<u>\$ 1,929,530</u>

7. DISTRICT SURPLUS

	<u>2013</u>	<u>2012</u>
General operating fund	\$ 3,820,004	\$ 3,898,350
Water system	1,863,925	1,826,336
Sewer system	1,080,436	1,090,438
	<u>\$ 6,764,365</u>	<u>\$ 6,815,124</u>

8. COMMITMENTS AND CONTINGENCIES

- a. The District is jointly and severally liable under the provisions of the *Community Charter* for any default on monies borrowed by the Cariboo Regional District.
- b. Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 2012 indicated a funding deficit of \$1,370 million for basic pension benefits.

District of Wells

Notes to the Consolidated Financial Statements For the year ended December 31, 2013

8. COMMITMENTS AND CONTINGENCIES (continued)

b. Municipal Pension Plan (continued)

The next valuation will be December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension accounting). This is because the Plan records accrued liabilities and assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and costs to the individual employers participating in the plan.

The District of Wells paid \$7,453 for employer contributions to the plan in fiscal 2013 (\$5,708 - 2012).

c. Greenhouse Gas Reduction Targets

The Province of British Columbia has enacted the *Greenhouse Gas Reduction Targets Act*. The Act sets targets of reducing greenhouse gas emissions by at least 33% below 2007 levels by 2020. The Act requires that local governments comply with the Act commencing in 2011.

Management has taken the necessary steps to comply with the Act. Costs of compliance will be recorded in the years such costs are incurred.

9. ECONOMIC DEPENDENCE

The District receives a significant portion of revenue from the Province of British Columbia through the government's Small Community Protection Program. The effect on the District's operations would be significantly adverse should the program be discontinued.

The current program's final payment is in June 2014. While new funding has not yet been announced, Management is confident the program will be reinstated. In the unlikely event the program is not reinstated, Management feels the District will have adequate assets to continue to discharge liabilities in the normal course of business operations until 2016, at which point operations would revert to the Cariboo Regional District.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The District's financial instruments consist of cash and investments, taxes and accounts receivable, accounts payable and accrued liabilities and District debt. Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

District of Wells

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The District is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the District provides services may experience financial difficulty and be unable to fulfill their obligations. The District mitigates this risk by dealing with counterparties management considers to be of high integrity.

The District is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments. No financial instruments are held that mitigate this risk.

11. EXPENSES BY OBJECT

	<u>2013</u> <u>Budget</u> (unaudited)	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Salaries, wages and benefits	\$ 320,286	\$ 321,041	\$ 334,766
Materials and supplies	51,004	43,585	65,982
Contracted services	166,008	191,610	156,712
Rent, maintenance and utilities	159,976	146,376	138,803
Mayor and Council remuneration and travel	38,395	33,820	37,675
Insurance	25,813	26,055	24,618
Grants	12,450	23,337	99,429
Debt charges	7,208	6,286	4,567
Amortization	-	172,982	171,090
	<u>\$ 781,140</u>	<u>\$ 965,092</u>	<u>\$ 1,033,642</u>

District of Wells

Notes to the Consolidated Financial Statements For the year ended December 31, 2013

12. BUDGETED FIGURES

The budget amounts presented throughout these consolidated financial statements are unaudited and represent the five year financial plan bylaw approved by the District Mayor and Council on May 14, 2012.

The financial plan anticipated use of surpluses accumulated in previous years to provide for any current year expenditures in excess of current year revenues. Another significant variance is that the financial plan anticipated capital expenditures rather than amortization expense, and changes in District debt.

The summary below reconciles the 2013 adopted financial plan to the budgeted figures presented on the Consolidated Statement of Operations.

Budgeted consolidated annual surplus	\$	-
Budgeted amounts for:		
Tangible Capital Asset acquisitions		73,410
District debt principal repayments		63,130
Net transfers from reserves		<u>(141,851)</u>
Budgeted consolidated annual surplus, as reported	\$	<u><u>(5,311)</u></u>



FRASER BEVZ BROUGHTON
Chartered Accountants LLP

D. Kane Fraser, CPA, CA*
Partner

Shelley R. Bevz, CPA, CA
Partner, Certified Aboriginal Finance Manager

Ryan Broughton, CPA, CA*
Partner

**Denotes incorporated professional*

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Mayor and Council,
District of Wells,

We have audited and reported separately herein on the consolidated financial statement of the District of Wells as at and for the year ended December 31, 2013.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ryan Broughton, CA

Fraser Bevz Broughton Chartered Accountants LLP

March 19, 2014
Quesnel, British Columbia

District of Wells

General Operating Fund - Statement of Financial Position

As at December 31, 2013

	<u>2013</u>	<u>2012</u>
Financial assets		
Cash and investments	\$ 508,476	\$ 612,244
Taxes and accounts receivable	163,540	170,089
Investment in wholly owned subsidiary	955	955
	<u>672,971</u>	<u>783,288</u>
Financial Liabilities		
Accounts payable and accrued liabilities	50,992	18,365
Deferred revenue	124,609	232,846
Barkerville cemetary fund	1,137	1,137
District debt	1,004	2,747
Due to other funds	32,862	30,010
	<u>210,604</u>	<u>285,105</u>
Net financial assets	<u>462,367</u>	<u>498,183</u>
Non-financial assets		
Property acquired for taxes	4,620	4,620
Tangible capital assets	3,353,017	3,395,547
	<u>3,357,637</u>	<u>3,400,167</u>
District Surplus	<u>\$ 3,820,004</u>	<u>\$ 3,898,350</u>

District of Wells

General Operating Fund - Statement of Operations For the year ended December 31, 2013

	<u>2013 Budget (unaudited)</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
Revenue - page 20	\$ 621,987	\$ 643,516	\$ 999,939
Deferred from previous year	-	232,846	161,280
Deferred to following year	-	(124,609)	(232,846)
	<u>621,987</u>	<u>751,753</u>	<u>928,373</u>
Expenses			
Amortization	-	129,215	126,172
General government services - page 21	327,312	301,170	306,728
Civic Buildings - page 21	71,347	70,376	72,490
Fire Protection	18,655	16,070	17,453
Other protective services	2,000	420	1,864
Other - page 21	216,600	255,047	317,261
	<u>635,914</u>	<u>772,298</u>	<u>841,968</u>
Annual Surplus	<u>(13,927)</u>	(20,545)	86,405
District surplus, beginning of year		3,898,350	3,868,984
Transfers to water system		(57,801)	(57,039)
District surplus, end of year		<u>\$ 3,820,004</u>	<u>\$ 3,898,350</u>

District of Wells

General Operating Fund - Statement of Revenues

For the year ended December 31, 2013

	<u>2013</u> <u>Budget</u> (unaudited)	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Revenue			
Taxation	\$ 70,479	\$ 70,479	\$ 67,298
Other revenue from own sources	91,239	80,218	95,516
Worksafe BC	-	-	25,146
Northern Development Initiative Trust	42,500	57,395	35,000
Grants in lieu of taxes	14,531	13,769	14,189
Sale of services	19,143	15,498	19,054
Barkerville co-operative marketing	2,500	-	2,205
Parcel tax	3,980	3,960	4,000
	<u>244,372</u>	<u>241,319</u>	<u>262,408</u>
Government and other contributions			
UBCM pooled funds	59,514	59,509	59,514
Government grants			
Unconditional	294,201	323,713	642,542
Community health	23,900	18,975	35,475
	<u>318,101</u>	<u>342,688</u>	<u>678,017</u>
	<u>\$ 621,987</u>	<u>\$ 643,516</u>	<u>\$ 999,939</u>

District of Wells

General Operating Fund - Detailed expenditures

For the year ended December 31, 2013

	2013 Budget (unaudited)	2013 Actual	2012 Actual
General government			
Administration	\$ 301,890	\$ 298,671	\$ 311,116
Audit and legal	13,858	13,085	13,706
Insurance and deductible claims	24,255	24,497	23,060
Legislative	40,495	35,035	39,793
Office supplies and service contracts	20,228	17,707	18,940
Administration recoveries	(73,414)	(87,825)	(99,887)
	<u>327,312</u>	<u>301,170</u>	<u>306,728</u>
Civic Buildings			
Community hall	\$ 14,672	\$ 13,005	\$ 13,121
Municipal hall	8,900	8,725	8,198
Wells/Barkerville school	47,775	48,646	51,171
	<u>71,347</u>	<u>70,376</u>	<u>72,490</u>
Other			
Public works	\$ 124,800	\$ 121,918	\$ 120,456
Curling rink renovation project	-	9,557	87,064
Temporary post office	15,000	16,956	32,758
Municipal transit	23,400	21,710	20,779
Refuse collection	13,600	12,500	13,072
Economic development	12,450	12,446	12,461
Community promotion	16,900	16,950	9,333
Housing study	-	13,000	7,350
Street lighting	6,000	6,675	6,035
Community forest application	1,000	464	4,536
Visitor centre operating	1,500	1,734	1,553
Barkerville cemetery	1,500	2,831	1,415
Interest and bank charges	450	460	449
Environmental study	-	10,166	-
NDIT Frontage Improvement Project	-	7,680	-
	<u>216,600</u>	<u>255,047</u>	<u>317,261</u>

District of Wells
Water System - Statement of Financial Position
As at December 31, 2013

	<u>2013</u>	<u>2012</u>
Financial assets		
Due from general operating fund	\$ 19,609	\$ 23,246
Financial Liabilities		
District debt	<u>75,595</u>	<u>144,096</u>
Net financial assets	<u>(55,986)</u>	<u>(120,850)</u>
Non-financial assets		
Tangible capital assets	<u>1,919,911</u>	<u>1,947,186</u>
District Surplus	<u>\$ 1,863,925</u>	<u>\$ 1,826,336</u>

District of Wells
Water System - Statement of Operations
For the year ended December 31, 2013

	<u>2013</u> <u>Budget</u> (unaudited)	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Revenue			
Customer billings	\$ 34,701	\$ 36,057	\$ 34,701
Connection charges and custom work	1,220	315	1,325
Parcel taxes	47,336	47,092	47,580
	<u>83,257</u>	<u>83,464</u>	<u>83,606</u>
Expenses			
Administration	32,708	47,080	51,779
Amortization	-	27,276	28,427
Distribution	37,175	21,693	21,184
Hydrants	1,000	1,800	-
Interest	6,758	5,827	4,118
	<u>77,641</u>	<u>103,676</u>	<u>105,508</u>
Annual Surplus (Deficit)	<u>5,616</u>	(20,212)	(21,902)
District surplus, beginning of year		1,826,336	1,791,199
Transfers from general operating fund		<u>57,801</u>	<u>57,039</u>
District surplus, end of year		<u>\$ 1,863,925</u>	<u>\$ 1,826,336</u>

District of Wells
Sewer System - Statement of Financial Position
As at December 31, 2013

	<u>2013</u>	<u>2012</u>
Financial assets		
Due from general operating fund	\$ 13,253	\$ 6,764
Non-financial assets		
Tangible capital assets	<u>1,067,183</u>	<u>1,083,674</u>
	<u>1,067,183</u>	<u>1,083,674</u>
District Surplus	<u><u>\$ 1,080,436</u></u>	<u><u>\$ 1,090,438</u></u>

District of Wells
Sewer System - Statement of Operations
For the year ended December 31, 2013

	<u>2013</u> <u>Budget</u> (unaudited)	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Revenue			
Customer billings	\$ 29,885	\$ 31,168	\$ 29,885
Connection charges and custom work	800	-	2,700
Parcel taxes	39,900	40,110	40,110
	<u>70,585</u>	<u>71,278</u>	<u>72,695</u>
Expenses			
Administration	40,706	40,745	48,140
Amortization	-	16,491	16,491
Collection system	10,800	10,189	12,788
Lift station	7,879	6,003	1,618
Line flushing	8,200	7,852	7,189
	<u>67,585</u>	<u>81,280</u>	<u>86,226</u>
Annual Surplus (Deficit)	<u>3,000</u>	(10,002)	(13,531)
District surplus, beginning of year		<u>1,090,438</u>	<u>1,103,969</u>
District surplus, end of year		<u>\$ 1,080,436</u>	<u>\$ 1,090,438</u>