

**“Live The
Adventure”**

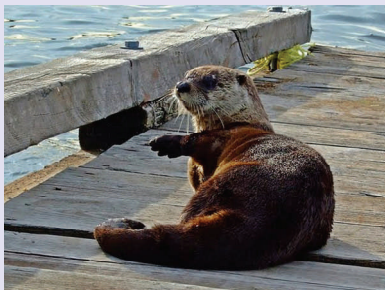


District of Port Hardy 2012 Annual Report

Live



Visit



Invest

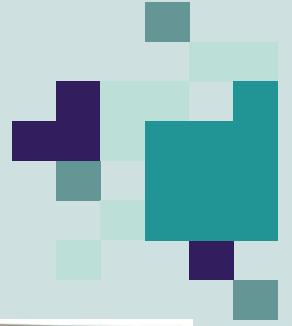




Table of Contents



Message from the Mayor	1
Mayor & Council	3
Message from the Chief Administrative Officer	7
Corporate Leadership Team	9
Community Engagement	10
Council 's Strategic Goals	11
<i>Transportation</i>	12
<i>Development</i>	13
<i>Community Services</i>	14
<i>Public Safety</i>	15
<i>Governance</i>	16
Community Services	17
<i>Corporate Services</i>	18
<i>Building Permits</i>	19
<i>Operational Services</i>	20
<i>Recreation Complex</i>	22
<i>Fire Department</i>	25
<i>Harbour</i>	26
<i>Twinning</i>	28
EPCOR	31
Finance	50



Message from Mayor & Council



It gives me great pleasure to present the District of Port Hardy Annual Report for 2012.

2012 was an incredibly busy year for our community. The Cape Scott Wind Farm began construction in earnest, employing many local individuals and firms, local fish and value added processors were able to run full shifts, and forestry on the North Island saw dramatic increases in production.

Council and staff have worked very hard to keep up with the completion of projects and the launching of new ones. Over the past year, the District has initiated a review of its Zoning bylaws, continued to lobby for enhanced delivery of healthcare services to our community, and participated in a regional housing strategy. We have also restructured our Committees to better reflect community goals as outlined in our new Official Community Plan (adopted in the fall of 2011). For example, we have implemented Sustainability and Economic Development Committees, as well as introduced Downtown Revitalization and Community Consultation Committees.

We have continued to improve our infrastructure with upgrades to the Bear Cove Recreation Site, our commuter trails, acquisition of funding to replace the Little Tsulquate and Stink Creek Park bridges, and construction of a new sidewalk increasing safety for pedestrians walking to Eagle View Elementary School. Both the Commuter Trail project and Bear Cove are slated for completion this summer.

Once completed, the trail will link Port Hardy Secondary School and Eagle View Elementary School with key neighbourhoods and the



Message from Mayor & Council

Recreation Centre, increasing walkability and ease of access to these popular venues.

The Bear Cove Recreation Site will provide a place for recreational boaters and kayakers to stop off and visit our community. It will also offer a great alternative boat launch for locals and tourists heading out for a day of fishing or cruising. Port Hardy has been named, along with Tofino, as a terminus for the Marine Trail Network and the new recreation area will provide a starting-off or completion point for kayaking and boating enthusiasts from around the world.

Successful project implementation could not have been achieved without the skills and dedication of our hard-working staff. Despite our limited capacity and budget, they manage to get the work done and keep our community ticking. In 2013, we will continue to work hard to bring new jobs growth and prosperity to our community. I look forward to hearing your ideas on ways that we can work together to build a thriving and sustainable economy.

Bev Parnham
Mayor

“ Successful project implementation could not have been achieved without the skills and dedication of our hard-working staff. ”

Mayor & Council



From left to right: (back row) Councillor John Tidbury, Councillor Janet Dorward, Councillor Jessie Hemphill, Councillor Rick Marcotte; (front row) Councillor Al Huddleston (deceased), Mayor Bev Parnham, Councillor Nikki Shaw

The Mayor and Council for the District of Port Hardy were each elected for a three-year term in November of 2011. Each member of Council represents the District at large and is appointed to both Port Hardy and regional committees. Council is committed to ensuring that policies established and decisions made are in the best interests of Port Hardy citizens.

Mayor & Council



Mayor Bev Parnham
mayor@porthardy.ca

The Mayor and Council for the District of Port Hardy were each elected for a three-year term in November of 2011. Each member of Council represents the District at large and is appointed to both Port Hardy and regional committees. Council is committed to ensuring that policies established and decisions made are in the best interests of Port Hardy citizens.

Appointments:

Executive Committee, Finance Committee, Economic Development Committee, Downtown Revitalization Committee

External Committees: Regional District of Mt. Waddington, Regional Hospital Board, BC Ferries Northern Advisory, Island Coastal Economic Trust, Scott Islands Advisory, Primary Health Care Local Working Group, Vancouver Island Regional Library Alternate



Councillor Nikki
nshaw@porthardy.ca

Appointments:

Executive Committee, Sustainability Committee, Finance Committee

External Committees: Vancouver Island Regional Library, Regional District of Mt. Waddington Alternate, Regional Hospital Board Alternate, Mt. Waddington Health Network (Housing / Addictions Services)

Mayor & Council



Councillor Janet Dorward

jdorward@porthardy.ca

Appointments:

Executive Committee, Finance Committee, Economic Development Committee, Community Consultative Committee, Downtown Revitalization Committee, Awards Committee, Downtown Revitalization Committee

External Committees: Regional District of Mt. Waddington Alternate, Regional Hospital Board Alternate, Vancouver Island North Woodlands Advisory Group



Councillor Jessie Hemphill

jhemphill@porthardy.ca

Appointments:

Executive Committee, Sustainability Committee, Finance Committee, Downtown Revitalization Committee, Awards Committee

External Committees: Port Hardy Twinning, North Island Heritage Society / Museum



Councillor John Tidbury

jtidbury@porthardy.ca

Appointments:

Executive Committee, Sustainability Committee, Finance Committee, Economic Development Committee, Operational Services Committee, Emergency Preparedness

External Committees: Regional District of Mt. Waddington, Regional Hospital Board, Regional Emergency Committee, Mt. Waddington Health Network (Steering Committee / Transportation)

Mayor & Council



Councillor Rick Marcotte

rmarcotte@porthardy.ca

Appointments:

Executive Committee, Finance Committee, Downtown Revitalization Committee, Operational Services Committee, Volunteer Fire Department, Community Consultative Committee, Awards Committee

External Committees: Coastal Communities Network, Port Hardy Senior's Society, Vancouver Island North Tourism Association



Councillor Al Huddlestan

Passed away March 26, 2013

Allan Sheridan Huddlestan. July 2, 1950- March 26, 2013.

Al was an entrepreneur, community servant and politician for 29 years in the North Island. Most recently Al was the Chair of the Regional District of Mount Waddington and a town councillor in Port Hardy. Known for his love of life, Al spread joy and fun wherever he went. He is sadly missed by his family and friends, and by his co-workers and fellow politicians at the District of Port Hardy and the Regional District of Mt. Waddington.



Message from the Chief Administrative Officer



We are pleased to provide our 2012 Annual Report for consideration by our community. The report provides a great deal of financial information, review of operations and projects and progress on Council's goals and objectives for the year.

In 2012, the District continued to reduce business taxation rates to encourage this sector's growth and re-investment in their infrastructure. Council continued work and planning on our downtown core with stakeholders to revitalize and encourage redevelopment in the area.

The District's departments continue to strive to find efficiencies which allow us to provide the best quality services possible to our citizens. We continue to re-invest in our community infrastructure to ensure a high standard of maintenance and upgrades where needed.

Our commitment to reduction of Greenhouse Gas emissions and reduction of energy consumption continues to be a focus for Council and staff. 2012 also saw the further development of our North Island Community Forest Corporation which is working hard to bring our communities together to share in the sustainable benefits of our nearby forest resources.

Message from the Chief Administrative Officer

The District initiated a comprehensive review of our community zoning by-law which was in need of modernizing and updating to reflect the changing times and needs of various sectors in our town. After further citizen consultation and review, Council will adopt a new zoning bylaw in 2013.

I would personally like to thank our Council, staff and the many volunteers in our community for their dedication and hard work to make Port Hardy a better place to work, live and play.

A great deal of more detailed information on a wide range of our activities is available on our website at www.porthardy.ca. We always welcome input from our citizens on any facet of community interest. Please contact us at general@porthardy.ca or at 250-949-6665.

Rick Davidge

Chief Administrative Officer



Corporate Leadership Team

Rick Davidge
Chief Administrative Officer

Jeff Long
Director of Corporate Services

Allison McCarrick
Director of Finance

Trevor Kushner
Director of Operational Services

Lukas Polacek
Building Inspector & Bylaw Enforcement

Patti Smedley
Economic & Community Development Coordinator

Melinda Dennison
Aquatic Coordinator

Gord Wolden
Recreation Facility Foreman

David Pratt
Harbour Manager

Schell Nickerson
Fire Chief

Gord Brownridge
Staff Sergeant



The Leadership Team

The head of the District's leadership team is the Chief Administrative Officer (CAO) who assists Council in the development of the annual Strategic Plan. This document serves as a guide for planning initiatives, infrastructure and maintenance projects for the coming year, as well as helps to determine the budget. Every team member lends it support to ensure the successful implementation of Council's goals and objectives.

The District also relies on its community partners for the important day-to-day tasks involved in keeping the community safe and vibrant. These partners include local service agencies, The Port Hardy Fire Department, the Vancouver Island Regional Library, The Port Hardy & District Chamber of Commerce, the Royal Canadian Mounted Police and the Port Hardy Museum



Community Engagement

The District of Port Hardy uses both on-line and off-line tools to communicate with the community. In 2012, the District undertook several major projects - including the completion of a new website - in order to better connect with local residents, business, and potential visitors or investors.

In the summer of 2013, the District will introduce a Recreation Survey in order to better understand the needs and interests of residents as relates to recreational pursuits. This survey will be available in several formats, starting in July 2013.

In addition, the District's Economic & Community Development Coordinator is committed to working with the Port Hardy & District and Chamber of Commerce to create business attraction and retention strategies.

The District's communication strategy for 2013 includes:

- ▽ District Website: www.porthardy.ca
- ▽ Facebook pages: Port Hardy Recreation & the Don Cruickshank Memorial Arena
- ▽ Quarterly Newsletter: Distributed with utility bills
- ▽ Regular Council Meetings: held the second and fourth Tuesday of each month at 7 p.m. in Council Chambers. Meeting dates can vary in July, August and September due to vacation schedules.
- ▽ Open Houses: Depending on the information to be shared or gathered, the District may choose to host an Open House to discuss an idea or project with citizens
- ▽ Local Media: The District regularly advertises items of interest to the general public through the *North Island Gazette* (local print media) or through the Port 1240AM (local radio)
- ▽ Community Events: The District hosts and supports several key community events, including the annual Canada Day, FILOMI Days, Halloween Fireworks and Santa Parade - to name a few
- ▽ Partnerships: In addition to the communication tools outlined above, the District also co-produces materials with a variety of community partners, including Tourism Port Hardy, The Port Hardy & District Chamber of Commerce, Vancouver Island North Tourism Association, Emergency Preparedness and Port Hardy Recreation
- ▽ Email and Phone:
 - General Inquiries:** email - general@porthardy.ca or phone 250-949-6665, Monday through Friday, from 8:30 a.m.- 4:30 p.m.
 - Business Development Inquiries:** Contact CAO Rick Davidge, at rickd@porthardy.ca or phone 250-949-6665.



Council's Strategic Goals

Mayor and Council represent the people of Port Hardy by implementing an extensive strategic planning process each year. This process identifies measurable goals to be achieved over the next 12 months, and sometimes, longer. In 2012, goals were created to address priorities for:

- Transportation
- Development
- Community Services
- Public Safety
- Governance

Projects and tasks identified in this process were undertaken to create a more livable and sustainable community.



Transportation

Goal

- ▽ Identify opportunities to be a transportation hub
- ▽ Reduce greenhouse gas emissions
- ▽ Increase walk-ability

Achievements

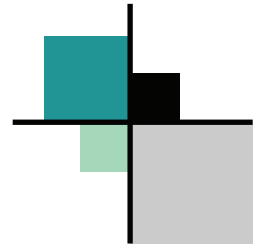
- ▽ Held several meetings with the Economic Development Coordinator from the Central Coast Region to explore options for increasing access to goods and services between the two communities.
- ▽ Mayor Parnham served on the BC Ferries Northern Advisory to help increase awareness around North Island transportation challenges and opportunities.
- ▽ Worked with the Ministry of Jobs, Innovation and Tourism to identify contacts within the Ministry of Transportation to explore “best practice standards” for use of the commercial properties surrounding the airport
- ▽ Secured funding to pave the inner city commuter trails, enhancing connectivity between the key neighbourhoods, Port Hardy Secondary and Eagle View Elementary Schools and the Recreation Complex
- ▽ Completed major upgrades on the Fort Rupert Trail
- ▽ Continued to upgrade marine infrastructure in the inner harbour, including extensive revitalization of infrastructure at the seaplane base
- ▽ Completed Douglas Street “greening” project



Development

Goal

- ▽ Work with North Island College to develop local education, training, research and development programs
- ▽ Eliminate barriers to (sea) foods to be harvested, processed and made available locally
- ▽ Revitalize the downtown core
- ▽ Proactively pursue value-added opportunities
- ▽ Continue to improve our infrastructure
- ▽ Complete a mutually beneficial project with local First Nations



Achievements

- ▽ Served on Workforce Planning and Action Committee to support educational and employment strategies for the North Island
- ▽ Supported efforts to increase access to local foods
- ▽ Assisted International Power and GDF Suez representatives in identifying local service providers; provided logistical expertise around wind component transportation challenges and storage
- ▽ Established a Downtown Revitalization Committee; hosted Fraser Basin staff to help identify priorities
- ▽ Hired engineer to create maps and evaluate infrastructure needs in the downtown core
- ▽ Provided educational materials to local businesses around Development Permit Areas
- ▽ Actively assisted local realtors to market the Seagate Hotel property
- ▽ Harvested first cut in the Community Forest
- ▽ Started extensive by-law zoning review
- ▽ Lobbied for Geoscience BC to complete mineral survey of the North Island



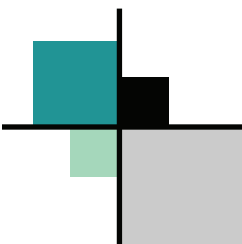
Community Services

Goal

- ▽ Create new opportunities for citizen engagement and communication
- ▽ Work towards developing a community housing strategy
- ▽ Support the development of a primary healthcare facility

Achievements

- ▽ Completed and launched new District website
- ▽ Launched two Facebook pages: Don Cruickshank Memorial Arena and Port Hardy Recreation
- ▽ Drafted strategy to explore new programming for the Recreation Centre; survey coming in 2013
- ▽ Participated in the Regional Housing Strategy; Port Hardy is now ready to move forward on a community housing strategy
- ▽ Worked in concert with VIHA and the Local Healthcare Working Group to address healthcare needs and physician shortages on the North Island





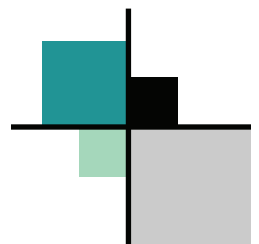
Public Safety

Goal

- ▽ Provide the services and supports necessary to help ensure public safety

Achievements

- ▽ Held meetings with Emergency Preparedness personnel to identify materials needed to increase public safety and first-responder coordination in the case of an emergency
- ▽ Created posters, flyers and handouts to educate locals on emergency preparedness strategies in the case of a Tsunami
- ▽ Put out an RFP to replace the “boards” in the arena
- ▽ Repainted traffic lines on major streets
- ▽ Completed 170 ' linear metres of sidewalk, leading up to Eagle View Elementary School
- ▽ Worked with local service clubs to provide safety barriers and traffic signage during special events





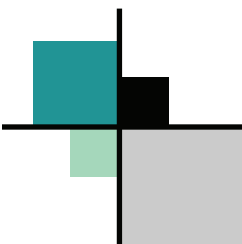
Governance

Goal

- ▽ Provide effective and efficient services that deliver the best value for money
- ▽ Achieve financial stability
- ▽ Develop and retain a skilled workforce, providing quality services
- ▽ Engage citizens and community stakeholders in long-term planning

Achievements

- ▽ Re-invest in infrastructure and improve service levels
- ▽ Fund capital projects with minimal debt
- ▽ Continue efforts to lower the business tax ratio
- ▽ Create sustainable town beautification projects
- ▽ Provide educational and training opportunities to improve workplace safety and promote workforce stability and skills enhancement
- ▽ Attract qualified staff to implement Mayor and Council 's vision as relates to the strategic plan

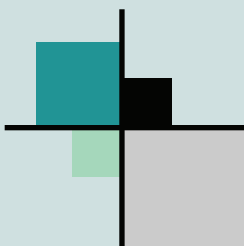




Community Services



- ▽ Corporate Services
- ▽ Building Statistics
- ▽ Operational Services
- ▽ Recreation Complex
- ▽ Fire Department
- ▽ Harbour
- ▽ Twinning





Corporate Services

2012 Highlights

Administration

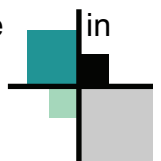
- ◇ Completed Gibraltar Road partial closure and sale of closed portion to Keltic Seafoods
- ◇ Negotiated a lease with Gwa 'sala- 'Nakwaxda 'xw Nation for moorage of Artist Float
- ◇ Developed Terms of Reference for Community Consultative Committee and established committee
- ◇ Hosted Canada Mortgage and Housing Corporation *Developing Your Municipal Housing Action Plan* workshop

Bylaws and Policies

- ◇ Completed Cross Connection Policy and Water Regulations Bylaw
- ◇ Completed Additional Hotel Revenue Tax Bylaw
- ◇ Completed Vacant Properties Bylaw
- ◇ Revised the Animal Care and Control Bylaw, and the Burning and Smoke Control Bylaw
- ◇ Developed staff policies for Emergency Preparedness, use of electronic devices, vehicle safety and prohibiting weapons at work
- ◇ Developed Operational Services policy for sidewalk inspection and maintenance

Development and Building Inspection Services

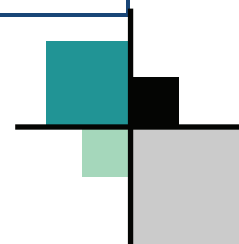
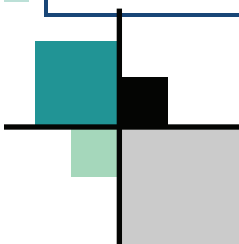
- ◇ Completed negotiations with Cape Scott Wind Farm for a statutory right of way to accommodate construction of their transmission line
- ◇ Began process with Urban Systems for total review of the Zoning Bylaw
- ◇ Issued 45 building permits with a construction value of \$1,295,890; completed 66 woodstove inspections
- ◇ Provided building inspection services to Port Alice, Port McNeill and the Regional District of Mount Waddington
- ◇ Started negotiations with Kwakiutl First Nation, regarding expansion of Kippase Indian Reserve and possible effects on District services
- ◇ Submitted an application to Province of BC for extension of the water lot lease Bear Cove





Building Statistics

	Permits	2012 Values
New housing starts	-	-
Manufactured homes/ foundations/additions/renovations	17	324,750
Residential renovations	18	208,400
Commercial – new construction	1	16,000
Commercial – additions	1	50,000
Commercial – renovations	4	65,500
Institutional – new construction or additions	2	220,000
Institutional – renovations/upgrades	2	190,000
TOTAL BUILDING PERMITS	45	\$1,074,650
WETT (woodstove) Inspections	66	221,240
TOTAL	111	\$1,295,890





Operational Services

2012 Highlights - Public Works

- ◇ Completed annual paving program
- ◇ Established new central Safety Committee
- ◇ Purchased new digital radios
- ◇ Implemented new Sidewalk Inspection Policy
- ◇ Replaced aged traffic signs with new high-grade signage (ICBC partnership)
- ◇ Began construction on inner city trails (Trail Enhancement Grant)
- ◇ Completed Seaview Drive sidewalk (Trail Enhancement Grant)





Operational Services

2012 Highlights - Utilities

- ◇ Completed Hastings Street sewer main replacement
- ◇ Completed Polymer feed upgrade
- ◇ Commissioned Goletas Heights lift station
- ◇ Commissioned Douglas Street PRV
- ◇ Completed infill and infiltration program



Recreation Complex



Port Hardy Aquatic Centre

The 2012 season has come and gone so fast. We have managed to keep all of our programs running this past year, with significant increases in the evening swim - which includes Family and Public Swim. Centre staff have added a new program called Tumble and Play which has become a HUGE hit with the local daycares. And, we are working diligently to boost public drop-ins for this program.

In conclusion, Port Hardy Recreation is still in high demand throughout our community and surrounding communities. With an average of 1400+ people using our swimming facility every month, we continue to serve the public in a reliable and efficient manner. Below is a yearly break down:

2012	PARTICIPANTS	2011	PARTICIPANTS
Early Bird	166	Early Bird	344
Noon Lengths	1910	Noon Lengths	2296
Senior Swim / Family Swim Day	696	Senior Swim / Family Swim Day	1065
Public Swim (Day)	1953	Public Swim (Day)	2382
Public Swim (Evening)	4731	Public Swim (Evening)	3165
Family Swim (Evening)	4141	Family Swim (Evening)	3255
Aqua Fit	3176	Aqua Fit	2418
Adult Lengths (Evening)	492	Adult Lengths (Evening)	730
TOTAL USERS FOR 2012	17,265	TOTAL USERS FOR 2011	15,655



Recreation Complex

Don Cruickshank Memorial Arena

During 2012, the Don Cruickshank Memorial Arena hosted five Minor Hockey Tournaments and 'The Port Hardy Wild Women's Hockey Tournament'. Ice use by patrons and user groups stayed steady, totalling 1067 hours. There was an additional 10 hours of dry floor rentals in the off season. Public skates and special events hosted by the Recreation Department attracted 2,347 skaters, with 310 attending the holiday skates and sticktimes. Of the holiday skates, 178 attended our Christmas on Ice Celebration.

In February, the Recreation staff helped out where we could with the planning of the "BIG EVENT" put on by Hardy Buoys Smoked fish to woo the TV show "The Big Decision". Besides the party held in our parking lot, a Free Swim and Skate were sponsored to support their efforts to impress Arlene Dickinson - Canadian marketing expert and CBC television celebrity.



In the off season, we ran drop-in roller / ball hockey Tuesdays and Wednesdays from April to June. It was our year to host The Mount Waddington Fall Fair and we were once again selected as the venue for the Annual FILOMI Days Dance. Arena staff supported the community through participation in local events like the Fall Fair, Canada Day and FILOMI Days, assisting with event planning, set up and take down. The 2010 Torch Relay Legacy Wall, housed in the Recreation Complex Lobby, saw the completion of a colourful mural created by North Island artisans to commemorate this event. A shadow box to mount the District's Torch along with a medal tray donated by Spike Top will complete this project in 2013. Finally, another important addition to the Recreation Centre was a beautiful chainsaw sculpture of two soaring eagles from Clint Bleaney which is now displayed in the Arena Lobby.



Recreation Complex Statistics

2012 Events

- ▽ January 28 - 29 Minor Hockey Peewee tournament
- ▽ February 4-5 Minor Hockey Bantam tournament
- ▽ February 24—26 Minor Hockey Midget tournament
- ▽ March 19 Ice out
- ▽ July 1 Canada Day
- ▽ July 21-22 N.I. Eagles FILOMI Days Dance
- ▽ September 7– 9 Mount Waddington Fall Fair
- ▽ September 17 Ice in for and First Skate
- ▽ November 2—4 Port Hardy Wild tournament
- ▽ November 10-11 Minor Hockey Atom tournament
- ▽ December 1-2 Minor Hockey Novice tournament
- ▽ December 21 Started Christmas schedule
- ▽ December 21-24 Christmas on Ice



Maintenance

Arena

- ▽ No major projects or repairs were taken on in the arena in 2012. Some touch-up painting, door adjustments, board maintenance and mat replacement were done
- ▽ The pressure valves were changed out for the ammonia system and an ammonia sensor was replaced at the annual servicing
- ▽ Completed general plumbing, and facility repair and maintenance

Pool

- ▽ Repaired leak in the filtration system
- ▽ Replaced air handling unit for the change rooms
- ▽ Completed major upgrades to the Aquatic Centre's alarm and emergency lighting
- ▽ Repaired second leak in pool
- ▽ Performed general plumbing and facility repair and maintenance

Other

- ▽ A major leak under the slab of the civic centre happened over the Canada Day weekend. In determining the extent of damage and remedial action, it was determined to bring in a claims adjuster. In the interim a local contractor donated airflow fans to dry out the sub floor cavity to successfully prevent damage to the floor. An insurance claim made final repairs possible.
- ▽ Finished exterior painting on Recreation Buildings and Civic Centre to the extent we can without elevating equipment
- ▽ Refinished front reception counter



Fire Department

Port Hardy Fire Rescue responded to 116 calls in 2012, down from 117 in 2011. The membership logged in more than 1700 hours in responding to:

38	False Alarms	33%
34	Fire	29%
18	Assistance	16%
11	Motor Vehicle Accidents	9%
15	Various	13%

Fire safety and prevention programs were offered to Eagle View Elementary School, Gwa'sala-Nakwaxda'xw School, Stepping Stone Daycare, Quatsino School and Fort Rupert Elementary School.

The Port Hardy Fire Rescue also participated in the following community events:

The Big Decision, Eagle View School Funfair, Kids Safety Day at Fort Rupert Reserve, Grad Escort, Canada Day Parade, Numata Tour, FILOMI Days Parade and fireworks, Orcafest Parade, Cops for Cancer, Career Expo, Halloween Drive, Pumpkin Patch Bonfire, Remembrance Day, Santa to the mall, Santa Parade, and delivery of Christmas Hampers.

Retiring from the force this year were: Lieutenant Andrew Dukes (15 years), Firefighter Vince Case (10 years) and firefighters Terry Harvey and Alfred Lavallee (both with 5 years).

We had done some work at Fire Hall #1(Town) with building a new 8'x12' storage room, as well as a complete renovation to the Training Officer's Office and Chief's Office. We installed a new TV on the wall, along with a projector and screen for training.

The members of Port Hardy Fire Rescue participated in a wood cut fundraiser. This raised \$4500, used to purchase a set of Rescue 42's used in stabilization of motor vehicles at an accident.



Message from the Chief

I would like to thank our volunteer firefighters and the support of their families and employers for the past year. They had logged in over 7700 personal hours into the fire service that they provide to our community of Port Hardy.

Well Done!

Fire Chief, Schell Nickerson



Harbour Manager ' s Report



2012 was the Port Hardy Harbour Authority' s highest revenue grossing year since 2004, where our records end. The Harbour Authority grossed \$226,507.73 in revenue from Fisherman' s Wharf and the Seine Floats, representing a \$30,679.73 increase over 2011. In addition to this, the Seagate Pier grossed \$58,119.02 while expenditures were \$52,401.92. Overall, the Harbour Authority grossed \$290,842.21 while expending \$261,744.00 for a profited margin of 10% (\$29,098.21).

In addition to regular maintenance such as plank replacement and power washing, 2012 has seen its share of significant changes and improvements to harbour infrastructure. The following is a list of harbour improvements arranged by location, completed in 2012:

T-Floats:

- ▽ The center floats were completely replaced
- ▽ Hydro power and water was added to the new floats
- ▽ Separate electrical meter for floats was added

Seagate Pier:

- ▽ Piling well of loading zone float was repaired
- ▽ Electrical meter was installed
- ▽ Seagate lift station was eliminated
- ▽ Ordered replacement cross braces for Seagate Pier



Harbour Manager 's Report

Seine Floats:

- ▽ 6 new 50amp power plug-ins added to floats
- ▽ Main piling brace was repaired and installed
- ▽ Second repair to outer finger conducted by Brian Reimer

Fisherman's Wharf:

- ▽ New "use at your own risk" signage added



Bear Cove:

- ▽ New stainless steel pins were added to the float kits
- ▽ Significant upgrades completed at Bear Cove Recreation Site

Derelict vessels continue to plague harbours up and down the coast. Five derelict vessels were removed from Port Hardy 's docks in 2012 as part on an ongoing cleanup program by management. Monies recovered from owners were used to pay for the removal of their vessels and their disposal. Generally, an agreement to eliminate outstanding moorage debts was agreed upon if the vessel owner covered the cost of vessel removal and disposal. Several major outstanding debts were also settled in 2012.





PORT HARDY TWINNING SOCIETY

Port Hardy, BC - Numata, Hokkaido
Canada - Japan



To strive for the advancement of friendship between our community and Numata through the promotion of exchanges in the fields of economy, culture, education, and sports... in full and free cooperation with our sister city.

Under the guidance of Chair Patricia Corbett-Labatt, the Twinning Society enjoyed a very busy year in 2012. The Society worked hard throughout 2012 to take part in community activities that would raise awareness and support our sister city relationship with Numata.

Hardy Buoys The Big Decision Event - February 25 and 26

A local company, Hardy Buoys Smoked Fish, took part in CBC television production called The Big Decision. Arlene Dickenson challenged the company to put on a community wide event which included a pizza making contest. The Twinning Society called upon Rob Driemel and Wolfgang Luebke (our chefs in residence) and entered as Team Oishii, (oshii means delicious). Many Society members donned kimono's, yukata's and happi coats to take on the role of one of the loudest and noisiest cheering sections during the two-day event. While the pizza was great tasting and the team made it to the finals, we were not the winning pizza but everyone had a great time ...Yo Ya SAH!!! .

July Numata Delegation to Port Hardy

On July 17, 2012 a nine-member delegation headed by Numata Mayor Yoshinori Kanehira came to Port Hardy. In total there were five students and four adults. The guests, the host families and the Twinning Society members took part in many activities during the week, including hiking and



PORT HARDY TWINNING SOCIETY

Port Hardy, BC - Numata, Hokkaido
Canada - Japan

geocaching, bowling, whale watching, a town treasure hunt supported by many local businesses, Filomi Days parade and boat building, potluck dinners, fishing and a First Nations Cultural visit at Fort Rupert with the Kwakiutl Band.

August Port Hardy Delegation to Numata

In August, members of the Southgate family, two daughters and their mother, were welcomed in Numata. These teens and their parent were part of the 2011 delegation to Numata that was cancelled due to the March earthquake / tsunami disaster. L. Southgate was awarded the full 2011 Japanese language scholarship from Port Hardy Secondary School and the funds were put towards this visit. The Southgates were warmly welcomed into individual homestay families and shown great hospitality and friendship in their seven days in Numata.

September Mt. Waddington Regional Fall Fair

In our ongoing efforts to promote Twinning with Numata in our community, the Society took part in the Mt. Waddington Regional Fall Fair held in Port Hardy. An informative display was set up along with a "Things Japanese" sale and a kimono/yukata dress-up with a free keepsake photo.

September Japanese Consul General Visit

On September 11, 2012 the District of Port Hardy and the Twinning Society hosted Consul General Hideki Ito, Consul General of Japan, and the Consul for Cultural Affairs, Consul Tetsuya Isono, for a one-day visit to our community. The Consul General was visiting the 35 cities in BC and the Yukon that have an established sister city relationship with a town in Japan. The day included a tour of Port Hardy and the Twinning Garden, a visit with Calvin Hunt at the Coppermaker Gallery and Fort Rupert Big House, lunch, a tour of Marine Harvest, as well as a Committee of the Whole meeting with Mayor, Council and members of the





PORT HARDY TWINNING SOCIETY

Port Hardy, BC - Numata, Hokkaido
Canada - Japan

Twinning Society. The discussion at the meeting centered on what focus, (educational, cultural or economic development) will make and sustain a strong sister city relationship between Port Hardy and Numata.

Social Media

A well visited and colorful Port Hardy Twinning Society Facebook page was established in 2012, and members are encouraged to visit and promote it in the community. Society events, photos and activities are uploaded and updated regularly. The page has greatly enhanced our presence in our community and in Numata. Our Numata friends visit often and leave comments on our photos and activities.



Visit to Port Hardy Secondary School

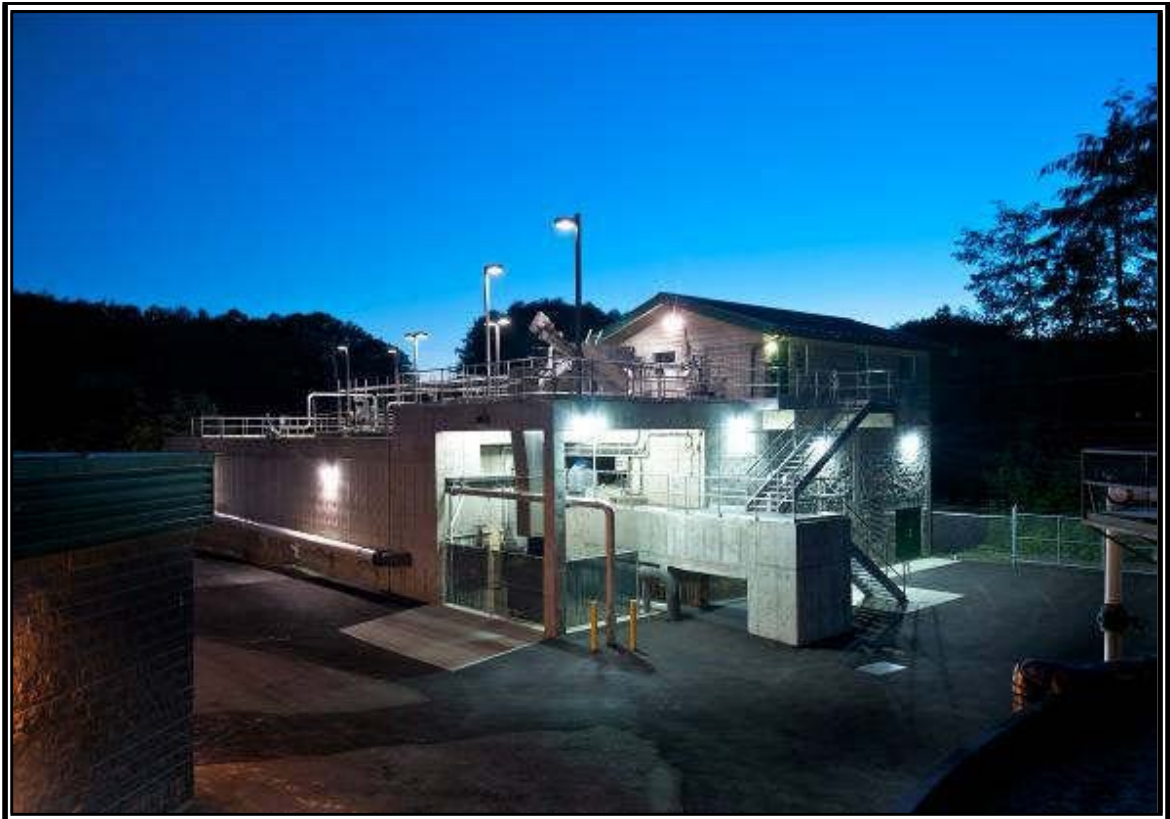
In December, Heather Jones and Councillor Jessie Hemphill set up a display and gave a presentation to the students in the Japanese class at Port Hardy Secondary School (PHSS). Councillor Hemphill went to Numata as a PHSS student in 2005 and was able to relate first-hand her experiences there. The students also learned what a homestay visit entails, the history of the Port Hardy / Numata sister relationship and Japanese customs. The Japanese language class has been offered every two years as part of the regular curriculum at PHSS and coincides with the years Port Hardy sends a delegation to Numata.

Future Plans

In 2013, the Twinning Society will continue to work on finding a home to store and work on our small Andon, maintain the Twinning Garden at Carrot Park and plan for a visit to Numata in 2013. September of 2014 is the 20-year anniversary of the signing of the Sister City / Twinning Agreement between Numata and Port Hardy. The District of Port Hardy and the Twinning Society will be working together to plan a 20-year celebration and delegation to/from each community for the anniversary year.

District of Port Hardy Wastewater Treatment Plants & Collection System

Operated by
EPCOR Water Services Inc.



Annual Operations Report 2012

MOE Certification ME-00385 & PE-04168



Overview

Port Hardy is located on the northeastern tip of Vancouver Island, British Columbia. EPCOR operates and maintains the wastewater treatment plants for the District of Port Hardy. There are two major collection areas in the town, each with a wastewater treatment facility. The Airport Wastewater Treatment Plant (AWWTP), built in 1975, is located adjacent to the Transport Canada Airport facility. In February 2012, the existing permit was updated to a new Operational Certificate (ME-105299). Effluent is discharged into the Queen Charlotte Strait. There are three lift stations located in the AWWTP collection system.

The Tsulquate Wastewater Treatment Plant (TWWTP), originally built in 1972, services the majority of the population of Port Hardy, and has historically operated under permit PE-385. The discharge from this facility is sent into Hardy Bay. There are eight lift stations located in the TWWTP collection system. The plant underwent a major upgrade in 2007 which included the addition of two sequential batch reactors, a new headworks and ultraviolet disinfection (UV). The permit was also updated into a more stringent Operational Certificate (ME-00385).

Permits

The Airport wastewater treatment facility is a Class 2 facility and operates under Operational Certificate ME-105299.

The Tsulquate wastewater treatment facility is a Class 3 facility as deemed by the Environmental Operators Certification Program (EOCP), certification number 1488. The fully upgraded Tsulquate plant operates under the Ministry of Environments Operating Certificate of ME-00385. The historical permit that applied before the upgrades were completed was PE-385.

Operators

Operator	Title	Certification
Joe Jewell	Foreman	WT IV, WWT II, WD II
Kenn Oliver	Operator	WT III, WWT III
Sean Mercer	Foreman	WD III, CCT
Justin Reusch	Operator	WT II, WWT II, WD I
Roland LeFort	Operator	WWT II
Cory Henschke	Operator	WWT I
Dennis Dugas	Capital Projects	WT III, WD IV, WC I, WWT II

Tsulquate Wastewater Treatment Plant Highlights

The upgraded Tsulquate wastewater treatment plant (TWWTP) has performed very well since the new SBR trains have been on line and the modifications to the extended aeration plant were completed in 2008. The combined average effluent flow over the course of 2012 was 1932 m³/day. The design capacity for the entire plant with the SBR trains and the extended aeration train is 2700 m³/day.

Incidents

In January, lab results returned from a CALA certified lab were found to be out of compliance. The duplicate sample tested in our onsite lab do not agree with the value given. It is believed that these sample results were an error. There were no abnormalities at the treatment plant during this event that would suggest that the results were factual. The situation was reported to Ministry of Environment and no follow up was requested.

Airport Wastewater Treatment Plant Highlights

The Airport wastewater treatment plant (AWWTP) continued to produce excellent effluent in 2012. There were no permit violations. The average influent flow was 663 m³/day. The capacity of the plant is 276,000 Imperial Gallons per day (1242 m³/day).

Incidents

On January 10th, the Airport Wastewater Treatment plant outfall was found to be damaged. A contractor has dove and video inspected the outfall. Pacificus Biological Ltd. has been retained to gather samples in the receiving waters to monitor the fecal coliforms to assess the impact. An engineering firm was hired to assess the outfall pipe and provide an improved design. The situation is currently classified as a spill due to the fact that the treated effluent is not reaching its intended depth and distance for the shore. The beach continues to be closed from shellfish harvesting as it has for many years. The Ministry of Environment has been contacted and a Provincial Emergency Program (PEP) number has been generated.

In August and in October, the Airport Wastewater Treatment plant was out of compliance for BOD₅. It is suspected that this is due to a local contractor tipping septage into the treatment plant. The contractor has an agreement with the District of Port Hardy that allows them to dispose of waste from septic tanks and holding tanks at any given time from anywhere. It is believed that one or more of these loads contained something that caused a temporary issue with treatment. The matter has been brought to the attention of the District of Port Hardy and a letter has been sent to the septic hauler outlining the issue.

Collection System

The collection system is operating well considering the age of the infrastructure. The lift stations remain a focus for the maintenance and capital upgrade programs to address aging infrastructure, as identified in the Liquid Waste Management Plan.

Incidents

In April, the Peel Street liftstation overflowed. This was due to a BC Hydro scheduled power outage. Normally, this would not be an issue as the station has a backup diesel generator. The switchgear did not transfer properly and a spill occurred. Samples were sent to North Island Laboratories to monitor the situation. The incident was reported.

EFFLUENT QUALITY DATA

Water quality monitoring of the plant has increased substantially for the up graded TWWTP, partially due to the monitoring requirements identified in the operational certificate and also due to the increased monitoring that is required to meet higher treatment standards. The data presented in this report includes the results from samples sent to an external laboratory, certified to ISO17025 by CALA, as well as the internal testing results for some of the parameters completed onsite. While the internal data is not CALA accredited, it goes through an extensive QA/QC process. It complements the external data in demonstrating treatment performance due to the increased frequency of the internal testing.

The following two tables summarize the key quality parameters for the Tsulquate and Airport Wastewater Treatment Plants. Receiving environment monitoring was also completed.

Table 1 - TWWTP Effluent Quality Summary

Month	Flow cubic meters / day		Internal Lab					External Lab						
			TSS ppm		BOD ppm		# of Tests	TSS ppm		BOD ppm		Ammonia ppm		# of Tests
	Avg	Max	Avg	Max	Avg	Max		Avg	Max	Avg	Max	Avg	Max	
January	1489	2741	5	12	7	11	17	29	94	28	95	8.3	8.3	9
February	2042	4131	9	24	6	10	18	8	11	5	5	6.4	6.4	11
March	2332	5825	7	16	9	14	17	10	16	7	12			8
April	1921	3166	9	36	3	6	17	8	11	6	8			8
May	1807	3977	7	16	9	14	18	10	16	7	11	6.2	6.2	11
June	1934	3661	10	32	8	14	17	13	23	8	12	13.6	13.6	9
July	1734	2448	6	16	6	8	17	7	8	12	24	12.1	12.1	9
August	1709	2221	8	16	6	8	19	10	15	8	11	20.6	20.6	11
September	1570	1972	12	44	4	8	16	7	8	5	6	18.0	18.0	9
October	1989	4565	8	24	10	28	19	10	21	14	31	13.1	13.1	13
November	2285	3757	8	20	2	4	17	8	9	3	3	12.8	12.8	7
December	2376	3768	13	24	4	6	15	13	17	4	6	1.6	1.6	5
Average	1932						207	Total Year to Date				110		Total Year to Date

Table 2 - AWWTP Effluent Quality Summary

Month	Flow cubic meters / day		Internal Lab					External Lab						
			TSS ppm		BOD ppm		# of Tests	TSS ppm		BOD ppm		Ammonia ppm		# of Tests
	Avg	Max	Avg	Max	Avg	Max		Avg	Max	Avg	Max	Avg	Max	
January	812	1252	14	20	26	31	17	19	19	20	20	4.90	4.90	3
February	692	907	16	36	31	41	18	20	20	21	21	4.53	4.53	3
March	744	1192	13	24	18	21	17	17	17	7	7			2
April	624	824	7	16	14	33	15	8	8	8	8			2
May	574	741	8	40	11	14	17	7	7	9	9			2
June	628	824	16	40	13	14	16	16	16	20	20	0.06	0.06	3
July	611	818	14	40	10	13	16	11	11	6	6	0.01	0.01	3
August	567	746	13	36	17	43	18	19	26	33	58	4.07	4.07	5
September	581	734	18	36	9	19	16	23	23	14	14			2
October	632	889	23	124	62	212	19	15	15	10	10	0.86	1.56	4
November	719	919	31	148	5	9	17	15	15	10	10			2
December	775	1031	12	28	3	3	15	10	10	9	9			2
Average	663						Total Year to Date	134						Total Year to Date

Table 3 – Permit Limitations

Parameter	Permit Limits	
	AWWTP	TWWTP
Biochemical Oxygen Demand (BOD ₅) mg/l	45	45
Fecal Coliforms cfu/100ml Geomean Average	n/a	200
Total Suspended Solids (TSS) mg/l	45	45
pH	6.0-9.0	6.0-9.0



WATER TREATMENT PLANT & DISTRIBUTION SYSTEM



2012 Annual Operations Performance Report

Facility Numbers 529 & 155



1. HIGHLIGHTS

Overview

In 1999 the District of Port Hardy signed a long-term agreement with EPCOR to manage the water and wastewater systems and to build a state-of-the-art water treatment plant. The new plant started official operation in May 2000 and helped change Port Hardy's reputation of poor water quality to one of the best in British Columbia.

In 2012, the plant continued to produce a very high level of treatment providing excellent water quality to the District of Port Hardy.

Permit to Operate

The Port Hardy water treatment plant is a Level III facility as deemed by the Environmental Operators Certification Program (EOCP), certification number 529. The distribution system is a Level III system with a certification number of 155.

Certified Operators

The Operational Permit from Vancouver Island Health Authority Operational requires that a certified operator is employed to match the Water Treatment Plant Certification, a level III plant. EPCOR now has two WT Level III Operators on staff and one WT Level IV.

Operator	Title	EOCP Certification
Dennis Dugas	Capital Projects Coordinator	WT III, WD IV, WC I, WWT II
Sean Mercer	Foreman	WD III, CCT
Joe Jewell	Foreman	WT IV, WWT II, WD II
Kenn Oliver	Operator	WT III, WWT III
Justin Reusch	Operator	WT II, WD I, WWT II
Roland Le Fort	Operator	WWT II
Cory Henschke	Operator	WWT I

WT – Water Treatment, WWT – Wastewater Treatment, WD – Water Distribution, WC – Wastewater Collection, OIT – Operator in Training, CCT – Cross Connection Tester

Operational Highlights

Water Treatment Plant

Throughout the course of 2012, there were times where due to heavy rains and high river colour events, that the water treatment process was upset. In these events, the plant is taken offline and no water is pumped to the reservoir. Water is only pumped to the reservoirs once the treatment plant's process quality is restored. This will result in lower than desired reservoir levels but quality will not be compromised.

In July, the sodium hypochlorite flowmeter failed beyond repair. However, water was continuously disinfected. Chlorine residuals are continuously monitored by a separate analyzer. The flowmeter was replaced and regular operations restored.

In October, on the weekend of the 12th and 13th, heavy rain falls caused the plant to be upset. Although not a large amount of rain, it was the first after a very dry summer. The result was a river colour peaking at 288 True Colour Units (TCU) and operators remaining at the water treatment plant over the entire weekend, both day and night, working in shifts to monitor and adjust chemical dosing as river conditions fluctuated. Reservoir capacity dipped to critical levels causing a higher effluent turbidity. As a precaution, extra distribution samplings were completed.

Water Treatment Plant Capital Highlights

In 2012, a new carbon dioxide injection system was commissioned. It was determined that design engineers oversized the system and it cannot be run in an automatic control. Operators have been able to run the system manually to get targeted pH levels in treated water.

Water Distribution System Highlights

The Port Hardy water distribution system functioned well in 2012 with the exception of some water main breaks and property service breaks

On April 28th, a main break was found at the intersection of Beaver Harbour Road and Peel Street. A repair damp was installed to repair the break. No customers were without water during this.

On September 4th, a contractor for B.C. Hydro hit and severely damaged the water main on the top of Trustee Road. In total, 8% of the reservoir, approximately 151 cubic meters of water was lost before operators were able to isolate the pipe and make repairs.

In addition, 6 service connections were repaired in 2012.

Water Distribution Capital Highlights

In 2012, approximately 200 meters of water line on Beaver Harbour Road was replaced. Each lot had a water meter installed at the property line as part of this.

Douglas Street PRV station was brought on line this year. This Port Hardy's first above ground pressure reducing station. This is a major step forward in regards to safety removing the issues of confined space. All repair work can now be completed above ground.

Approximately 120 meters of water line was also replaced on Hastings Street.

Cross Connection Control

A formal Cross Connection Control program was presented to the District of Port Hardy in late 2010. This system was created by Maintenance Tracking Systems Inc (MTS). Currently, backflow preventers are installed in all treatment plants in areas that may be a possible risk. In 2008, all sewage lifstations with wash down hose bibs were upgraded with backflow preventers.

Water Wise Program Continuation

A total of 126 meters are being read including commercial users and multi-family dwellings. All new homes and constructions will be metered as part of this program. Continuing public education around proposed metering/rate changes and general information on water wise initiatives was conducted and will be ongoing until all users are metered.

Violations of Permit to Operate

Violation	Determined By	January – December 2012
Low Chlorine Residual (Reservoir)	<0.2 mg/L	0
Low Chlorine Residual (Distribution)	<0.05 mg/L	0
Low Log Removal	<3.0	0
High Turbidity (Filter)	>1 (5%)* or >2 NTU	0
High Turbidity (Reservoir Effluent)	>0.5 (5%)* NTU	0
High Coliforms	TC >0 (10%)** or >10 CFU/100ml	0
	FC >0 cfu/100ml	0

* - Allowed to exceed limit in the percentage amount of time shown (based on daily averages each month).

** - Allowed to exceed limit in the percentage amount of samples tested each month.

Variances based on EPCOR control limits

Variances (within EPCOR operational limits)	Determined By	January – December 2012
Low Chlorine Residual (Reservoir)	<0.3 mg/L	0
Low Chlorine Residual (Distribution)	<0.1 mg/L	0
Low Log Removal	<3.5	0
High Turbidity (Filter)	>0.3 NTU	0
High Turbidity (Reservoir)	>0.5 NTU	0
High Turbidity (Distribution)	>5 NTU	0
High Average Particle Counts	>50/mL >2µm	18
High Coliforms	TC >0 cfu/100ml	0
Reservoir Effluent pH	<7.0 or >8.0	19
Low CCPP	<-10 or >5	25
Colour	>5 TCU	0

1. RAW WATER PRODUCTION AND QUALITY

Month	Raw Production		Dam Height (m)	pH	Turbidity (NTU)	Conductivity $\mu\text{S}/\text{cm}$	Colour (TCU)	Alkalinity (mg/L as CaCO_3)	Temperature ($^{\circ}\text{C}$)	Rain (mm) Total/Month
	(ML/day)	Total/Month								
Jan	5	145	0.51	6.26	1.23	179	62	5	2.3	437.2
Feb	4	123	0.39	6.28	0.66	18.6	61	4	3.5	100.0
Mar	4	133	0.43	6.32	0.78	21.1	55	4	2.9	213.0
Apr	4	134	0.37	6.49	0.52	20.4	53	5	6.0	75.2
May	5	144	0.24	6.74	0.57	21.6	58	5	9.1	56.8
Jun	5	147	0.28	6.68	0.74	21.0	76	6	11.6	81.2
Jul	5	159	0.20	6.94	0.33	23.6	57	5	14.2	28.2
Aug	5	168	0.17	7.06	0.40	26.8	40	7	14.4	40.2
Sep	5	148	0.17	7.03	0.29	28.1	38	7	11.3	30.6
Oct	5	152	0.33	6.70	1.02	25.8	78	5	8.7	168.6
Nov	5	135	0.43	6.61	1.04	21.9	95	5	6.5	193.2
Dec	5	140	0.40	6.55	0.77	20.5	91	2	3.5	194.0
Average	5	144	0.33	6.64	0.70	22.3	64	5	7.8	134.9
Total		1728								1618.2

All lab testing performed by plant operators.

Note: Values in this table are a monthly average with the exception of raw production totals.

2. TREATED WATER QUALITY

Month	Clearwell Fbw	pH	Turbidity (NTU)	Conductivity $\mu\text{S}/\text{cm}$	Colour (TCU)	Total Hardness (mg/L as CaCO_3)	Alkalinity (mg/L as CaCO_3)	Temperature ($^{\circ}\text{C}$)
	Total/Month							
Jan	137	7.4	0.14	74	0.7	13	18	3.0
Feb	120	7.4	0.09	81	0.7	18	22	4.4
Mar	126	7.4	0.08	77	0.7	16	20	3.8
Apr	130	7.7	0.10	88	0.8	21	24	6.7
May	137	7.6	0.07	75	0.8	15	18	9.9
Jun	141	7.7	0.08	100	0.8	19	23	12.3
Jul	150	7.6	0.09	90	0.7	23	23	14.9
Aug	160	7.5	0.10	84	0.8	24	21	15.4
Sep	146	7.4	0.10	101	0.7	31	20	12.1
Oct	141	7.3	0.14	118	0.9	26	25	9.3
Nov	119	7.5	0.11	131	0.8	27	33	7.1
Dec	124	7.6	0.11	115	0.7	26	30	4.3
Average	136	7.5	0.10	95	0.8	22	23	8.6
Total	1,631							

All lab testing performed by plant operators.

Note: Values in this table are a monthly average with the exception of treated production totals.

3. FILTERED WATER QUALITY

Month	Filter #1		Filter #2		Filter #3		Filter #4		Combined Filter Effluent	
	Turbidity (NTU)		Turbidity (NTU)		Turbidity (NTU)		Turbidity (NTU)		Particle Counts (#/mL)	
	Avg.	Max.	Avg.	Max.	Avg.	Max.	Avg.	Max.	Avg.	Max.
Jan	0.02	0.04	0.03	0.07	0.03	0.08	0.03	0.06	19	173
Feb	0.03	0.07	0.03	0.07	0.06	0.11	0.04	0.07	18	184
Mar	0.02	0.06	0.03	0.06	0.05	0.09	0.03	0.07	21	186
Apr	0.02	0.07	0.03	0.05	0.06	0.11	0.03	0.06	22	138
May	0.03	0.06	0.03	0.05	0.06	0.11	0.03	0.06	18	91
Jun	0.02	0.05	0.03	0.05	0.05	0.09	0.03	0.05	14	97
Jul	0.03	0.04	0.03	0.05	0.06	0.10	0.03	0.06	9	87
Aug	0.03	0.06	0.03	0.07	0.06	0.10	0.03	0.07	8	112
Sep	0.02	0.05	0.03	0.06	0.05	0.10	0.03	0.07	10	188
Oct	0.03	0.11	0.05	0.13	0.08	0.16	0.04	0.10	76	350
Nov	0.03	0.10	0.03	0.09	0.04	0.12	0.03	0.09	26	380
Dec	0.03	0.11	0.04	0.13	0.03	0.09	0.04	0.12	23	385
Average	0.03	0.07	0.03	0.07	0.05	0.11	0.03	0.07	22	198
Maximum	0.03	0.11	0.05	0.13	0.08	0.16	0.04	0.12	76	385

The table displays the monthly averages and maximum monthly values.
Maximum particle count value stored by the system is 750.

4. CHLORINE, LOG REMOVAL & CCPP

Month	Reservoir Influent	Reservoir Effluent		Log Reduction of <i>Giardia</i> (Disinfection)	Log Reduction CCPP <i>Giardia</i> (Total)	
	Average Free Chlorine (mg/L)	Free Chlorine (mg/L)	Total Chlorine (mg/L)			
Jan	1.2	1.0	1.1	2.4	4.9	-8.0
Feb	1.3	1.0	1.0	2.8	5.3	-7.6
Mar	1.4	1.0	1.1	2.7	5.2	-7.7
Apr	1.4	0.9	1.0	2.6	5.1	-5.3
May	1.6	1.0	1.0	3.1	5.6	-5.9
Jun	1.6	1.0	1.0	3.3	5.8	-5.4
Jul	1.6	1.0	1.0	4.0	6.5	-5.2
Aug	1.5	1.0	1.0	4.0	6.5	-5.5
Sep	1.6	1.0	1.0	3.7	6.2	-5.8
Oct	1.7	1.0	1.1	3.2	5.7	-7.9
Nov	1.8	1.1	1.1	3.5	6.0	-6.6
Dec	1.8	1.1	1.2	2.9	5.4	-5.5
Average	1.5	1.0	1.0	3.2	5.7	-6.4

The table displays the monthly averages.
CCPP – Calcium Carbonate Precipitation Potential
Lab tests performed by plant operators.

5. DISTRIBUTION WATER QUALITY

Month	Jokerville			Chatham Ave			Airport Res.		
	Free Chlorine (mg/L)	Turbidity (NTU)	pH	Free Chlorine (mg/L)	Turbidity (NTU)	pH	Free Chlorine (mg/L)	Turbidity (NTU)	pH
Jan	0.6	0.23	7.4	0.7	0.24	7.7	0.5	0.46	7.7
Feb	0.7	0.20	7.60	0.7	0.20	8.1	0.5	0.50	7.9
Mar	0.6	0.30	7.4	0.7	0.10	7.8	0.4	0.50	7.9
Apr	0.6	0.20	7.7	0.7	0.20	7.9	0.3	0.60	7.9
May	0.5	0.17	7.5	0.6	0.13	8.0	0.2	1.21	7.9
Jun	0.5	0.13	7.8	0.5	0.14	8.2	0.1	1.53	7.8
Jul	0.5	0.14	7.7	0.6	0.11	8.2	0.1	1.11	8.0
Aug	0.5	0.13	7.7	0.6	0.13	8.2	0.2	1.60	8.3
Sep	0.5	0.14	7.5	0.5	0.13	7.7	n/a	n/a	n/a
Oct	0.5	0.17	7.7	0.5	0.15	7.6	0.4	0.79	7.6
Nov	0.5	0.33	7.5	0.7	0.20	7.6	0.9	0.71	7.9
Dec	0.8	0.19	7.7	0.9	0.21	7.7	0.6	0.70	7.8
Average	0.6	0.19	7.6	0.6	0.15	7.9	0.4	0.93	7.9

The table displays the monthly averages.
Lab tests performed by plant operators

5B. DISTRIBUTION WATER QUALITY (CONTINUED)

Month	Hospital			Glen Lyon Inn			Airport Inn		
	Free Chlorine (mg/L)	Turbidity (NTU)	pH	Free Chlorine (mg/L)	Turbidity (NTU)	pH	Free Chlorine (mg/L)	Turbidity (NTU)	pH
Jan	0.9	0.22	9.4	0.9	0.12	8.8	0.7	0.30	7.4
Feb	0.8	0.10	7.4	0.8	0.10	7.8	0.7	0.20	7.6
Mar	0.9	0.16	7.0	0.9	0.09	7.0	0.7	0.13	7.2
Apr	0.8	0.20	7.9	0.7	0.20	7.6	0.6	0.10	8.2
May	0.7	0.11	7.6	0.8	0.18	7.6	0.7	0.20	7.7
Jun	0.7	0.08	7.9	0.8	0.13	7.8	0.7	0.53	7.7
Jul	0.3	0.16	7.4	0.8	0.10	7.7	0.6	0.11	7.6
Aug	0.8	0.11	7.7	1.9	0.18	7.5	0.7	0.11	7.9
Sep	0.7	0.05	7.3	1.0	0.13	7.2	0.6	0.11	7.6
Oct	1.1	0.16	7.2	0.8	0.12	7.2	0.7	0.33	7.3
Nov	1.0	0.15	7.8	0.9	0.11	7.6	0.8	0.30	7.5
Dec	1.0	0.13	7.3	1.0	0.27	7.8	0.8	0.22	7.5
Average	0.8	0.13	7.5	0.9	0.15	7.5	0.7	0.21	7.6

The table displays the monthly averages.
Lab tests performed by plant operators

5c. DISTRIBUTION WATER QUALITY (CONTINUED)

Month	Bear Cove Tank			Ferry Terminal			Pioneer Inn		
	Free Chlorine (mg/L)	Turbidity (NTU)	pH	Free Chlorine (mg/L)	Turbidity (NTU)	pH	Free Chlorine (mg/L)	Turbidity (NTU)	pH
Jan	0.7	0.17	7.5	0.5	0.29	7.4	0.9	0.17	9.4
Feb	0.8	0.10	7.6	0.6	0.10	7.5	0.7	0.10	7.4
Mar	0.8	0.10	7.4	0.5	0.20	7.4	0.9	0.16	7.1
Apr	0.7	0.20	7.6	0.5	0.20	7.7	0.7	0.20	8.0
May	0.7	0.15	7.5	0.5	0.21	7.5	0.8	0.09	7.4
Jun	0.6	0.20	7.7	0.5	0.14	7.8	0.9	0.13	7.8
Jul	0.7	0.16	7.7	0.6	0.15	7.7	0.3	0.12	7.6
Aug	0.6	0.18	7.6	0.5	0.13	7.6	0.7	0.11	7.9
Sep	0.6	0.18	7.5	0.5	0.15	7.4	0.9	0.09	7.4
Oct	0.5	0.21	7.4	0.3	0.14	7.5	0.7	0.16	7.2
Nov	0.6	0.21	7.7	0.4	0.22	7.3	0.9	0.11	7.6
Dec	0.7	0.25	7.7	0.6	0.18	7.6	0.8	0.16	7.3
Average	0.7	0.18	7.6	0.5	0.18	7.5	0.8	0.13	7.7

The table displays the monthly averages.
 Lab tests performed by plant operators

6. CHEMICAL USE

Month	ISOPAC 6		Soda Ash	
	Total (kg)	Dose (mg/L)	Total (kg)	Dose (mg/L)
Jan	3806	26.6	2208	15.6
Feb	3204	26.2	1881	15.4
Mar	3113	23.3	1841	13.8
Apr	3329	24.7	2154	16.0
May	3763	26.1	2235	15.5
Jun	6320	42.6	3030	20.4
Jul	4544	28.7	2174	13.8
Aug	3221	19.0	1209	7.1
Sep	2728	18.3	1136	7.6
Oct	7725	50.0	3899	25.3
Nov	8557	63.3	4305	31.9
Dec	6053	43.2	3305	23.6
Average	4697	32.7	2448	17.2
Total	56363		29376	

Note: The table displays the monthly totals except for the average Annual Total.

6B. CHEMICAL USE (CONTINUED)

Month	Filter Polymer		Lime		Carbon Dioxide		Chlorine	
	Total (kg)	Dose (mg/L)	Total (kg)	Dose (mg/L)	Total (kg)	Dose (mg/L)	Total (kg)	Dose (mg/L)
Jan	1.179	0.008	466	4.8	1739	12	170	1.21
Feb	0.939	0.008	606	6.8	1806	15	154	1.28
Mar	0.990	0.007	1071	11.1	1990	15	179	1.37
Apr	1.008	0.008	762	8.0	2134	16	183	1.41
May	0.999	0.007	1078	10.5	852	6	227	1.62
Jun	1.266	0.009	978	9.3	2024	14	176	1.25
Jul	0.687	0.004	869	7.7	2220	14	246	1.60
Aug	0.378	0.002	2268	19.0	2355	14	242	1.48
Sep	0.321	0.002	2523	23.5	2500	17	229	1.57
Oct	0.618	0.004	1906	18.7	2516	17	242	1.69
Nov	0.603	0.004	2045	23.4	2829	21	214	1.80
Dec	0.948	0.007	1989	21.4	2381	17	223	1.76
Average	0.828	0.006	1380	13.7	2112	15	207	1.50
Total	9.936		16563		25346		2486	

Note: The table displays the monthly totals except for the average annual total.

Filter Polymer – LT 20 is the low dosage polymer used to aid filtration.

7. BACTERIOLOGICAL DATA

Routine bacteriological tests were performed by BC Centre for Disease Control (BCCDC) Laboratory Services in Vancouver.

Month	Samples Analyzed		Number of Positive Results		
	Raw	Treated	Violations	Positive TC	Positive EC
January	1	11	0	0	0
February	1	11	0	0	0
March	1	11	0	0	0
April	1	11	0	0	0
May	1	11	0	0	0
June	1	11	0	0	0
July	1	11	0	0	0
August	1	11	0	0	0
September	1	11	0	0	0
October	1	11	0	0	0
November	1	11	0	0	0
December	1	11	0	0	0

Total Coliform (TC) and Fecal Coliform (FC) Tests are the routine monthly bacteriological tests performed on samples collected throughout the distribution system.



Finance

Goal

Fiscal responsibility and financial sustainability are key goals of the District of Port Hardy's Finance Department.

These goals are achievable with informed decision making and clear direction between staff and Council. Maintaining and improving service levels for the citizens of Port Hardy are a focus for Council and it is the responsibility of the Finance Department to find a balance of funding for these goals.

Capital projects including revitalization, infrastructure, and business attraction are projects that Council are directing staff to work towards so that financial sustainability for the District is achieved. The finance department reports to Council the fiscal viability and constraints with regards to Capital projects so that Council is able to make informed decisions when deciding which projects will benefit the citizens of Port Hardy.

Strategy

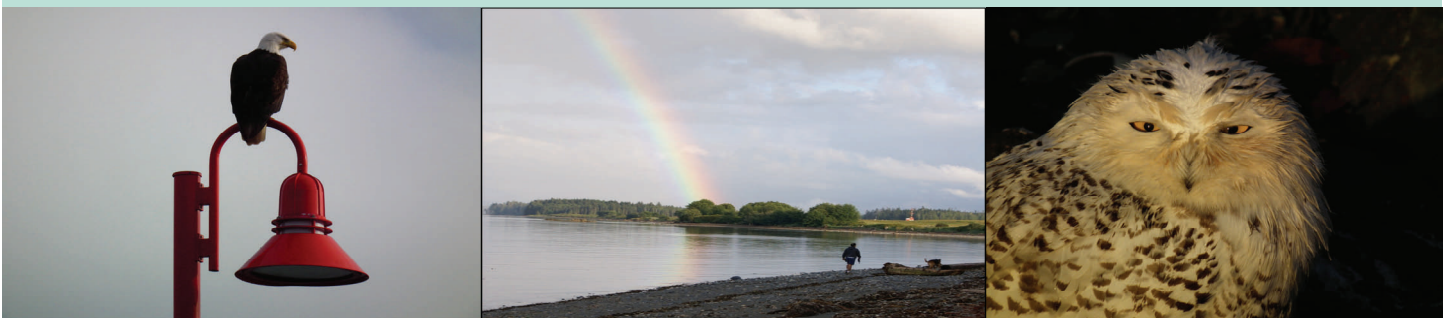
Financial planning-annual five year financial plan, user rates and fees structure

Financial reporting-audited financial statements, municipal tax rates, statement of financial information submitted to the Provincial Government

Revenue collection-property tax collection, quarterly utility revenue, other revenue, including user fees for services provided

Payment of accounts-payments to hundreds of suppliers annually

Other activities-internal auditing controls, payroll functions, invoicing, debt financing, business licences and other activities required to manage the District 's financial requirements



District of Port Hardy

Consolidated Financial Statements

December 31, 2012





THE DISTRICT OF PORT HARDY

2012 ELECTED OFFICIALS

Mayor B. Parnham

Councillor J. Dorward

Councillor J. Hemphill

Councillor A. Huddleston

Councillor R. Marcotte

Councillor N. Shaw

Councillor J. Tidbury

DISTRICT OFFICIALS

Chief Administrative Officer

Director of Financial Services

Director of Corporate Services

Royal Canadian Mounted Police

Fire Chief

R. Davidge

A. McCarrick

J. Long

Staff Sgt. Brownridge

S. Nickerson

MUNICIPAL AUDITORS

Meyers Norris Penny LLP

BANKERS

CIBC

District of Port Hardy

December 31, 2012

CONTENTS

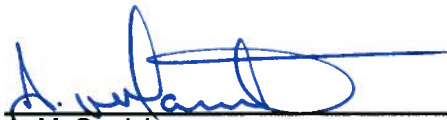
	<u>Page</u>
Financial Statements	
Managements' Report	
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	6
Schedules	18

The accompanying financial statements are the responsibility of management. To ensure their integrity, objectivity and reliability, the statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board, which are generally accepted accounting principles for British Columbia municipalities and are outlined in (Note 1) to the Consolidated Statements. Some amounts on these statements are based on management's best estimates and careful judgment.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly.

Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Council. The Council reviews internal financial statements on a monthly basis and external Audited Financial Statements yearly.

The external auditors, MNP LLP, are appointed by Council to conduct an independent examination in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the District's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to financial records and management of the District of Port Hardy.



A. McCarrick

Chief Financial Officer



Bev Parnham

Mayor

Independent Auditors' Report

To the Mayor and Council of the District of Port Hardy:

We have audited the accompanying consolidated financial statements of the District of Port Hardy, which comprise the consolidated statement of financial position as at December 31, 2012 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, schedules and other explanatory information.

Management's Responsibility for the Consolidated 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.

Auditors' 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 consolidated 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 auditors' judgment, including the assessment of the risks 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 qualified audit opinion.

Basis for Qualified Opinion

At December 31, 2012, we were unable to verify the amount of earnings and the investment recorded on a modified equity basis from the North Island Community Forest. Income from investment in Government business enterprises of \$62,240 has been recorded in revenue and as an increase to the Investment in Government business enterprises on the Statement of Financial Position at December 31, 2012 (see Note 20), however we have not been provided information to verify the occurrence, accuracy or completeness of those amounts.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2012, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Campbell River, British Columbia

MNP LLP

May 7, 2013

Chartered Accountants

MNP
LLP

District of Port Hardy
Consolidated Statement of Financial Position
As At December 31, 2012

	2012	2011
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 2,075,963	\$ 1,008,248
Accounts receivable (Note 3)	3,445,657	4,172,456
Loan receivable (Note 20)	38,333	38,333
Investment in Government business enterprises (Note 20)	45,702	-
Tax sale properties	12,912	78,946
Land held for resale	506	506
	<u>5,619,073</u>	<u>5,298,489</u>
Financial Liabilities		
Accounts payable and other liabilities (Note 4)	764,157	730,088
Tax sale properties deposits	16,912	56,647
Performance deposits and bonds (Note 5)	10,000	18,500
Deficit in Government business enterprises (Note 20)	-	16,538
Deferred revenue (Note 6)	892,957	530,913
Capital leases (Note 8)	1,097,719	1,377,593
Long term debt (Note 9)	1,097,739	1,292,616
	<u>3,879,484</u>	<u>4,022,895</u>
Net Financial Assets	<u>1,739,589</u>	<u>1,275,594</u>
Non-Financial Assets		
Tangible capital assets (Note 10)	41,298,278	40,892,777
Inventory	83,771	81,344
Prepays	18,693	15,990
	<u>41,400,742</u>	<u>40,990,111</u>
Accumulated Surplus (Schedule 3)	<u>\$ 43,140,331</u>	<u>\$ 42,265,705</u>

Commitments and Contingencies (Note 17)

Approved by:



A. McCarrick

Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

District of Port Hardy
Consolidated Statement of Operations
For the Year Ended December 31, 2012

	2012	2012 Budget Unaudited (Note 13)	2011
Revenue			
Taxes	\$ 2,335,809	\$ 2,336,793	\$ 2,236,667
Payments in lieu of taxes	156,649	197,711	147,034
Sewer user rates	1,011,733	951,218	938,523
Water user rates	1,253,300	1,287,543	1,222,373
Sale of Service	972,716	926,412	1,480,125
Other revenue	475,480	265,323	413,120
Income from investment in Government business enterprises (Note 20)	62,240	-	-
Development contributions	645,225	645,225	1,213,698
Government transfers from other governments	1,704,800	1,610,266	1,789,836
	<u>8,617,952</u>	<u>8,220,491</u>	<u>9,441,376</u>
Expenses			
General government services	1,114,282	878,647	940,579
Transportation services	1,589,595	1,589,070	1,568,976
Protective services	435,337	402,565	582,576
Environmental health services	263,013	262,904	246,607
Recreation & Culture	1,381,482	1,317,774	1,233,330
Community development	215,632	262,205	226,501
Water	1,332,469	1,328,511	1,301,013
Sewer	1,411,516	1,380,403	1,359,069
	<u>7,743,326</u>	<u>7,422,079</u>	<u>7,458,651</u>
Annual Surplus	874,626	798,412	1,982,725
Accumulated surplus beginning of year	42,265,705	42,265,705	40,282,980
Accumulated Surplus, end of year	<u>\$ 43,140,331</u>	<u>\$ 43,064,117</u>	<u>\$ 42,265,705</u>

The accompanying notes are an integral part of these financial statements.

District of Port Hardy

Consolidated Statement of Changes in Net Financial Assets As At December 31, 2012

	2012	2012 Budget Unaudited (Note 13)	2011
Annual Surplus	\$ 874,626	\$ 798,412	\$ 1,982,725
Acquisition of tangible capital assets	(1,447,634)	(802,746)	(2,723,521)
Amortization	1,687,356	1,687,356	1,509,655
Loss on disposal of assets	-	-	20,910
Proceeds on sale of tangible capital assets	-	-	5,021
Development contributions	(645,225)	(645,225)	(1,213,698)
	(405,503)	239,385	(2,401,633)
Acquisition of prepaid expense	(18,693)	-	(15,990)
Consumption (acquisition) of supplies inventories	(2,425)	-	7,325
Use of prepaid expense	15,990	-	14,960
	(5,128)	-	6,295
Change in net financial assets	463,995	1,037,797	(412,613)
Net financial assets, beginning of year	1,275,594	1,275,594	1,688,207
Net financial assets, end of year	\$ 1,739,589	\$ 2,313,391	\$ 1,275,594

The accompanying notes are an integral part of these financial statements.

District of Port Hardy

Consolidated Statement of Cash Flows For the Year Ended December 31, 2012

	2012	2011
Cash Provided By (Used In)		
Operating Activities		
Annual Surplus	\$ 874,626	\$ 1,982,725
Increase (Decrease) in Non Financial Assets		
Amortization	1,687,356	1,509,655
Gain on disposal of assets	-	(40,000)
Loss on disposal of assets	-	20,910
Developer tangible capital asset contribution	(645,225)	(1,213,698)
Change in inventory	(2,426)	7,325
Change in prepaids	(2,703)	(1,030)
	<u>1,911,628</u>	<u>2,265,887</u>
(Increase) Decrease in Financial Assets and Liabilities		
Change in accounts receivable	726,799	2,462,825
Change in loan receivable	-	(38,333)
Change in accounts payable	34,070	(1,334,901)
Change in tax sale properties	66,034	(73,124)
Change in tax sale deposits	(39,735)	36,233
Change in performance deposits and bonds	(8,500)	(284,826)
Change in investment in Government business enterprises	(62,240)	16,538
Change in Actuarial	(28,295)	(20,800)
Change in deferred revenue	362,044	50,818
	<u>2,961,805</u>	<u>3,080,317</u>
Cash provided by operating transactions		
Capital Activities		
Acquisition of tangible capital assets	(1,447,634)	(1,993,509)
Proceeds on sale of tangible capital assets	-	5,021
	<u>(1,447,634)</u>	<u>(1,988,488)</u>
Financing Activities		
Capital lease repaid	(279,874)	(273,249)
Debenture debt repaid	(166,582)	(166,582)
	<u>(446,456)</u>	<u>(439,831)</u>
Net cash increase (decreases) in cash and cash equivalents	1,067,715	651,998
Cash and cash equivalents at beginning of period	1,008,248	356,250
Cash and cash equivalents at end of period	<u>\$ 2,075,963</u>	<u>\$ 1,008,248</u>

Continued on next page

The accompanying notes are an integral part of these financial statements.

District of Port Hardy
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2012

	2012	2011
Consolidated Statement of Cash Flows continued.		
Represented by		
Cash	\$ 412,194	\$ 157,143
Investments	1,663,769	851,105
	<u>\$ 2,075,963</u>	<u>\$ 1,008,248</u>
Supplemental information		
Interest paid	\$ 152,452	\$ 140,905
Interest received	\$ 39,332	\$ 20,595

The accompanying notes are an integral part of these financial statements.

District of Port Hardy

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2012

The District of Port Hardy was incorporated in 1966 under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services to the residents of the Municipality. These services include general government administration, bylaw enforcement, planning and land use, building inspection, fire protection, parks and recreation, water distribution and sewer collection, wastewater disposal, garbage and recycling services and road and street maintenance.

1. Significant Accounting Policies:

a) Basis of Presentation

The District of Port Hardy follows accounting principles accepted for British Columbia municipalities and applies these principles consistently. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The consolidated financial statements reflect the combined results and activities of the reporting entity which is comprised of the General, Water and Sewer, Operating, Capital and Reserve funds. Inter-fund transactions have been eliminated on consolidation.

b) Revenue Recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transaction or events occurred. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the District. Capital grants are recognized when the related expenditure is incurred. Development contributions are recorded as contributed tangible capital assets at their fair value on the date of contribution. Amounts received in advance of services being rendered are recorded as deferred revenue until the obligations that led to the collection of funds has been discharged.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method.

Inventory held for resale which includes property and chattels is recorded as accrued property tax revenue, interest, penalties, cost of chattels and carrying costs less a provision for potential shortfall of proceeds from a sale or conversion. Inventory for resale is recorded at lower of cost or net realizable value as a financial asset. Inventory of supplies is recorded at the lower of cost or net realizable value as a non-financial asset.

d) Financial Instruments

The Municipality's financial instruments consist of cash, cash equivalents, accounts receivable, loan receivable, accounts payable, other liabilities, performance deposit and bonds and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Cash and cash equivalents comprise of cash on hand, demand deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

1. Significant Accounting Policies Continued:

e) Accrued Employee Benefits

Accrued employee benefits include an allowance for sick leave, vacation and severance benefits. These benefits are based on obligations as determined by collective agreements and contractual arrangements. Allowances for sick leave and vacation entitlement are recorded in the year in which they are earned. Severance benefits are recorded in the year in which they are earned. For union employees, 1 week is earned for each year of employment, to a maximum of 10 or 12 weeks depending on the union. Non-union employees earn severance in accordance with individual contracts or the BC labour standards. The severance banks are then multiplied by 10% for senior management and 2% for all other employees to estimate the potential for the District paying out severance.

f) 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 and the reported amounts of revenues and expenses during the period. Significant areas requiring estimates include the determination of collectability of accounts receivable, accrued payroll liabilities, tangible capital assets and provisions for contingencies. Accounts receivable are stated after evaluation of their collectability. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost, net of disposals, write-downs and amortization. Tangible capital asset expenses exceeding the thresholds per major category are capitalized. The average useful life is applied straight line to calculate amortization. Amortization is taken at one-half of the calculated amount in the year of acquisition and/or disposal.

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to the expenses as incurred.

	Average Useful Life
Land	Indefinite
Land Improvements	10-40 years
Buildings	20-80 years
Equipment	5-25 years
Engineering Structures	
Roads	10-60 years
Water	8-100 years
Sewer	8-100 years

Carrying costs directly attributable to the acquisition, construction or development activity are capitalized to the point in time the asset is substantially complete and ready for use. Contributed tangible capital assets are recorded at their fair value on the date of contribution. Assets under construction are not amortized until the asset is in use.

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

1. Significant Accounting Policies Continued:

h) Recent Accounting Pronouncements

In February 2010, the Public Sector Accounting Board (PSAB) issued PS 3510 Tax Revenue to provide guidance on how to account for and report tax revenue in Municipal financial statements. This section establishes recognition, measurement, presentation and disclosure requirements for tax revenue. PS 3150 is effective for fiscal years beginning on or after April 1, 2012. The District does not expect the adoption of the new section to have a material impact on its consolidated financial statements.

In June 2010, the Public Sector Accounting Board issued PS 3260 Liability for contaminated sites to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements. PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The District has not yet determined the effect of the new section on its consolidated financial statements.

In March 2011, the Public Sector Accounting Board replaced and revised existing section PS 3410 Government Transfers with a newly amended section PS 3410. Newly issued PS 3410 establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section permits a recipient government to recognize government transfers as revenue when the transfer is authorized by the transferring government, unless the transfer creates a liability for the recipient. A liability is created as a result of the recipient government not yet meeting eligibility criteria or the existence of stipulations in the transfer agreement. When a government transfer results in recognition of a liability, revenue is recognized by a recipient government as the liability is settled. A transferring government recognizes an expense when the transfer is authorized and the recipient has met all eligibility criteria. Newly revised and issued PS 3410 may be applied prospectively or retroactively and is effective for fiscal years beginning on or after April 1, 2012; however, earlier adoption is encouraged. PS 3410 will be applied prospectively and the District does not expect the adoption of the newly issued section to have a material impact on its consolidated financial statements.

2. Cash and cash equivalents

	2012	2011
General revenue fund	\$ 2,064,372	\$ 996,779
Reserve accounts	11,591	11,469
	<u>\$ 2,075,963</u>	<u>\$ 1,008,248</u>

The above balances include Municipal Finance Authority money market account \$1,663,769 (2011 - \$851,104), carried at cost, which is also equal to market value.

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

3. Accounts Receivable

	2012	2011
Property taxes	\$ 798,779	\$ 620,281
Other Governments	1,844,611	2,403,059
Trade and other	1,046,368	1,435,700
	<u>3,689,758</u>	<u>4,459,040</u>
Less allowance for doubtful accounts	(244,101)	(286,584)
	<u>\$ 3,445,657</u>	<u>\$ 4,172,456</u>

4. Accounts Payable and other liabilities

	2012	2011
Other Governments	\$ 125,839	\$ 152,745
Accrued wages and benefits	227,181	218,377
Trade and other	411,137	358,966
	<u>\$ 764,157</u>	<u>\$ 730,088</u>

5. Performance deposits and bonds

	2012	2011
Performance deposits	\$ 10,000	\$ 10,000
Other deposits	-	8,500
	<u>\$ 10,000</u>	<u>\$ 18,500</u>

6. Deferred Revenue

	2012	2011
Prepaid taxes	\$ 26,668	\$ 39,640
Prepaid fees and charges	49,576	48,548
Federal gas tax and other	816,713	442,725
	<u>\$ 892,957</u>	<u>\$ 530,913</u>

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

7. Federal Gas and Public Transit Funds

Gas Tax funding is provided by the Government of Canada and the use of the funding is restricted by the terms of a funding agreement between the District and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

	2012	2011
Opening balance of unspent funds	\$ 369,160	\$ 333,973
Add: Amount received during the year	204,071	204,071
Interest earned	4,996	3,966
Less: Amount spent on eligible projects	(60,000)	(172,850)
Closing balance of unspent funds	\$ 518,227	\$ 369,160

8. Capital Leases

The Municipality leases fire and rescue equipment and a water system under capital leases. The economic substance of the leases is that the Municipality is financing the acquisition of the assets through the leases and accordingly, they are recorded in the Municipality's tangible capital assets and liabilities.

Future minimum lease payments under the capital leases together with the balance of the obligations due:

2013	\$ 321,969
2014	320,676
2015	473,970
2016	16,065
Total minimum lease payments	1,132,680
Less: amount representing interest	(34,961)
Obligations under capital lease	<u>\$ 1,097,719</u>

Total interest expense during the year was \$23,593 (2011 \$27,980) and interest rates ranged from 1.25% to 5.25% (2.75% to 5.25% in 2011).

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

9. Long-Term Debt

	Balance, Beginning of year	Additions	Principal repayments and actuarial recognized	Balance, end of year
Sewer Fund				
Long term debt	\$ 1,292,616	\$ -	\$ (194,877)	\$ 1,097,739

The following represents the principal repayments over the next five years:

2013	\$ 166,582
2014	166,582
2015	166,582
2016	166,582
2017	166,582
	<u>\$ 832,910</u>

This long-term debt is payable to the Municipal Finance Authority (MFA). The debt is repayable at \$166,582 plus interest (4.82%) per year.

10. Tangible Capital Assets (Schedule 2)

Land and Improvements	\$ 4,278,558	\$ 4,060,267
Buildings	3,920,054	4,134,317
Furniture and Equipment	2,871	28,759
Vehicles and Machinery	1,578,684	1,759,469
Computer Hardware and Software	22,260	-
Engineering Structures		
Roads	13,394,252	13,185,009
Water	7,018,443	6,990,535
Sewer	11,083,156	10,734,421
	<u>\$ 41,298,278</u>	<u>\$ 40,892,777</u>

The cost of capital assets under construction in 2012 is \$645,478 (\$4,596,254 in 2011).

The net book value of leased assets in 2012 is \$1,385,257 (\$1,154,007 in 2011)

Tangible capital assets include land under the District's roads, which is disclosed at a nominal amount. Art and historic treasures are displayed at various District facilities and consist of painting, historical photographs, sculptures, carvings and other cultural artifacts. These items have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

District of Port Hardy

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

11. Pension Liability

The Municipality 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 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

The most recent actuarial valuation as at December 31, 2009 indicated a \$1.024 billion funding deficit for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The District of Port Hardy paid \$115,637 (2011-\$102,378) for employer contributions while employees contributed \$92,773 (2011-\$83,665) to the plan in fiscal 2012.

12. Contractual Obligations

As a part of its ongoing operations, the Municipality is involved with projects that require it to enter into contractual obligations. At December 31, 2012, the significant obligations are:

- Payments to EPCOR Water Services Inc. for \$1,141,000 annually (with allowance for inflationary adjustments) for 17 years for water treatment/distribution and wastewater collection/treatment services beginning in 2002.

13. Budget Figures

The budget amounts presented throughout these financial statements are based on the Five Year Financial Plan bylaw adopted by Council on May 8, 2012, except in regard to budget amounts for amortization and tangible capital assets.

Annual surplus, as adopted May 8, 2012	Nil
Add:	
Acquisition of tangible capital assets	\$ 1,447,634
Debenture principal repayments	451,659
Less:	
Debenture debt issue	(225,000)
Interfund transfers	(875,881)
Annual surplus restated	<u>\$ 798,412</u>

District of Port Hardy

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2012

14. Collections for Other Governments

The District is required to collect taxes on behalf of and transfer these amounts to the governments and/or its agencies noted below. These sums are not included in the schedules to these statements.

	2012	2011
School District 85	\$ 1,344,864	\$ 1,364,597
Mount Waddington Regional District	449,623	431,818
Mount Waddington Regional Hospital District	148,118	148,476
B.C. Assessment Authority	28,096	29,079
Municipal Finance Authority	85	85
Provincial Government - Police Tax	157,102	156,463
	<u>\$ 2,127,888</u>	<u>\$ 2,130,518</u>

15. Trust Funds

The District operates the cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act. The trust fund assets and liabilities are not included in the consolidated financial statements. At December 31, 2012, the balance of funds held in trust was \$29,753 (2011 - \$29,753).

The District operates the Fisherman's Wharf for the Department of Fisheries and Oceans and acts as project manager for the capital items constructed. The assets and liabilities of the operations are not included in the consolidated financial statements.

16. Payroll Benefits

Full-time permanent employees receive their full sick bank up to 60 days upon retirement or one third upon termination. There are no additional liabilities accrued for these amounts as they are included in the sick leave and vacation liability accounts. Specified officers of the District are entitled to severance benefits. This liability is recorded as the severance benefits are negotiated. The reported liability reflects the likelihood that employees will become eligible for this benefit.

Vacation liability at December 31, 2012 is \$20,964 (2011 - \$21,820).

Sick leave liability at December 31, 2012 is \$95,566 (2011 - \$95,514).

Severance liability at December 31, 2012 is \$28,258 (2011 - \$32,963).

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

17. Commitments and Contingencies

a) Municipal Insurance Association of British Columbia

The District is a subscribed member of the Municipal Insurance Association of British Columbia as provided by section 3.02 of the Insurance Act of the Province of British Columbia (the Exchange"). The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the District is assessed a premium and a specific deductible for claims is based on population. The obligation of the District with respect to the Exchange and/or contract and obligation entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, not joint and several. The District irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscriber may suffer.

b) Legal Actions

Each year the District is involved in certain legal actions. Financial implications of potential claims against the District, resulting from such litigation and not covered by insurance, are accrued to the extent that amounts can be reasonably estimated. Otherwise, such claims are recognized in the year in which a definitive obligation is determined.

c) Mount Waddington Regional District

The District is responsible, as a member of the Mount Waddington Regional District, for its portion of any operating deficits or long-term debt related function in which it participates.

18. Deposit and Reserve - Municipal Finance Authority

The District issues certain of its debt instruments through the Municipal Finance Authority of British Columbia (the Authority). As a condition of these borrowings and as required by legislation, a debt reserve fund is to be established in the amount of one-half the average annual installment of principal and interest as set out in the agreement(s) entered into. The reserve is funded in part by cash, being the withholding of 1% of the total issue proceeds, and the remainder being funded by a demand note whereby the District may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not reflected in the accounts of the District.

Details of the cash deposits on hand are:

	2012	2011
Sewer Fund		
Cash Deposits	\$ 22,277	\$ 23,036

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

19. Segmented Information

For management reporting purposes the District's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulation, restriction or limitations. District services are provided by departments and their activities are reported in the funds. Certain departments that have been separately disclosed in the segmented information on Schedule 1, along with the services they provide, are as follows:

Protection

Protection is comprised of the Volunteer Fire Department, the Emergency Preparedness coordinator, building inspection and bylaw enforcement.

Community Development

The Community development department provides economic development services. These services consist of downtown revitalization, grant proposals and new business and development.

Recreation & Culture

The Recreation and Culture department provides recreation and leisure services such as fitness and aquatic programs, the library and the museum.

Waste Management

This service is for the collection and disposal of solid waste and recycling program.

Public Works

The Public Works department delivers the municipal services related to maintenance of the roads, sidewalks, parks, open space, street lighting and storm drains.

General Government

Provide services related to corporate and legislative administration, governance, financial management, human resources and information technology.

Water

The water department is responsible for the water treatment plant and distribution system.

Sewer

The waste water department is responsible for the treatment and collection system for waste water.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The General Revenue Fund reports on municipal services that are funded by taxation. The taxes are apportioned to the fund services based on the net surplus.

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

20. Investment in Government Businesses

The investment in the NICFLP is reported as a government business partnership and North Island Community Forest Ltd. (NICF LTD) as a government business enterprise. These businesses are accounted for using the modified equity method. Under this method, the government businesses' accounting principles are not adjusted to conform with those of the District and inter-corporate transactions are not eliminated.

As a government business partnership, the NICF LTD is required to report under International Financial Reporting Standards (IFRS). In the prior and current year, the NICF LTD financial statements have not been audited or reviewed, therefore they were not prepared in accordance with IFRS. Any difference between the accounting standards used and IFRS would likely be insignificant.

	2012 Unaudited	2011 Unaudited
Summary of investment in Government Businesses		
NICFLP	\$ 45,295	\$ (16,323)
NICF LTD.	407	(215)
	<u>45,702</u>	<u>(16,538)</u>
Summary of results of operations		
NICFLP	61,618	(21,323)
NICF LTD.	622	(215)
Other Adjustments	-	5,000
	<u>\$ 62,240</u>	<u>\$ (16,538)</u>

The condensed supplementary financial information of the NICFLP is as follows:

	2012 Unaudited	2011 Unaudited
Financial Position		
Current and other assets	\$ 276,673	\$ 127,485
Current and other liabilities	139,520	177,050
Partners' capital	<u>137,153</u>	<u>(49,565)</u>
Net assets	<u>276,673</u>	<u>127,485</u>
Results of operations		
Revenues	203,525	9,678
Expenses	<u>16,804</u>	<u>74,293</u>
Net surplus/(loss)	<u>\$ 186,721</u>	<u>\$ (64,615)</u>

In 2011 the District loaned the North Island Community Forest Limited Partnership (NICFLP) \$38,333. The loan is unsecured, non-interest bearing and due on or before December 31, 2015.

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

21. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

District of Port Hardy

Consolidated Schedule of Segmented Disclosure

For the Year Ended December 31, 2012

Schedule 1
(Note 19)

	General government services		Transportation services		Protective services		Environmental health services		Recreation & Culture	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues										
Taxes	\$ 2,335,809	\$ 2,236,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments in lieu of taxes	156,649	147,034	-	-	-	-	-	-	-	-
Sale of service	-	-	290,565	234,858	35,083	34,443	273,273	269,038	212,509	207,649
Income from investment in Government business enterprises	-	-	-	-	-	-	-	-	-	-
Government transfers from other governments	727,501	707,694	644,935	642,764	57,665	-	-	-	-	4,278
Development contributions	-	-	-	720,720	-	-	-	-	-	-
Actuarial recognized	-	-	-	-	-	-	-	-	-	-
Sundry	285,186	162,610	35,776	80,096	32,238	58,289	3,164	3,032	33,876	33,272
	3,505,145	3,254,005	971,276	1,678,438	124,986	92,732	276,437	272,070	246,385	245,139
Expenses										
Salaries and benefits	848,238	697,121	404,629	356,290	111,084	107,131	12,886	8,149	613,528	554,857
Goods and services	166,487	170,617	327,905	338,434	157,824	155,357	27,012	109,462	334,890	260,635
Contracted services	49,635	41,725	256,927	351,132	79,103	211,001	223,115	128,997	217,164	204,625
Interest	10,811	-	-	9,013	-	5,721	-	-	-	1,763
Loss on Govt business enterprise	-	-	-	-	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	18,526	-	-	-	-	-	-
Amortization	39,111	31,116	600,134	495,581	87,326	103,366	-	-	215,900	211,450
	1,114,282	940,579	1,589,595	1,568,976	435,337	582,576	263,013	246,608	1,381,482	1,233,330
Net Surplus (Deficit)	\$ 2,390,863	\$ 2,313,426	\$ (618,319)	\$ 109,462	\$ (310,351)	\$ (489,844)	\$ 13,424	\$ 25,462	\$ (1,135,097)	\$ (988,191)

The accompanying notes are an integral part of these financial statements.

District of Port Hardy

Consolidated Schedule of Segmented Disclosure For the Year Ended December 31, 2012

Schedule 1

	Community development		Water		Sewer		Consolidated	Budget	Consolidated	Budget
	2012	2011	2012	2011	2012	2011	Actual	Unaudited	Actual	Unaudited
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,335,809	\$ 2,336,793	\$ 2,236,667	\$ 2,218,882
Payments in lieu of taxes	-	-	-	-	-	-	156,649	197,711	147,034	151,956
Sale of service	-	-	1,341,582	1,432,653	1,084,737	1,462,378	3,237,749	3,165,173	3,641,019	3,655,587
Income from investment in Government business enterprises	62,240	-	-	-	-	-	62,240	-	-	-
Government transfers from other governments	188,316	116,246	60,000	-	26,383	318,854	1,704,800	1,610,266	1,789,836	1,661,628
Development contributions	-	-	-	492,978	645,225	-	645,225	645,225	1,213,698	3,015,500
Actuarial recognized	-	-	-	-	28,295	20,800	28,295	-	20,800	-
Sundry	31,048	27,578	12,772	14,592	13,125	12,911	447,185	265,323	392,320	298,938
	281,604	143,824	1,414,354	1,940,223	1,797,765	1,814,943	8,617,952	8,220,491	9,441,376	11,002,491
Expenses										
Salaries and benefits	56,090	54,540	7,999	3,978	2,303	222	2,056,757	1,783,484	1,782,288	1,733,263
Goods and services	45,422	94,036	98,526	96,493	117,722	116,131	1,275,788	1,257,817	1,341,165	1,373,990
Contracted services	114,120	61,387	858,265	849,712	772,645	793,222	2,570,974	2,569,903	2,641,801	2,455,587
Interest	-	-	16,945	20,084	124,695	104,324	152,451	123,519	140,905	146,247
Loss on Govt business enterprise	-	16,538	-	-	-	-	-	-	16,538	-
Loss on disposal of assets	-	-	-	3,895	-	3,878	-	-	26,299	-
Amortization	-	-	350,734	326,851	394,151	341,291	1,687,356	1,687,356	1,509,655	1,470,000
	215,632	226,501	1,332,469	1,301,013	1,411,516	1,359,068	7,743,326	7,422,079	7,458,651	7,179,087
Net Surplus (Deficit)	\$ 65,972	\$ (82,677)	\$ 81,885	\$ 639,210	\$ 386,249	\$ 455,875	\$ 874,626	\$ 798,412	\$ 1,982,725	\$ 3,823,404

The accompanying notes are an integral part of these financial statements.

District of Port Hardy

Consolidated Statement of Tangible Capital Assets For the Year Ended December 31, 2012

Schedule 2

	Costs				Accumulated Amortization				2012	2011	
	Opening Balance	Additions	Construction In progress	Disposals	Closing Balance	Opening Balance	Amortization	Accumulated Amortization on Disposals			Closing Balance
Land and Land Improvements	\$ 5,439,172	\$ 318,067	-	-	\$ 5,757,239	\$ 1,378,905	\$ 99,776	-	\$ 1,478,681	\$ 4,278,558	\$ 4,060,267
Buildings	9,612,904	-	-	-	9,612,904	5,478,587	214,263	-	5,692,850	3,920,054	4,134,317
Furniture and Equipment	397,093	-	-	-	397,093	371,243	22,979	-	394,222	2,871	25,850
Vehicles and Machinery	3,745,150	-	-	-	3,745,150	1,985,681	180,785	-	2,166,466	1,578,684	1,759,469
Computer Hardware and Software	138,158	21,824	-	-	159,982	135,249	2,473	-	137,722	22,260	2,909
Engineering Structures	23,549,233	104,154	527,284	-	24,180,671	10,364,224	422,195	-	10,786,419	13,394,252	13,185,009
Roads	12,670,309	378,642	-	-	13,048,951	5,679,774	350,734	-	6,030,508	7,018,443	6,990,535
Water	15,398,594	742,886	-	-	16,141,480	4,664,173	394,151	-	5,058,324	11,083,156	10,734,421
Sewer											
	\$ 70,950,613	\$ 1,565,573	\$ 527,284	\$ -	\$ 73,043,470	\$ 30,057,836	\$ 1,687,356	\$ -	\$ 31,745,192	\$ 41,298,278	\$ 40,892,777

The accompanying notes are an integral part of these financial statements.

District of Port Hardy
Consolidated Statement of Accumulated Surplus
For the Year Ended December 31, 2012

Schedule 3

	2012	2011
Surplus		
Invested in tangible capital assets	\$ 39,102,820	\$ 38,222,568
Operating funds	2,637,428	2,558,220
	<u>41,740,248</u>	<u>40,780,788</u>
Reserves		
Buildings	134,509	133,102
Computers	20,301	20,088
Equipment replacement	202,580	200,461
General capital works	210,789	208,583
Park development	37,689	37,294
Recreation facilities	137,080	135,646
Sidewalks and roads	175,762	273,407
Tax sale	16,642	16,468
	935,352	1,025,049
Water Reserve Fund		
Water capital works	157,326	155,680
Sewer Reserve Fund		
Sewer capital works	307,405	304,188
	<u>1,400,083</u>	<u>1,484,917</u>
Accumulated Surplus, end of year	<u><u>\$ 43,140,331</u></u>	<u><u>\$ 42,265,705</u></u>

The accompanying notes are an integral part of these financial statements.