

**Powell River Regional District**  
**Financial Statements**  
**For the year ended December 31, 2014**

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**Financial Statements**  
For the year ended December 31, 2014

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## Management's Responsibility for the Financial Statements

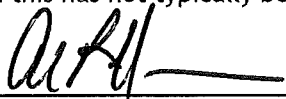
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The accompanying financial statements of the Powell River Regional District ("Regional District") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The integrity and objectivity of these financial statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the audited financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through its standing committee structure. Directors on these committees review the current year-to-date financial statements for each service on a quarterly basis.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the Regional 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 all members of the Regional District's financial staff and consult with them intermittently throughout the year. They also have the authority to meet with the elected officials as required, though this has not typically been deemed necessary.



Chief Administrative Officer



Manager of Financial Services

May 28, 2015



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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
Powell River Regional District

We have audited the accompanying financial statements of the Powell River Regional District, which comprise the Statement of Financial Position and the Summary of Function Balances and Accumulated Surplus as at December 31, 2014, and the Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the Powell River Regional District as at December 31, 2014 and the results of its operations, cash flows and changes in net financial assets for the year then ended, in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants

Vancouver, British Columbia  
May 28, 2015

**Powell River Regional District**  
**Statement of Financial Position**

**December 31**

**2014**

**2013**

**Financial Assets**

Cash and short-term investments (Note 2)	\$ 8,090,928	\$ 8,625,793
Accounts receivable	599,343	518,200
Debt charges recoverable - City of Powell River	9,030,975	9,462,997
	<u>17,721,246</u>	<u>18,606,990</u>

**Liabilities**

Accounts payable	3,388,562	3,074,963
Deposits and other	-	58,913
Development cost charges	4,019	3,950
Deferred government transfers (Note 3)	-	898,122
Short-term borrowing (Note 4)	106,907	185,134
Lease obligation (Note 5)	688,764	272,063
Long-term debt (Note 6)	10,125,475	10,562,695
Landfill closure and post closure liability	148,000	-
	<u>14,461,727</u>	<u>15,055,840</u>

**Net Financial Assets**

<u>3,259,519</u>	<u>3,551,150</u>
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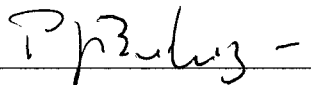
**Non Financial Assets**

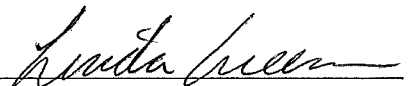
North Island 9-1-1 Corporation (Note 11)	503,039	503,039
Septage sludge disposal (Note 12)	279,950	305,400
Tangible capital assets (Note 14)	13,458,024	11,752,284
Other assets	73,566	44,302
	<u>14,314,579</u>	<u>12,605,025</u>

**Accumulated surplus (Note 15)**

<u>\$ 17,574,098</u>	<u>\$ 16,156,175</u>
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Approved by:

 Board Chairperson

 Administrator/Treasurer

**Powell River Regional District**  
**Statement of Operations**

For the year ended December 31	Budget 2014	2014	2013
<b>Revenue</b>			
Taxation levies	\$ 3,641,755	\$ 3,641,158	\$ 3,353,284
Parcel tax	212,792	212,792	205,133
Government grants	680,728	1,364,436	354,442
Recovery from municipality - debt charges	756,589	750,289	757,803
Tipping fees	977,897	1,009,365	964,460
Sale of services - cemetery & miscellaneous	66,971	93,126	83,956
Parks fees	100,700	111,905	99,552
Water and sewer user fees	87,832	89,957	86,703
Interest and sundry	613,166	737,220	580,001
Administration recoveries	374,241	405,504	374,712
Gain on disposal of tangible capital assets	-	-	259,906
	<b>7,512,671</b>	<b>8,415,752</b>	<b>7,119,952</b>
<b>Expenses</b>			
Administration and general	1,394,130	1,283,490	1,163,181
Planning	353,141	294,762	301,650
Waste management	1,617,071	1,540,487	1,341,751
Cemetery operations	196,812	177,571	191,448
Parks operations	439,425	389,371	339,035
Fire protection	617,512	516,455	518,628
Emergency telephone (911) services	203,864	198,439	191,355
Texada medical clinic	40,317	34,479	30,134
Texada recreation commission	70,287	64,860	52,136
Texada airport	64,405	75,426	49,720
House numbering	9,165	5,265	3,329
Recreation program	93,100	54,537	54,537
Rural paratransit	131,069	79,073	71,753
Emergency program EA's C & D	9,035	4,288	7,471
Electoral area feasibility study	167,115	174,430	158,839
Library services	271,912	266,779	258,890
Savary Island marine transportation facilities	46,442	31,404	32,746
Texada Island marine transportation facilities	25,423	10,036	39,872
Lasqueti Island marine ramp	10,421	3,664	1,889
Northside recreation	29,401	28,462	27,031
Emergency preparedness service	308,405	257,555	198,488
Septage disposal (Note 12)	12,349	37,599	205,159
Economic development service	36,039	36,038	36,177
Debt services - City of Powell River	756,589	750,289	757,803
Debt services - Regional District	124,637	126,861	59,258
Water and sewer system	123,661	99,731	91,359
Texada heritage commission	29,321	20,924	14,609
Regional animal shelter service	78,000	76,650	64,000
Less: lease principal payments included in function expenses	-	(106,063)	(110,053)
Loss on disposal of tangible capital assets	-	6,891	-
Amortization of tangible capital assets	-	458,076	450,801
	<b>7,259,048</b>	<b>6,997,829</b>	<b>6,602,996</b>
<b>Annual surplus</b>	<b>253,623</b>	<b>1,417,923</b>	<b>516,956</b>
<b>Accumulated surplus, beginning of year</b>	<b>16,156,175</b>	<b>16,156,175</b>	<b>15,639,219</b>
<b>Accumulated surplus, end of year (Note 15)</b>	<b>\$ 16,409,798</b>	<b>\$ 17,574,098</b>	<b>\$ 16,156,175</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Powell River Regional District**  
**Statement of Changes in Net Financial Assets**

<b>For the year ended December 31</b>	<b>Budget 2014</b>	<b>2014</b>	<b>2013</b>
<b>Annual surplus</b>	<b>\$ 253,623</b>	<b>\$ 1,417,923</b>	<b>\$ 516,956</b>
Acquisition of tangible capital assets	(2,825,783)	(2,174,207)	(1,548,681)
Amortization of tangible capital assets	-	458,076	450,801
(Gain) loss on sale of tangible capital assets	-	6,891	(251,386)
Proceeds on sale of tangible capital assets	-	3,500	376,951
Amortization of Septage Sludge Disposal	-	25,450	203,600
	<b>(2,572,160)</b>	<b>(262,367)</b>	<b>(251,759)</b>
Acquisition of other assets	-	(29,264)	(5,769)
<b>Change in net financial assets</b>	<b>(2,572,160)</b>	<b>(291,631)</b>	<b>(257,528)</b>
<b>Net financial assets, beginning of year</b>	<b>3,551,150</b>	<b>3,551,150</b>	<b>3,808,678</b>
<b>Net financial assets, end of year</b>	<b>\$ 978,990</b>	<b>\$ 3,259,519</b>	<b>\$ 3,551,150</b>

**Powell River Regional District**  
**Summary of Function Balances and Accumulated Surplus**

<b>For the year ended December 31</b>	<b>Schedule</b>	<b>2014</b>	<b>2013</b>
Administration and general	1	\$ 107,524	\$ 125,489
Planning	2	61,096	73,981
Waste management	3	84,668	80,179
Cemetery operations	4	52,294	9,403
Parks operations	5	134,161	156,264
Malaspina fire protection area	6	21,477	63,081
Lasqueti fire protection area	7	8,575	12,474
Savary fire protection area	8	94,352	27,433
Northside fire protection area	9	9,164	31,578
Emergency telephone (911) services	10	482	4,812
Texada medical clinic	11	5,901	12,755
Texada recreation commission	12	5,408	18,775
Texada airport	13	(3,686)	18,089
House numbering	14	2,446	5,159
Recreation program	15	-	-
Rural paratransit	16	52,995	50,439
Emergency program EA's C & D	17	10,811	96
Electoral area feasibility study	18	-	-
Library services	19	5,501	3,000
Savary Island public marine transportation facilities	20	15,081	8,187
Texada Island public marine transportation facilities	21	15,458	6,837
Lasqueti Island marine ramp	22	6,784	8,528
Northside recreation	23	8,267	24,518
Emergency preparedness service	24	24,125	50,455
Septage disposal	25	508	2
Economic development service	26	1	-
Water fund - Myrtle Pond	27	7,918	9,540
Sewer fund - Lund Sewer	28	61,931	33,532
Texada heritage commission	29	8,408	11,403
Regional animal shelter service	30	1,350	13,978
<b>Total function balances</b>		<b>803,000</b>	<b>859,987</b>
<b>Reserve for future capital expenditures (Note 15)</b>		<b>1,244,444</b>	<b>1,466,645</b>
<b>Reserve for future expenditures (Note 15)</b>		<b>1,497,388</b>	<b>1,485,972</b>
<b>Reserve fund (Note 15)</b>		<b>1,604,858</b>	<b>1,287,962</b>
<b>Unspent capital funds</b>		<b>-</b>	<b>7,480</b>
<b>Investment in non financial assets (Note 10)</b>		<b>12,424,408</b>	<b>11,048,129</b>
<b>Accumulated surplus (Note 15)</b>		<b>\$ 17,574,098</b>	<b>\$ 16,156,175</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements



**Powell River Regional District**  
**Statement of Cash Flows**

**For the year ended December 31** **2014** **2013**

**Cash provided (used in)**

**Operating transactions**

Annual surplus	\$ 1,417,923	\$ 516,956
Changes in non-cash operating balances		
Accounts receivable	(81,143)	(104,421)
Other assets	(29,264)	(5,769)
Accounts payable	313,599	2,406,530
Deposits	(58,913)	1,021
Deferred government transfers	(898,122)	114,195
Items not involving cash		
Amortization of tangible capital assets	458,076	450,801
Amortization of Septage Sludge Disposal	25,450	203,600
(Gain) loss on disposal and impairment of tangible capital assets	6,891	(251,386)
Landfill closure and post closure costs	148,000	-
	<u>1,302,497</u>	<u>3,331,527</u>

**Capital transactions**

Proceeds from sale of tangible capital assets	3,500	376,950
Acquisition of tangible capital assets	<u>(1,651,443)</u>	<u>(1,520,648)</u>
	<u>(1,647,943)</u>	<u>(1,143,698)</u>

**Financing transactions**

Development cost charges	69	69
Debt proceeds	42,732	397,405
Repayment of long term debt, leases and short-term borrowing	<u>(232,220)</u>	<u>(377,160)</u>
	<u>(189,419)</u>	<u>20,314</u>

**Increase in cash and short-term investments for the year** **(534,865)** **2,208,143**

**Cash and short-term investments, beginning of year** **8,625,793** **6,417,650**

**Cash and short-term investments, end of year** **\$ 8,090,928** **\$ 8,625,793**

**Non cash transaction**

Tangible capital assets additions through capital leases	<u>\$ 522,764</u>	<u>\$ 28,033</u>
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## Powell River Regional District Summary of Significant Accounting Policies

December 31, 2014

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The Regional District is a local government in the province of British Columbia. The Regional District prepares its financial statements in accordance with Canadian public sector standards using guidelines developed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Following is a summary of the significant accounting policies of the Regional District:

**Revenue Recognition - Taxation** Taxes are recognized as revenue in the year they are levied.

**Revenue Recognition - Development Cost Charges** Receipts which are restricted by the legislation of senior government are reported as Development Cost Charges liability at the time they are received. When qualifying expenditures are incurred Development Cost Charges are brought into revenue as Development revenue.

**Revenue Recognition - Cemetery Operations** Revenue from the sale of reserved plots is considered revenue in the year received. Any refunds which may be applied for in the future will be considered an operating expenditure of that year.

**Government Transfers** Government transfers, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue if the transfer stipulations give rise to a liability. The transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

When the Regional District is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

The most significant government transfer relates to the Community Works Fund (Note 3). These funds are recognized as revenue in the year the funds are received.

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**Powell River Regional District**  
**Summary of Significant Accounting Policies**

**December 31, 2014**

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**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is put into use.

Estimate useful lives of tangible capital assets are as follows:

Land improvements	10 to 50 years
Parks infrastructure	35 years
Buildings	20 to 50 years
Machinery and equipment	5 to 35 years
Vehicles	10 to 30 years
Water systems	10 to 80 years
Sewer systems	10 to 80 years
Structures (docks and sheds)	40 to 50 years

**Landfill Closure and Post Closure Liability**

The landfill closure and post closure liability is based on estimated costs to close and post closure activities of the solid waste landfill site at the end of its expected useful life. The estimated cost is accrued as the landfill site's capacity is used. The liability and annual expense is calculated based on the rate of utilization to total capacity. Any changes in estimate are recorded prospectively.

**Interest on Long-Term Debt**

Interest on long-term debt of the Regional District is recorded on the accrual basis.

**Leased Assets**

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the District, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

**Financial Instruments**

The Regional District's financial instruments consist of cash and short term investments, accounts receivable, debt charges recoverable, deposits and other, accounts payable, short term borrowing, and long term debt. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

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**Powell River Regional District**  
**Summary of Significant Accounting Policies**

**December 31, 2014**

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

**Use of Estimates**              The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Areas requiring the greatest degree of estimation include useful life of tangible capital assets.

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**Powell River Regional District**  
**Notes to Financial Statements**

**December 31, 2014**

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**1. Municipal Finance Authority Reserve Deposits and Demand Notes**

The Regional District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund and totals \$16,498 (2013 - \$16,250). The Regional District also executes demand notes in connection with each debenture totaling \$28,504 (2013 - \$30,316) whereby the Regional District may be required to loan certain amounts to the Municipal Finance Authority. Debt reserve funds are also held on behalf of the City of Powell River and total \$450,399 (2013 - \$445,513). All amounts related to the reserve deposits and demand notes are not recorded elsewhere in these financial statements.

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**2. Cash and Short-Term Investments**

	<u>2014</u>	<u>2013</u>
Cash accounts (prime - 1.5%)	\$ 471,934	\$ 253,424
MFA - Money Market	1,506,245	32
MFA - Bond Fund	3,036,670	5,422,144
Short-term GIC	2,500,000	-
Chartered bank (prime - 1.5%)	4,071,106	4,421,901
Other cash held	<u>800,470</u>	<u>215,189</u>
Less portion held for the Powell River Hospital District	<u>(4,295,497)</u>	<u>(1,686,897)</u>
Cash and short-term investments	<u>\$ 8,090,928</u>	<u>\$ 8,625,793</u>

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**Powell River Regional District**  
**Notes to Financial Statements**

**December 31, 2014**

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**3. Community Works Fund**

During 2014 the Regional District entered into a Renewed Gas Tax Agreement that differed in several key ways from the previous agreement. The result of these differences (and in accordance with the Regional District's accounting policy for Government Transfers) is that revenues under the Community Works Fund portion of the program will be recognized when allocated to the Regional District.

The Renewed Gas Tax Agreement also provides that any unspent amounts from the previous agreement of \$898,122 will be brought forward to the new agreement. These amounts were previously recorded as deferred revenue. The impact of this new agreement is an increase of revenue in 2014 of \$898,122 to recognize the amounts previously deferred.

The Regional District has transferred the unspent funds to the reserve and continues to track the unspent amounts in the "Community Works Reserve Fund". The continuity of this fund is presented in the table below:

	<u>2014</u>
Community Works Fund Reserve, opening Balance	\$ -
Add: Transfer of unspent amounts from deferred revenue	898,122
Amount received during the year	345,629
Interest earned	<u>15,760</u>
	913,882
Less: Amount spent	(753,694)
Amount spent on administration	<u>-</u>
Community Works Fund Reserve, closing Balance	<u>\$ 505,817</u>

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**4. Short-Term Borrowing**

During the year, the Regional District received temporary capital financing of \$Nil (2013 - \$331,915) through the Municipal Finance Authority Interim Financing program bearing interest at 1.72%. As at December 31, 2014, \$106,907 (2012- \$185,134) remains of the Interim Financing balance.

**Powell River Regional District**  
**Notes to Financial Statements**

**December 31, 2014**

**5. Lease Obligation**

	<u>2014</u>	<u>2013</u>
Obligation under capital lease - 1.25%, due May 28, 2015, repayable in monthly installments of \$230 including principal and interest	1,255	3,669
Obligation under capital lease - 1.50%, due June 28, 2015, repayable in monthly installments of \$256 including principal and interest	1,546	4,231
Obligation under capital lease - 2.00%, due April 28th, 2017, repayable in monthly installments of \$109 including principal and interest, repaid during the year.	2,667	3,771
Obligation under capital lease - 2.00%, due May 28th, 2017, repayable in monthly installments of \$203 including principal and interest, repaid during the year	5,140	7,191
Obligation under capital lease - 2.00%, due May 28, 2017, repayable in monthly installments of \$576 including principal and interest	14,598	20,418
Obligation under capital lease - 2.00%, due June 28, 2017, repayable in monthly installments of \$919 including principal and interest	24,015	33,275
Obligation under capital lease - 2.00%, due August 28, 2017, repayable in monthly installments of \$1,966 including principal and interest	69,841	89,301
Obligation under capital lease - 2.00%, due October 28, 2016, repayable in monthly installments of \$1,366 including principal and interest	26,327	40,288
Obligation under capital lease - 2.00%, due May 28th, 2018, repayable in monthly installments of \$330 including principal and interest	11,661	14,926
Obligation under capital lease - 2.00%, due July 28th, 2017, repayable in monthly installments of \$537 including principal and interest	19,901	25,194
Obligation under capital lease - 2.00%, due September 17th, 2019, repayable in monthly installments of \$2,043 including principal and interest	278,378	-
Obligation under capital lease - 2.00%, due September 17th, 2019, repayable in monthly installments of \$1,778 including principal and interest	233,435	-
Subtotal	<u>\$ 688,764</u>	<u>\$ 242,264</u>

**Powell River Regional District**  
**Notes to Financial Statements**

December 31, 2014

**5. Lease Obligation (Continued)**

	<u>2014</u>	<u>2013</u>
Balance carried forward	\$ 688,764	\$ 242,264
Obligation under capital lease - 1.25%, due August 28th, 2014, repayable in monthly installments of \$425 including principal and interest	-	3,552
Obligation under capital lease - 1.25%, due November 28, 2014, repayable in monthly installments of \$2,243 including principal and interest	-	23,592
Obligation under capital lease - 2.00%, due May 28, 2017, repayable in monthly installments of \$576 including principal and interest	-	2,655
	<u>\$ 688,764</u>	<u>\$ 272,063</u>

Obligations under capital lease are collateralized by the assets under lease.

The future minimum lease payments are as follows:

Year	Amount
2015	\$ 115,658
2016	109,898
2017	95,079
2018	48,890
2019	413,569
	<u>783,094</u>
Less: imputed interest	<u>(94,330)</u>
	<u>\$ 688,764</u>



**Powell River Regional District**  
**Notes to Financial Statements**

**December 31, 2014**

**6. Long-Term Debt**

	2014	2013
Debt of the Regional District		
Issued 2004, maturing 2014, 4.98%	\$ -	\$ 5,552
Issued 2004, maturing 2024, 5.5%	43,373	46,657
Issued 2005, maturing 2025, 4.17%	328,107	351,500
Issued 2010, maturing 2030, 4.5%	61,781	64,502
Issued 2011, maturing 2026, 4.2%	21,103	22,453
Issued 2012, maturing 2042, 2.9%	524,213	534,300
Issued 2012, maturing 2032, 2.9%	8,911	9,245
Issued 2013, maturing 2043, 3.15%	61,739	62,860
Issued 2013, maturing 2033, 3.15%	2,541	2,629
Issued 2014, maturing 2034, 3.30%	42,732	-
	<u>1,094,500</u>	<u>1,099,698</u>
Debt of the City of Powell River	<u>9,030,975</u>	<u>9,462,997</u>
	<u><b>\$ 10,125,475</b></u>	<u><b>\$ 10,562,695</b></u>

The Regional District has adopted bylaw No. 476 to authorize temporary borrowing from the Local Government for the purchase of head office for General Administration in the amount of \$88,000 (Note 4). This debt has been paid off in August 2014.

Future principal requirement on Regional District debt:

2015	\$ 44,108
2016	45,907
2017	47,780
2018	49,729
2019 and beyond	<u>906,976</u>
	<u><b>\$ 1,094,500</b></u>

**7. Landfill Closure and Post Closure Liability**

The Regional District has estimated that the remaining life of its landfill is 14 years. The future closure costs at the end of the life are estimated to be \$240,000. Approximately 62% of the capacity of the landfill has been used as at December 31, 2014. Management has recognized a liability of \$148,000 at December 31, 2014 based on the estimated future closure costs, remaining capacity and a discount rate of 4.5%.

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**Powell River Regional District**  
**Notes to Financial Statements**

**December 31, 2014**

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**8. Pension Plan**

The Regional District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension 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 approximately 182,000 active members and approximately 75,000 retired members. Active members include approximately 65,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2012 indicated an unfunded liability of \$1,370 million for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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 Regional District's employee and employer contributions to the Plan in the year total \$75,865 (2013 - \$72,133) and \$91,971 (2013 - \$86,716) respectively.

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**9. Commitments**

The Regional District has the following commitments:

- a waste transport service at an estimated cost of \$278,000 per annum
- a waste transport and disposal service at an estimated cost of \$340,000 per annum;
- a septage sludge disposal service with payments of \$10,600 per annum until 2025;
- a contribution to SPCA \$75,000 per annum; and
- a contribution to the Powell River Tourism Society \$50,000, provided that the City of Powell River matches the funding.

The waste transport services and the annual contribution to SPCA agreements are in effect each fiscal year until they are cancelled with appropriate notice.

**Powell River Regional District**  
**Notes to Financial Statements**

**December 31, 2014**

**10. Investment in Non-Financial Assets**

	2014	2013
Investment in non financial assets, beginning of year	\$ 11,048,130	\$ 10,321,924
Tangible capital assets additions	2,174,207	1,548,681
Amortization of tangible capital assets	(458,075)	(450,801)
Additions funded by debt and lease	(565,496)	(425,437)
Long-term debt payments	47,930	44,846
Short-term debt payments	78,227	222,261
Lease principal payments	106,063	110,053
Capital assets disposal and adjustments	(10,392)	(125,566)
Other assets additions	29,264	5,769
Amortization of Septage Sludge Disposal	(25,450)	(203,600)
Investment in non-financial assets, end of year	<u>\$ 12,424,408</u>	<u>\$ 11,048,130</u>

**11. The North Island 9-1-1 Corporation**

The 911 emergency dispatch service is provided by the North Island 9-1-1 Corporation which is owned by the Regional Districts of Comox Strathcona, Mount Waddington, Alberni Clayoquot, Nanaimo and Powell River. The shares in the corporation are owned as follows:

Alberni Clayoquot	3 shares
Comox Valley	6 shares
Mount Waddington	1 shares
Nanaimo	5 shares
Powell River	2 shares
Strathcona	4 shares

The Regional District paid a partnership fee of \$374,068 to buy into the North Island 911 Corporation. In addition, the Regional District has contributed towards capital costs for the system. The total of the partnership fee, related interest costs and capital costs is reported as the Regional District's share of the physical assets. The contribution to the Corporation is recorded at cost.

**12. Septage Sludge Disposal**

The Regional District has contracted with the City of Powell River in order to allow use of their sewage lagoon for the disposal of septage and sewage sludge generated in electoral area A-D until 2025. The agreement required an up-front payment of \$509,000 in 2005 and contains further commitments of the Regional District as set out in Note 9.

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Powell River Regional District  
Notes to Financial Statements

December 31, 2014

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13. Expenditures by Object

	2014	2013
Materials, supplies and other	\$ 4,906,510	\$ 4,466,019
Salaries, wages, and benefits	1,539,468	1,417,101
Amortization of tangible capital assets	458,076	450,801
Amortization of Septage Sludge Disposal	25,450	203,600
Loss on disposal and impairment	6,891	-
Debt interest	61,434	65,475
	6,997,829	6,602,996
Capital expenditures	2,156,535	1,548,681
	<u>\$ 9,154,364</u>	<u>\$ 8,151,677</u>

**Powell River Regional District**  
Notes to Financial Statements

December 31, 2014

**14. Tangible Capital Assets**

	2014											
	Land Improvements	Land	Infrastructure	Parks	Buildings	Construction in progress	Machinery & Equipment	Vehicles	Water Systems	Sewer Systems	Structures (Docks and Sheds)	Total
Cost, beginning of year	\$ 1,144,190	\$ 1,249,377	\$ 57,928	\$3,893,732	\$ 374,647	\$ 1,235,447	\$ 2,146,877	\$ 1,391,683	\$ 1,929,368	\$ 3,101,786	\$ 16,525,035	
Additions		319,301	14,303	1,024,577	(12,934)	145,386	621,812	44,090	-	-	2,156,535	
Disposals				(41,165)	-	-	(26,812)	-	-	-	(67,977)	
Adjustments	(41,922)	(5,389)	-	(2,941)	-	14,635	706	(588)	-	-	53,171	17,672
Cost, end of year	1,102,268	1,563,289	72,231	4,874,203	361,713	1,395,468	2,742,583	1,435,185	1,929,368	3,154,957	18,631,265	
Accumulated amortization, beginning of year	-	304,987	23,283	961,635	-	826,461	1,179,762	171,602	559,496	745,525	4,772,751	
Amortization	-	29,075	1,989	107,009	-	91,262	68,135	35,476	44,591	80,538	458,075	
Disposals	-	-	-	(32,074)	-	-	(25,511)	-	-	-	(57,585)	
Write-downs	-	-	-	-	-	-	-	-	-	-	-	
Accumulated amortization, end of year	-	334,062	25,272	1,036,570	-	917,723	1,222,386	207,078	604,087	826,063	5,173,241	
Net carrying amount, end of year	\$ 1,102,268	\$ 1,229,227	\$ 46,959	\$3,837,633	\$ 361,713	\$ 477,745	\$ 1,520,197	\$ 1,228,107	\$ 1,325,281	\$ 2,328,894	\$ 13,458,024	

**Powell River Regional District**  
Notes to Financial Statements

December 31, 2014

**14. Tangible Capital Assets (Continued)**

	2013											
	Land	Land Improvements	Infrastructure	Parks	Buildings	Construction in Progress	Machinery & Equipment	Vehicles	Water Systems	Sewer Systems	Structures (Docks and Sheds)	Total
Cost, beginning of year	\$ 1,031,265	\$ 1,042,153	\$ 56,435	\$ 3,797,024	\$ 28,589	\$ 1,133,835	\$ 1,935,096	\$ 1,391,683	\$ 1,929,368	\$ 2,764,887	\$ 15,110,335	
Additions	124,793	207,224		201,495	364,971	110,027	211,781	-	-	328,390	1,548,681	
Disposals	(11,868)			(105,176)	-	(8,415)	-	-	-	-	(125,459)	
Transfer (from) construction in progress to assets in use	-	-	1,493	389	(10,391)	-	-	-	-	-	8,509	-
Write-downs	-	-	-	-	(8,522)	-	-	-	-	-	(8,522)	-
Cost, end of year	1,144,190	1,249,377	57,928	3,893,732	374,647	1,235,447	2,146,877	1,391,683	1,929,368	3,101,786	16,525,035	
Accumulated amortization, beginning of year	-	278,262	21,571	870,060	-	756,140	1,078,688	141,765	514,904	668,975	4,330,365	
Amortization	-	26,725	1,712	91,575	-	78,736	101,074	29,837	44,592	76,550	450,801	
Disposals	-	-	-	-	-	(8,415)	-	-	-	-	(8,415)	
Accumulated amortization, end of year	-	304,987	23,283	961,635	-	826,461	1,179,762	171,602	559,496	745,525	4,772,751	
Net carrying amount, end of year	\$ 1,144,190	\$ 944,390	\$ 34,645	\$ 2,932,097	\$ 374,647	\$ 408,986	\$ 967,115	\$ 1,220,081	\$ 1,369,872	\$ 2,356,261	\$ 11,752,284	

**Powell River Regional District**  
**Notes to Financial Statements**

**December 31, 2014**

**15. Accumulated Surplus**

The District segregates its accumulated surplus in the following categories: function balances, provisions for future expenditure (both capital and operating), investment in non-financial assets, reserve funds and unspent capital funds.

	<u>2014</u>	<u>2013</u>
Function balances	\$ 803,000	\$ 859,987
Reserve for future capital expenditures	1,244,444	1,466,645
Reserve for future expenditures	1,497,388	1,485,972
Reserve fund	1,604,858	1,287,962
Unspent capital funds	-	7,480
Investment in Non Financial Assets	12,424,408	11,048,129
	<u>\$ 17,574,098</u>	<u>\$ 16,156,175</u>

The Investment in non-financial assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by bylaw or council resolution for specific purposes. Details of reserve funds are shown below:

	<u>2014</u>	<u>2013</u>
<b>Represented By:</b>		
Cemetery Care Fund	\$ 336,264	\$ 327,614
TMC Capital Reserve	30,875	36,215
MVFD Capital Reserve	74,497	50,864
LVFD Capital Reserve	75,616	93,930
NVFD Capital Reserve	20,172	60,060
SIVFD Capital Reserve	26,300	25,843
LS Capital Reserve	71,628	70,386
TRC Capital Reserve	51,927	122,377
Community Works Reserve (Note 3)	505,817	-
Feasibility Studies Reserve	993	6,479
Community Parks Acquisition Reserve	360,486	336,303
Myrtle Pond Reserve	50,163	157,773
General Administration Reserve	120	118
	<u>\$ 1,604,858</u>	<u>\$ 1,287,962</u>

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**Powell River Regional District  
Notes to Financial Statements**

**December 31, 2014**

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**15. Accumulated Surplus (Continued)**

The following provides description of the Regional District's reserve funds:

**Cemetery Care Fund** -- The Cemetery Care Fund is set aside for future maintenance of the cemetery. Interest earnings of the Fund are used for current year maintenance.

**Texada Medical Clinic Capital Reserve** -- Monies in this reserve shall be used for capital projects and equipment for the Texada Medical Clinic.

**Malaspina Volunteer Fire Department Capital Works Reserve** -- Monies in this reserve shall be used for capital expenditures and renewal of existing capital works.

**Lasqueti Volunteer Fire Department Capital Reserve** -- Monies in this reserve shall be used for capital expenditures and renewal of existing capital works.

**Northside Volunteer Fire Department Capital Works Reserve** -- Monies in this reserve shall be used for capital expenditures and renewal of existing capital works. Proceeds from the sale of land held by the Northside Fire Department shall be set aside into the reserve.

**Savary Island Volunteer Fire Department Capital Works Reserve** -- Monies in this reserve shall be used for capital expenditures and renewal of existing capital works.

**Lund Sewer Capital Reserve** -- Monies in this reserve shall be used for capital expenditures and renewal of existing capital works.

**Texada Recreation Commission Reserve** -- Monies in this reserve shall be used for capital expenditures.

**Community Works Reserve** -- This reserve accumulates the funding received for Gas Tax. Monies in this reserve shall be spend on eligible expenditures as outlined in the revised Gas Tax funding agreement between the Regional District and UBCM.

**Feasibility Studies Reserve** -- Monies in this reserve shall be used for the cost of undertaking feasibility studies in respect of a) the possible establishment of a service; b) the provision of a work or service for a specified area pursuant to Local Government Act; or c) the provision of a work by local involvement.

**Parks Planning Reserve** -- Monies in this reserve shall be used for the purpose of acquiring park lands within the Community Parks service area.

**General Administration Reserve** -- Monies in this reserve shall be used for capital projects for the General Administration Service and acquisition of land, machinery or equipment, including the extension or renewal of existing capital works.

**Reserve for Future Capital Expenditures** -- A reserve for solid waste management has been established for future capital expenditures and renewal of existing capital works.

**Reserve for Future Expenditures** -- Reserves for future expenditures have been established for funding of future costs related to the Savary Island Public Marine Transportation Facilities, Texada Island Public Marine Transportation Facilities, Parks Planning, General Administration, Cemetery, Texada Airport, Northside Recreation, Septage Disposal, Myrtle Pond Water System and other items.