



qathet

REGIONAL DISTRICT

2019 Financial Statements





# qathet REGIONAL DISTRICT

## **Financial Statements December 31, 2019**

Management's Responsibility for the Financial Statements

Independent Auditor's Report

### Financial Statements

|  |        |
|--|--------|
| Statement of Financial Position                      | 1      |
| Statement of Operations                              | 2      |
| Statements of Changes in Net Financial Assets        | 3      |
| Statement of Cash Flows                              | 4      |
| Summary of Function Balances and Accumulated Surplus | 5      |
| Summary of Significant Accounting Policies           | 6 - 8  |
| Notes to Financial Statements                        | 9 - 17 |

### Schedules

|   |    |
|---|----|
| Schedule I - Tangible Capital Assets Continuity       | 18 |
| Schedule II - Segment Disclosure for year ended 2019  | 19 |
| Schedule III - Segment Disclosure for year ended 2018 | 20 |



# qathet REGIONAL DISTRICT

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## Management's Responsibility for the Financial Statements

The accompanying financial statements of the qathet Regional District have been prepared in accordance with the Canadian public sector accounting standards and are outlined under significant accounting policies in the notes to the financial statements. Management is responsible for the integrity and objectivity of these statements as well as the supplementary schedules. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. Management also maintains a program of proper business compliance. These systems are regularly monitored and evaluated by management.

The Board of Directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfils its responsibility for financial reporting and internal control.

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

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Chief Administrative Officer

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Chief Financial Officer

# Independent Auditor's Report

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To the Board of Directors of qathet Regional District:

## Opinion

We have audited the financial statements of qathet Regional District (the "Regional District"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Regional District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Matter

The prior year comparative figures were audited by another firm of chartered professional accountants, who issued an unmodified opinion on April 25, 2019.

## Other Information

Management is responsible for the other information, comprising the annual report, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Regional District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional District or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nanaimo, British Columbia

May 14, 2020

*MNP* LLP

Chartered Professional Accountants

**qathet Regional District  
Statement of Financial Position  
as at December 31, 2019**

|   | <u>2019</u>          | <u>2018</u><br>Restated (Note 6) |
|---|----------------------|----------------------------------|
| <b>Financial Assets</b>                                       |                      |                                  |
| Cash and short-term investments (Note 2)                      | \$ 12,702,007        | \$ 11,003,104                    |
| Receivable from member municipality (Note 4)                  | 9,956,197            | 10,382,514                       |
| Accounts receivable   | 1,083,817            | 754,557                          |
| <b>Total Financial Assets</b>                                 | <u>23,742,021</u>    | <u>22,140,175</u>                |
| <b>Liabilities</b>  |                      |                                  |
| Accounts payable (Note 15)                                    | 1,416,698            | 926,256                          |
| Due to Powell River Regional Hospital District (Notes 2 & 16) | 5,069,778            | 4,611,858                        |
| Development cost charges                                      | 9,228                | 8,986                            |
| Deferred revenue  | 156,813              | 11,975                           |
| Capital financing and short term debt (Note 3)                | 1,535,504            | 1,446,384                        |
| Long-term debt (Note 4)                                       | 10,806,311           | 11,264,368                       |
| Landfill closure and post closure liability (Note 5)          | 242,332              | 172,774                          |
| <b>Total Liabilities</b>                                      | <u>19,236,664</u>    | <u>18,442,601</u>                |
| <b>Net Financial Assets</b>                                   | <u>4,505,357</u>     | <u>3,697,574</u>                 |
| <b>Non-Financial Assets</b>                                   |                      |                                  |
| Septage sludge disposal (Note 7)                              | -                    | 178,150                          |
| Tangible capital assets (Schedule I)                          | 18,207,701           | 17,496,736                       |
| Prepaid expenses  | 126,817              | 57,295                           |
| <b>Total Non-Financial Assets</b>                             | <u>18,334,518</u>    | <u>17,732,181</u>                |
| <b>Accumulated surplus (Note 11)</b>                          | <u>\$ 22,839,875</u> | <u>\$ 21,429,755</u>             |

Commitments (Note 9)  
Subsequent Event (Note 14)

Approved on behalf of the Board:



Chair



Chief Financial Officer

**qathet Regional District**  
**Statement of Operations**  
**For the year ended December 31, 2019**

|  | 2019<br>Budget<br>(Note 13) | 2019<br>Actual       | 2018<br>Actual<br>Restated (Note 6) |
|--|-----------------------------|----------------------|-------------------------------------|
| <b>Revenue</b>                                     |                             |                      |                                     |
| Taxation levies                                    | \$ 7,187,233                | \$ 7,187,231         | \$ 5,762,420                        |
| Parcel tax   | 318,905                     | 318,905              | 268,295                             |
| Grants   | 7,063,712                   | 1,634,044            | 1,206,232                           |
| Waste Management Tipping fees                      | 1,284,500                   | 1,296,331            | 1,131,954                           |
| Sales of Services - Cemetery                       | 87,529                      | 137,973              | 187,498                             |
| Park Fees  | 136,313                     | 185,878              | 166,665                             |
| Water and Sewer User Fees                          | 131,374                     | 144,334              | 133,116                             |
| Interest and Other Revenue                         | 500,427                     | 516,504              | 497,074                             |
| Gain (loss) on disposal of tangible capital assets | -                           | 36,594               | -                                   |
| Gain from Actuarial Adjustment on Debenture Debt   | -                           | 6,411                | 5,442                               |
| Contributed Capital                                | -                           | -                    | 166,720                             |
|  | <u>16,709,993</u>           | <u>11,464,204</u>    | <u>9,525,416</u>                    |
| <b>Expenses</b>                                    |                             |                      |                                     |
| General Government Services                        | 1,943,892                   | 1,686,600            | 1,596,206                           |
| Development Services                               | 673,541                     | 524,631              | 415,271                             |
| Solid Waste Management and Recycling               | 2,458,290                   | 2,309,666            | 1,902,057                           |
| Other Services                                     | 884,033                     | 913,738              | 767,359                             |
| Parks and Recreation Services                      | 1,769,195                   | 1,752,776            | 1,501,414                           |
| Protective Services                                | 3,623,336                   | 2,331,477            | 1,638,832                           |
| Public Health and Welfare Services                 | 92,764                      | 123,376              | 68,055                              |
| Transportation Services                            | 161,353                     | 155,437              | 135,005                             |
| Water Services                                     | 107,411                     | 113,679              | 123,213                             |
| Sewer Services                                     | 139,217                     | 142,704              | 144,230                             |
|  | <u>11,853,032</u>           | <u>10,054,084</u>    | <u>8,291,642</u>                    |
| <b>Annual Surplus</b>                              | 4,856,961                   | 1,410,120            | 1,233,774                           |
| <b>Accumulated surplus, beginning of year</b>      | 21,429,755                  | 21,429,755           | 20,195,981                          |
| <b>Accumulated surplus, end of year (Note 11)</b>  | <u>\$ 26,286,716</u>        | <u>\$ 22,839,875</u> | <u>\$ 21,429,755</u>                |

**qathet Regional District**  
**Statement of Changes in Net Financial Assets**  
**For the year ended December 31, 2019**

|   | 2019<br>Budget<br><u>(Note 13)</u> | 2019<br>Actual<br><u></u> | 2018<br>Actual<br><u>Restated (Note 6)</u> |
|---|------------------------------------|---------------------------|--|
| <b>Annual Surplus</b>                               | \$ 4,856,961                       | \$ 1,410,120              | \$ 1,233,774                               |
| Acquisition of tangible capital assets              | (6,891,327)                        | (1,431,708)               | (2,000,222)                                |
| Amortization of tangible capital assets             | -                                  | 686,097                   | 624,898                                    |
| Write down of investment in septage sludge disposal | -                                  | 178,150                   | 25,450                                     |
| Proceeds from sale of tangible capital assets       | -                                  | 71,240                    | -  |
| Gain on disposal of tangible capital assets         | -                                  | (36,594)                  | -  |
| Change in prepaid expenses                          | <u>-</u>                           | <u>(69,522)</u>           | <u>60,816</u>                              |
| <b>Change in net financial assets</b>               | (2,034,366)                        | 807,783                   | (55,284)                                   |
| <b>Net financial assets, beginning of year</b>      | <u>3,697,574</u>                   | <u>3,697,574</u>          | <u>3,752,858</u>                           |
| <b>Net financial assets, end of year</b>            | <u>\$ 1,663,208</u>                | <u>\$ 4,505,357</u>       | <u>\$ 3,697,574</u>                        |



**qathet Regional District**  
**Statement of Cash Flows**  
**For the year ended December 31, 2019**

|  | <u>2019</u>          | <u>2018</u><br>Restated (Note 6) |
|--|----------------------|----------------------------------|
| <b>Cash provided (used in)</b>                               |                      |                                  |
| <b>Operating Transactions</b>                                |                      |                                  |
| Annual surplus   | \$ 1,410,120         | \$ 1,233,774                     |
| Items not involving cash                                     |                      |                                  |
| Amortization of tangible capital assets                      | 686,097              | 624,898                          |
| Amortization of septage disposal facility                    | -                    | 25,450                           |
| Gain on disposal of tangible capital assets                  | (36,594)             | -                                |
| Gain from Actuarial Adjustment on Debenture Debt             | (6,411)              | (5,442)                          |
| Write down of investment in septage sludge disposal          | 178,150              |                                  |
| Landfill Closure and post closure costs                      | 69,558               | 3,309                            |
| Contributed assets   | -                    | (166,720)                        |
| Changes in balances  |                      |                                  |
| Accounts Receivable  | (329,260)            | (473,313)                        |
| Prepaid Expenses   | (69,522)             | 60,816                           |
| Accounts Payable   | 490,442              | 140,400                          |
| Deferred revenue   | 144,838              | (35,593)                         |
|  | <u>2,537,419</u>     | <u>1,407,579</u>                 |
| <b>Capital Transactions</b>                                  |                      |                                  |
| Proceeds from sale of tangible capital assets                | 71,240               | 166,720                          |
| Acquisition of tangible capital assets                       | (1,431,708)          | (2,000,222)                      |
|  | <u>(1,360,468)</u>   | <u>(1,833,502)</u>               |
| <b>Financing Transactions</b>                                |                      |                                  |
| Debt proceeds  | 402,138              | 483,272                          |
| Change in due to Powell River Regional Hospital District     | 457,919              | 310,153                          |
| Development cost charges                                     | 242                  | 172                              |
| Repayment of long-term debt, leases and short-term borrowing | (338,346)            | (292,873)                        |
|  | <u>521,952</u>       | <u>500,724</u>                   |
| Increase in cash and short-term investments during the year  | <u>1,698,903</u>     | <u>74,801</u>                    |
| Cash and short-term investments, beginning of year           | <u>11,003,104</u>    | <u>10,928,303</u>                |
| Cash and short-term investments, end of year (Note 2)        | <u>\$ 12,702,007</u> | <u>\$ 11,003,104</u>             |

**qathet Regional District**  
**Summary of Function Balances and Accumulated Surplus**  
**For the year ended December 31, 2019**

|   | 2019                 | 2018                 |
|---|----------------------|----------------------|
|   |                      | Restated (Note 6)    |
| Administration and general                            | \$ 189,888           | \$ 259,134           |
| Planning  | 66,129               | 108,047              |
| Waste management                                      | 96,824               | 211,880              |
| Cemetery operations                                   | 31,940               | 53,492               |
| Parks operations                                      | 46,605               | 100,393              |
| Malaspina fire protection area                        | 1                    | (3)                  |
| Lasqueti fire protection area                         | -                    | 2,998                |
| Savary fire protection area                           | 2,000                | 1,998                |
| Northside fire protection                             | 1,310                | (3)                  |
| Emergency telephone (911) services                    | 11,444               | 4,398                |
| Texada medical clinic                                 | (3,308)              | 2,001                |
| Texada recreations commission                         | 9,894                | 5,003                |
| Texada airport  | -                    | 5,001                |
| House numbering                                       | 13,766               | 9,050                |
| Recreation program                                    | -                    | 13,700               |
| Rural paratransit                                     | 4,726                | 22,628               |
| Emergency program area C & D                          | 6                    | 36                   |
| Electoral area feasibility study                      | 9,761                | 10,927               |
| Library services                                      | (1,250)              | 253                  |
| Savary Island public marine transportation facilities | 10,000               | 9,999                |
| Texada Island public marine transportation facilities | -                    | 31,335               |
| Lasqueti Island marine ramp                           | 2,847                | 3,309                |
| Northside recreation                                  | (6,605)              | -                    |
| Emergency preparedness service                        | 20,000               | 42,991               |
| Septage sludge disposal                               | 199                  | 249                  |
| Economic development                                  | 85                   | (1)                  |
| Water fund - Myrtle pond                              | 20,000               | 19,999               |
| Sewer fund - Lund sewer                               | 26,000               | 27,265               |
| Texada heritage commission                            | -                    | 1                    |
| Regional animal shelter                               | -                    | -                    |
| Development service                                   | 615                  | (2,797)              |
| Social planning                                       | 14,785               | -                    |
| Heritage conservation                                 | -                    | -                    |
| <b>Total function balances</b>                        | <b>567,661</b>       | <b>943,283</b>       |
| Waste Management Reserve (Note 11)                    | 1,131,207            | 1,183,966            |
| Reserve for future expenditure (Note 11)              | 2,558,381            | 1,869,794            |
| Statutory reserve fund (Note 11)                      | 2,760,544            | 2,086,065            |
| Equity in tangible capital assets (Note 10)           | 15,822,082           | 15,346,647           |
| <b>Accumulated surplus (Note 11)</b>                  | <b>\$ 22,839,875</b> | <b>\$ 21,429,755</b> |

**qathet Regional District**  
**Summary of Significant Accounting Policies**  
**Year ended December 31, 2019**

qathet Regional District ("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 Chartered Professional Accountants.

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

**a) Cash and Cash Equivalents**

Cash and cash equivalents are carried at cost and have a maturity period of less than three months.

**b) Revenue Recognition**

Revenues are recognized in the period in which transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Interest and operating grants are recognized as earned. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable. User fees, transit fares, airport hangar lease fees, water and sewer user fees, camping, parking and tipping fees are recognized as revenue on an accrual basis according to rates set in various fees and charges bylaws.

Revenue related to fees of services received in advance of the fee being earned or when the service is performed is deferred and recognized when the fee is earned or the service performed.

**Taxation**

Property taxes in the form of local government requisitions are recognized as revenue in the year they are levied.

**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.

**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.

**qathet Regional District**  
**Summary of Significant Accounting Policies**  
**Year ended December 31, 2019**

**b) Revenue Recognition (continued)**

**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 stipulated 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 transfers relate to the Community Works Fund. These funds are recognized as revenue in the year the funds are received.

**c) Accrued Employee Benefits**

Based on obligations as determined by collective agreement and Board policy, employee benefit accruals, which includes allowance for vacation entitlement, banked time and sick day accruals, are recorded in the year in which they are earned.

**d) Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. 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 contribution, 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 |

**e) Landfill and Post Closure Liability**

The landfill closure and post closure liability is based on estimated costs to close and post closure activities of the Lasqueti Island 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.

**qathet Regional District**  
**Summary of Significant Accounting Policies**  
**Year ended December 31, 2019**

**f) Interest on Debt**

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

**g) Financial Instruments**

The Regional District's financial instruments consist of cash and short-term investments, accounts receivable, accounts payable, short-term and long-term debt, capital financing and due to the Powell River Regional Hospital District. 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.

**h) 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.

**i) 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 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 and the provision for landfill closures.

**qathet Regional District  
Notes to Financial Statements  
Year ended December 31, 2019**

**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 \$12,589 (\$12,303 - 2018). The Regional District also executes demand notes in connection with each debenture totaling \$19,428 (\$19,428 - 2018) 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 \$366,944 (\$428,219 - 2018). All amounts related to the reserve deposits and demand notes are disclosed here and not recorded elsewhere in these financial statements.

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

|   | 2019         | 2018         |
|---|--------------|--------------|
| Cash accounts (1.5%)  | \$ 1,724,124 | \$ 1,318,536 |
| MFA - Bond Fund   | 3,321,278    | 3,220,010    |
| Short-term GICs (1.6% - 2.53%)                                    | 5,045,763    | 6,284,339    |
| Savings Institutions  | 2,386,802    | -            |
| Other Cash held   | 224,041      | 180,219      |
|   | 12,702,007   | 11,003,104   |
| Less portion held for the Powell River Regional Hospital District | (5,069,778)  | (4,611,858)  |
| Cash and short-term investments                                   | \$ 7,632,229 | \$ 6,391,246 |

**3. Capital Financing and Short Term Debt**

The total equipment financing outstanding with the Municipal Finance Authority of British Columbia as at December 31, 2019 was \$1,041,965 (\$686,940 - 2018).

The qathet Regional District has entered into equipment financing loans for the following:

- 1) A five year equipment loan agreement with the Municipal Finance Authority of British Columbia which commenced October 27, 2016 for the purchase of a Malaspina Volunteer Fire service fire truck. The remaining obligation will be repaid with monthly loan payments in the amount of \$3,794 including interest at a daily varying rate. The balance of the loan at December 31, 2019, which is included in equipment financing, is \$370,816 (\$406,578 - 2018). Loan to expire October 31, 2021.
  
- 2) A five year equipment loan agreement with the Municipal Finance Authority of British Columbia which commenced December 21, 2018 for the initial payment on the purchase of two apparatus for the Malaspina Volunteer Fire service. The remaining obligation will be repaid with monthly loan payments in the amount of \$1,519 including interest at a daily varying rate. The balance of the loan at December 31, 2019, which is included in equipment financing, is \$269,011 (\$280,362 - 2018). Loan to expire December 31, 2023.
  
- 3) A five year equipment loan agreement with the Municipal Finance Authority of British Columbia which commenced December 31, 2019 for the balance of the purchase of two fire apparatus for the Malaspina Volunteer Fire service. The remaining obligation will be repaid with monthly loan payments in the amount of \$2,139 including interest at a daily varying rate. The balance of the loan at December 31, 2019, which is included in equipment financing, is \$402,138. Loan to expire December 31, 2024.

**qathet Regional District  
Notes to Financial Statements  
Year ended December 31, 2019**

**3. Capital Financing and Short Term Debt (continued)**

The daily varying interest rate on the financing at December 31, 2019 was 2.54% (2.80% - 2018).

Future loan payments on Regional District equipment financing, subject to anticipated refinancing at loan maturities, are as follows:

|      |    |        |
|------|----|--------|
| 2020 | \$ | 89,417 |
| 2021 |    | 89,417 |
| 2022 |    | 89,417 |
| 2023 |    | 89,417 |
| 2024 |    | 89,417 |

**Short-Term Debt**

The total short-term financing outstanding with the Municipal Finance Authority of British Columbia as at December 31, 2019 was \$493,539 (\$759,445 - 2018). Interest on the debt is charged at daily varying rates. The full amount borrowed must be repaid within five (5) years.

Future loan payments on short term debt are projected as:

|      |    |                |
|------|----|----------------|
| 2020 | \$ | 246,562        |
| 2021 |    | 156,513        |
| 2022 |    | 90,464         |
|      | \$ | <u>493,539</u> |

**4. Long-Term Debt**

|                                      | 2019          | 2018          |
|--------------------------------------|---------------|---------------|
| Debt of the Regional District        |               |               |
| Issued 2004, maturing 2024, 5.5%     | \$ 24,319     | \$ 28,510     |
| Issued 2010, maturing 2030, 4.5%     | 46,448        | 49,760        |
| Issued 2011, maturing 2026, 4.2%     | 13,496        | 15,139        |
| Issued 2012, maturing 2042, 2.9%     | 467,390       | 479,663       |
| Issued 2012, maturing 2032, 2.9%     | 7,029         | 7,435         |
| Issued 2013, maturing 2043, 3.15%    | 55,426        | 56,789        |
| Issued 2013, maturing 2033, 3.15%    | 2,043         | 2,151         |
| Issued 2014, maturing 2044, 3.30%    | 38,605        | 39,497        |
| Issued 2018, maturing 2038, 3.3%     | 195,359       | 202,910       |
|                                      | 850,114       | 881,854       |
| Debt of the qathet Regional District | 850,114       | 881,854       |
| Debt of the City of Powell River     | 9,956,197     | 10,382,514    |
|                                      | \$ 10,806,311 | \$ 11,264,368 |

Future principal repayments on Regional District Debt:

|                 |    |                |
|-----------------|----|----------------|
| 2020            | \$ | 32,975         |
| 2021            |    | 34,261         |
| 2022            |    | 35,597         |
| 2023            |    | 36,987         |
| 2024            |    | 38,433         |
| 2025 and Beyond |    | 671,861        |
|                 | \$ | <u>850,114</u> |

**qathet Regional District**  
**Notes to Financial Statements**  
**Year ended December 31, 2019**

**5. Landfill Closure and Post Closure Liability**

In accordance with PS 3270, liabilities with respect to permanently closing and monitoring a landfill are incurred as landfill capacity is used. The closure costs for the Lasqueti Island Landfill are estimated based on the open area of the remaining unused capacity of the landfill site. At the end of 2019 the Lasqueti Island Landfill is estimated to be 67.88% used. Closure of the landfill started in 2019 and is projected to be completed by the end of 2020. Landfill closure costs are estimated at \$184,056 (2018 - \$184,056).

It is estimated that post-closure monitoring of the Lasqueti Island Landfill will be required from 2021 through 2045. Post closure monitoring costs are estimated at \$12,900 starting in 2021 and \$8,500 per year from 2022 through 2045. Total post closure monitoring costs at December 31, 2019 are estimated at \$275,677 (2018 - \$268,757).

The total estimated cost for closure and post closure monitoring of the Lasqueti Island Landfill at December 31, 2019 is estimated at \$459,733. The total landfill liability presented is based on the present value of the closure and post closure monitoring costs using a discount rate of 1.70%. The discount rate is based on the average change in the Consumer Price Index from 2015 through 2019. As at December 31, 2019 the present value of the closure costs and post closure monitoring is estimated at \$242,332 (2018 - \$172,773) and this amount has been set aside in reserves for that purpose.

**6. 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 Valley, Nanaimo, Strathcona, Alberni Clayoquot, Mount Waddington and qathet. The shares in the corporation are held as follows:

|                   |          |
|-------------------|----------|
| Alberni Clayoquot | 3 shares |
| Comox Valley      | 6 shares |
| Mount Waddington  | 1 share  |
| Nanaimo           | 5 shares |
| qathet            | 2 shares |
| Strathcona        | 4 shares |

In 2019 the Regional District reassessed its investment in the North Island 9-1-1 Corporation and determined that the investment should not be recorded under the equity method, but under the cost method. The Regional District's shares in the North Island 9-1-1 Corporation have been written down to the initial share value of \$2, retroactive to the date of incorporation. This resulted in a reduction of the investment in North Island 9-1-1 Corporation of \$162,904, and a corresponding reduction in opening accumulated surplus of January 1, 2018.

**7. 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.

In 2019 the Regional District determined that it does not have control of the underlying asset, therefore it wrote down the value of the investment to a nominal amount of \$1.



**qathet Regional District**  
**Notes to Financial Statements**  
**Year ended December 31, 2019**

**8. Pension Plan**

The employer and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

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

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

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Regional District paid \$169,767 (2018 - \$164,347) for employer contributions while employees contributed \$150,373 (2018 - \$137,023) to the plan in fiscal 2019.

**qathet Regional District**  
**Notes to Financial Statements**  
**Year ended December 31, 2019**

**9. Commitments**

The Regional District has the following commitments:

A waste handling service at an estimated cost of \$235,000/year until June 30, 2021.

A waste transport service at an estimated cost of \$497,000/year until June 30, 2021.

A waste transport and disposal service at an estimated cost of \$589,000/year until December 31, 2020.

A recycling depot operating contract at an estimated cost of \$305,000/year until October 31, 2020.

An organics diversion contract at an estimated cost of \$150,000/year until December 31, 2020.

A septage sludge disposal service with payments of \$11,621/year until 2025 with annual cost of living indexing until cancelled with notice.

A contribution to the SPCA of \$82,735/year with annual cost of living indexing until cancelled with notice.

An agreement with an estimated cost of \$77,000 for the maintenance and operation of Shelter Point Regional Park until December 31, 2021.

An agreement with an estimated cost of \$159,000 toward operation of the Heritage Conservation service with no stated termination date.

An agreement for a funding contribution of approximately \$177,000 toward operation of the Powell River Recreation Complex with no stated termination date.

An agreement with an estimated cost of \$134,000 for the detailed closure design, site cleanup, construction management, and detailed design of the Resource Recovery Centre with no stated termination date.

**10. Equity in Tangible Capital Assets**

|  | 2019                 | 2018                 |
|--|----------------------|----------------------|
| Equity in tangible capital assets, beginning of year | \$ 15,346,647        | \$ 14,192,481        |
| Tangible capital assets additions                    | 1,431,708            | 2,000,222            |
| Amortization of tangible capital assets              | (686,097)            | (624,898)            |
| Additions funded by debt and equipment financing     | -                    | (208,123)            |
| Equipment financing debt proceeds                    | (402,138)            | -                    |
| Long-term debt payments                              | 31,740               | 12,415               |
| Short-term debt payments                             | 313,018              | -                    |
| Capital assets disposal                              | (34,646)             | -                    |
| Amortization of Septage sludge Disposal              | -                    | (25,450)             |
| Write down of investment in Septage Sludge Disposal  | (178,150)            | -                    |
| Equity in tangible capital assets, end of year       | <u>\$ 15,822,082</u> | <u>\$ 15,346,647</u> |

**qathet Regional District**  
**Notes to Financial Statements**  
**Year ended December 31, 2019**

**11. Accumulated Surplus**

The Regional District segregates its accumulated surplus into the following categories: function balances, provisions for future expenditure (both capital and operating), equity in tangible capital assets, reserve funds and unspent capital funds.

|   | 2019                 | 2018                 |
|---|----------------------|----------------------|
|   |                      | Restated (Note 6)    |
| Function balances                           | \$ 567,661           | \$ 943,283           |
| Waste Management Reserve                    | 1,131,207            | 1,183,966            |
| Reserve for future expenditures             | 2,558,381            | 1,869,794            |
| Statutory Reserve fund                      | 2,760,544            | 2,086,065            |
| Equity in Tangible Capital Assets (Note 10) | 15,822,082           | 15,346,647           |
|   | <b>\$ 22,839,875</b> | <b>\$ 21,429,755</b> |

The equity in tangible capital assets represents amounts already spent and invested in infrastructure and other tangible capital assets.

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

| Represented by:                                | 2019                | 2018                |
|--|---------------------|---------------------|
| Cemetery Care fund                             | \$ 329,827          | \$ 321,741          |
| Texada Medical Clinic capital reserve          | 29,934              | 36,801              |
| Malaspina Volunteer Fire capital reserve       | 255,850             | 368,039             |
| Lasqueti Island Volunteer Fire capital reserve | 177,212             | 146,175             |
| Northside Volunteer Fire capital reserve       | 77,712              | 44,836              |
| Savary Island Volunteer Fire capital reserve   | 163,295             | 75,869              |
| Lund Sewer capital reserve                     | 53,347              | 45,596              |
| Texada Recreation Commission capital reserve   | 163,708             | 110,912             |
| Community Works Fund reserve (Note 12)         | 946,387             | 433,348             |
| Feasibility Studies reserve                    | 26,847              | 21,220              |
| Community Parks Acquisition reserve            | 394,370             | 384,040             |
| Myrtle Pond Water System reserve               | 141,924             | 97,360              |
| General Administration reserve                 | 131                 | 128                 |
|  | <b>\$ 2,760,544</b> | <b>\$ 2,086,065</b> |

**12. Community Works Fund**

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

|   | 2019              | 2018              |
|---|-------------------|-------------------|
| Community Works Fund Reserve, opening balance | \$ 433,348        | \$ 451,986        |
| Amount received during the year               | 697,240           | 352,009           |
| Interest earned                               | 12,783            | 9,788             |
|   | <b>1,143,371</b>  | <b>813,783</b>    |
| Less: Amount spent                            | (196,984)         | (380,435)         |
| Community Works Fund Reserve, closing balance | <b>\$ 946,387</b> | <b>\$ 433,348</b> |

**qathet Regional District  
Notes to Financial Statements  
Year ended December 31, 2019**

**13. Budget Figures**

Budget Figures represent the Financial Plan Bylaw No. 548 adopted by the Board on March 25, 2019.

The financial plan bylaw was prepared on a modified accrual basis while Canadian public sector accounting standards require financial statements to be prepared on a full accrual basis. The financial plan anticipated use of surpluses accumulated in prior years to reduce current year expenditures in excess of current year revenues. In addition, capital acquisitions were recognized as expenditures in the financial plan rather than including amortization expense.

The summary below reconciles the 2019 adopted financial plan to the financial statement budget figures:

|  |    |           |
|--|----|-----------|
| Financial plan bylaw, surplus for the year | \$ | -         |
| Less:                                      |    |           |
| Prior Year Surplus                         |    | (938,471) |
| Proceeds from new debt                     |    | (773,711) |
| Transfers to / from own funds              |    | (773,371) |
| Add:                                       |    |           |
| Capital expenditures per budget            |    | 6,891,327 |
| Repayment of debt                          |    | 451,187   |
| Adjusted Annual Surplus                    | \$ | 4,856,961 |

**14. Subsequent Event**

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

**15. Employee Benefit Obligations**

qRD employees are allowed up to nine (9) sick days per year. In 2019 the union contract was amended to allow employees to carry over and to bank up to thirty (30) days. The sick days may be used to bridge to weekly indemnity or to top up weekly indemnity to one hundred (100) percent. Sick day accruals will not be paid out at retirement or termination of employment. The amount recorded for this benefit is based on cost at the time the benefit was accrued.

During 2019 the qathet Regional District recorded a liability of \$25,786 (2018 - \$0) for employee sick leave.

**16. Powell River Regional Hospital District**

The board members of the qathet Regional District sit on the board of the Powell River Regional Hospital District. The regional district and the regional hospital district are separate legal entities as defined by separate letters patent and authorized by separate legislation.

During 2019, administrative support services supplied to the regional hospital district by the qathet Regional District totalled \$65,000 (2018 - \$60,000).

**qathet Regional District**  
**Notes to Financial Statements**  
**Year ended December 31, 2019**

**17. Segmented Information**

The qathet Regional District is a diversified local government providing a wide range of services to approximately 20,000 residents, including parks, community halls, fire protection, waste management and water and wastewater services. As a requirement of the *Local Government Act*, separate financial records must be maintained for each service providing detailed allocations of assets and liabilities, revenues and expenses, information concerning reserve funds and other pertinent financial details. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and also amounts that are allocated on a reasonable basis.

Segmentation has been determined on a functional basis with consideration to service delivery and departmental accountabilities. The following is a description of the types of services included in each of the main service segments of the regional district's financial statements. A detailed summary of the 2019 revenues and expenses can be found in Schedule II of the accompanying financial statements. Schedule III contains comparative figures for the year ended December 31, 2018. Prior year figures may have been reclassified to conform to current presentation. Certain comparative figures have been restated to conform with the current year's presentation.

General Government

General government is comprised of the member municipality and electoral area governance, general administration which includes legislative services, finance, human resources and information systems, electoral area administration, grants in aid and house numbering services.

Development Services

Provides land use planning services to electoral area A, B, C and D. Processes provincial land use and development referrals to determine whether proposed applications comply with the qathet Regional District bylaws and policies. Provides support for initiatives that enhance economic development and social planning within the region.

Solid Waste Management and Recycling

Solid waste management and recycling is responsible for long term planning and management of solid waste throughout the region. The service provides for waste reduction and education programs and operation of the regional district's transfer stations and recycling centres.

Other Services

Other services provides for feasibility studies, operation and maintenance of two cemeteries (Powell River and Woodland), the Texada Island Airport, Savary Island Marine facilities, the Van Anda dock and Lasqueti Island ramp. The services also provide for contributions toward the animal shelter and the operation and maintenance of a septage disposal facility,

Parks and Recreation

Parks and recreation services provide for the acquisition, development, operation and maintenance of land, buildings, facilities and outdoor spaces to foster recreational activities throughout the region.

Protective services

Protective services provides for the coordination of emergency planning, preparedness, training, response, and recovery for all areas within the region. Services include the operation and maintenance of four volunteer fire departments, provides for road rescue grants, and the 9-1-1 emergency answering service.

**qathet Regional District  
Notes to Financial Statements  
Year ended December 31, 2019**

**17. Segmented Information (continued)**

Public Health and Welfare

Supports the function of acquiring, operating and maintaining a medical clinic on Texada Island and provides for a contribution toward operation of a health centre on Lasqueti Island.

Transportation Services

Transportation services include the Rural Paratransit service - an agreement between the regional district and BC Transit Authority.

Water Service

Supports the operation and maintenance of the Myrtle Pond Water system within a subset of Electoral Area B.

Sewer Service

Supports the operation and maintenance of the Lund Sewer system within a subset of Electoral Area A.

**18. Comparative Figures**

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

**SCHEDULE I**

**qathet Regional District  
Tangible Capital Asset Continuity Schedule  
Year Ended December 31, 2019**

| <b>2018</b>                                  | <b>Land</b>         | <b>Land<br/>Improvements</b> | <b>Parks<br/>Infrastructure</b> | <b>Buildings</b>    | <b>Construction<br/>in Progress</b> | <b>Machinery &amp;<br/>Equipment</b> | <b>Vehicles</b>     | <b>Water<br/>Systems</b> | <b>Sewer</b>        | <b>Structures<br/>(Docks and<br/>Sheds)</b> | <b>Totals</b>        |
|--|---------------------|------------------------------|---------------------------------|---------------------|-------------------------------------|--------------------------------------|---------------------|--------------------------|---------------------|---|----------------------|
| Cost, beginning of year                      | \$ 1,823,930        | \$ 2,731,971                 | \$ 93,638                       | \$ 5,511,421        | \$ 434,867                          | \$ 1,684,110                         | \$ 3,039,453        | \$ 1,820,742             | \$ 1,950,681        | \$ 3,780,863                                | \$ 22,871,675        |
| Additions                                    | 159,675             | 121,746                      | -                               | 395,060             | 1,031,308                           | 262,349                              | -                   | 5,800                    | 24,284              | -   | 2,000,222            |
| Transfers                                    | -                   | (3,929)                      | -                               | 1,972               | (141,213)                           | -                                    | -                   | 8,114                    | 38,089              | 96,967                                      | -                    |
| Disposals                                    | -                   | -                            | -                               | -                   | -                                   | -                                    | -                   | -                        | -                   | -   | -                    |
| <b>Cost, end of year</b>                     | <b>1,983,605</b>    | <b>2,849,788</b>             | <b>93,638</b>                   | <b>5,908,453</b>    | <b>1,324,962</b>                    | <b>1,946,459</b>                     | <b>3,039,453</b>    | <b>1,834,656</b>         | <b>2,013,054</b>    | <b>3,877,830</b>                            | <b>24,871,897</b>    |
| Accumulated amortization, beginning of year  | -                   | 475,674                      | 33,776                          | 1,420,112           | -                                   | 1,111,139                            | 1,564,577           | 340,358                  | 739,709             | 1,064,917                                   | 6,750,262            |
| Amortization                                 | -                   | 73,974                       | 3,206                           | 138,810             | -                                   | 93,403                               | 108,967             | 48,611                   | 46,497              | 111,430                                     | 624,898              |
| Correction                                   | -                   | -                            | -                               | -                   | -                                   | -                                    | -                   | -                        | -                   | -   | -                    |
| Disposals                                    | -                   | -                            | -                               | -                   | -                                   | -                                    | -                   | -                        | -                   | -   | -                    |
| <b>Accumulated amortization, end of year</b> | <b>-</b>            | <b>549,648</b>               | <b>36,982</b>                   | <b>1,558,922</b>    | <b>-</b>                            | <b>1,204,542</b>                     | <b>1,673,544</b>    | <b>388,969</b>           | <b>786,206</b>      | <b>1,176,347</b>                            | <b>7,375,160</b>     |
| <b>Net carrying amount, end of year</b>      | <b>1,983,605</b>    | <b>2,300,140</b>             | <b>56,655</b>                   | <b>4,349,531</b>    | <b>1,324,962</b>                    | <b>741,917</b>                       | <b>1,365,909</b>    | <b>1,445,687</b>         | <b>1,226,848</b>    | <b>2,701,482</b>                            | <b>17,496,736</b>    |
| <b>2019</b>                                  | <b>Land</b>         | <b>Land<br/>Improvements</b> | <b>Parks<br/>Infrastructure</b> | <b>Buildings</b>    | <b>Construction<br/>in Progress</b> | <b>Machinery &amp;<br/>Equipment</b> | <b>Vehicles</b>     | <b>Water<br/>Systems</b> | <b>Sewer</b>        | <b>Structures<br/>(Docks and<br/>Sheds)</b> | <b>Totals</b>        |
| Cost, beginning of year                      | 1,983,605           | 2,849,788                    | 93,638                          | 5,908,453           | 1,324,962                           | 1,946,459                            | 3,039,453           | 1,834,656                | 2,013,054           | 3,877,830                                   | 24,871,897           |
| Additions                                    | -                   | 209,147                      | 36,814                          | 64,253              | 234,253                             | 216,253                              | 587,654             | -                        | 30,834              | 52,500                                      | 1,431,708            |
| Transfers                                    | -                   | 11,051                       | -                               | 116,376             | (1,160,920)                         | -                                    | 280,361             | -                        | 753,132             | -   | -                    |
| Disposals                                    | -                   | -                            | -                               | (3,146)             | -                                   | (218,528)                            | (415,354)           | -                        | -                   | -   | (637,028)            |
| <b>Cost, end of year</b>                     | <b>1,983,605</b>    | <b>3,069,986</b>             | <b>130,452</b>                  | <b>6,085,934</b>    | <b>398,295</b>                      | <b>1,944,184</b>                     | <b>3,492,115</b>    | <b>1,834,656</b>         | <b>2,797,020</b>    | <b>3,930,330</b>                            | <b>25,666,576</b>    |
| Accumulated amortization, beginning of year  | -                   | 549,648                      | 36,982                          | 1,558,922           | -                                   | 1,204,542                            | 1,673,544           | 388,969                  | 786,206             | 1,176,347                                   | 7,375,160            |
| Amortization                                 | -                   | 79,673                       | 3,279                           | 146,868             | -                                   | 105,428                              | 135,419             | 45,204                   | 54,869              | 115,357                                     | 686,097              |
| Transfers                                    | -                   | -                            | -                               | -                   | -                                   | -                                    | -                   | -                        | -                   | -   | -                    |
| Disposals                                    | -                   | -                            | -                               | (944)               | -                                   | (192,213)                            | (409,225)           | -                        | -                   | -   | (602,382)            |
| <b>Accumulated amortization, end of year</b> | <b>-</b>            | <b>629,321</b>               | <b>40,261</b>                   | <b>1,704,845</b>    | <b>-</b>                            | <b>1,117,758</b>                     | <b>1,399,737</b>    | <b>434,173</b>           | <b>841,075</b>      | <b>1,291,705</b>                            | <b>7,458,875</b>     |
| <b>Net carrying amount, end of year</b>      | <b>\$ 1,983,605</b> | <b>\$ 2,440,665</b>          | <b>\$ 90,191</b>                | <b>\$ 4,381,089</b> | <b>\$ 398,295</b>                   | <b>\$ 826,426</b>                    | <b>\$ 2,092,378</b> | <b>\$ 1,400,483</b>      | <b>\$ 1,955,945</b> | <b>\$ 2,638,625</b>                         | <b>\$ 18,207,701</b> |

**SCHEDULE II**

**qathet Regional District  
Schedule of Segment Disclosure by Service  
Year ended December 31, 2019**

|  | General Fund                |                      |                                    |                    |                               |                     |                         |                         | Water Fund       | Sewer Fund        | 2019 Actual         | 2019 Budget         |
|--|-----------------------------|----------------------|------------------------------------|--------------------|-------------------------------|---------------------|-------------------------|-------------------------|------------------|-------------------|---------------------|---------------------|
|  | General Government Services | Development Services | Solid Waste Management & Recycling | Other Services     | Parks and Recreation Services | Protective Services | Public Health & Welfare | Transportation Services | Water Services   | Sewer Services    |                     |                     |
| <b>Revenue</b>                                     |                             |                      |                                    |                    |                               |                     |                         |                         |                  |                   |                     |                     |
| Taxation levies                                    | \$ 1,645,210                | \$ 567,013           | \$ 716,034                         | \$ 477,362         | \$ 1,632,403                  | \$ 1,895,000        | \$ 124,975              | \$ 129,234              | -                | -                 | \$ 7,187,231        | \$ 7,187,233        |
| Parcel tax   | -                           | -                    | -                                  | 190,000            | -                             | 30,000              | -                       | -                       | 46,405           | 52,500            | 318,905             | 318,905             |
| Grants   | 921,300                     | -                    | 97,870                             | 15,990             | 13,782                        | 575,996             | -                       | -                       | -                | 9,106             | 1,634,044           | 7,063,712           |
| Waste Management Tipping fees                      | -                           | -                    | 1,296,331                          | -                  | -                             | -                   | -                       | -                       | -                | -                 | 1,296,331           | 1,284,500           |
| Sales of Services - Cemetery                       | -                           | -                    | -                                  | 137,973            | -                             | -                   | -                       | -                       | -                | -                 | 137,973             | 87,529              |
| Park Fees  | -                           | -                    | -                                  | -                  | 185,878                       | -                   | -                       | -                       | -                | -                 | 185,878             | 136,313             |
| Water and Sewer User Fees                          | -                           | -                    | -                                  | -                  | -                             | -                   | -                       | -                       | 72,479           | 71,855            | 144,334             | 131,374             |
| Interest and Other Revenue                         | 42,312                      | 3,421                | 124,737                            | 50,572             | 68,123                        | 184,984             | 1,211                   | 35,578                  | 4,047            | 1,518             | 516,503             | 500,427             |
| Gain (loss) on disposal of tangible capital assets | (1,506)                     | -                    | (2,202)                            | -                  | -                             | 40,302              | -                       | -                       | -                | -                 | 36,594              | -                   |
| Gain from Actuarial Adjustment on Debenture Debt   | -                           | -                    | -                                  | -                  | 2,075                         | 2,946               | -                       | -                       | 996              | 394               | 6,411               | -                   |
| Contributed Capital                                | -                           | -                    | -                                  | -                  | -                             | -                   | -                       | -                       | -                | -                 | -                   | -                   |
| <b>Total Revenue</b>                               | <b>2,607,316</b>            | <b>570,434</b>       | <b>2,232,770</b>                   | <b>871,897</b>     | <b>1,902,260</b>              | <b>2,729,227</b>    | <b>126,186</b>          | <b>164,812</b>          | <b>123,928</b>   | <b>135,374</b>    | <b>11,464,204</b>   | <b>16,709,993</b>   |
| <b>Expenses</b>                                    |                             |                      |                                    |                    |                               |                     |                         |                         |                  |                   |                     |                     |
| Personnel costs                                    | 1,099,506                   | 227,138              | 65,312                             | 245,173            | 375,518                       | 559,347             | 5,823                   | 6,495                   | 5,939            | 6,774             | 2,597,025           | 2,871,965           |
| Grants   | 55,633                      | 158,570              | -                                  | 82,735             | 765,759                       | 13,467              | -                       | -                       | -                | -                 | 1,076,164           | 1,169,605           |
| General goods and services                         | 474,259                     | 125,297              | 2,155,101                          | 434,244            | 493,624                       | 1,498,378           | 90,264                  | 148,694                 | 58,933           | 78,940            | 5,557,734           | 7,811,462           |
| Debt charges                                       | 10,378                      | -                    | -                                  | 3,885              | 3,850                         | 37,255              | 6,478                   | -                       | 3,603            | 2,057             | 67,507              | -                   |
| Transfers to other local government                | -                           | -                    | -                                  | -                  | -                             | -                   | -                       | -                       | -                | -                 | -                   | -                   |
| Amortization of tangible capital assets            | 46,824                      | 13,625               | 19,696                             | 147,701            | 114,026                       | 223,030             | 20,810                  | 248                     | 45,204           | 54,933            | 686,097             | -                   |
| Landfill closure/post closure allowances           | -                           | -                    | 69,558                             | -                  | -                             | -                   | -                       | -                       | -                | -                 | 69,558              | -                   |
| <b>Total Expenses</b>                              | <b>1,686,600</b>            | <b>524,631</b>       | <b>2,309,666</b>                   | <b>913,738</b>     | <b>1,752,776</b>              | <b>2,331,477</b>    | <b>123,376</b>          | <b>155,437</b>          | <b>113,679</b>   | <b>142,704</b>    | <b>10,054,084</b>   | <b>11,853,032</b>   |
| <b>Annual Surplus (Deficit)</b>                    | <b>\$ 920,715</b>           | <b>\$ 45,804</b>     | <b>\$ (76,896)</b>                 | <b>\$ (41,841)</b> | <b>\$ 149,484</b>             | <b>\$ 397,751</b>   | <b>\$ 2,810</b>         | <b>\$ 9,375</b>         | <b>\$ 10,249</b> | <b>\$ (7,331)</b> | <b>\$ 1,410,120</b> | <b>\$ 4,856,961</b> |



SCHEDULE III

qathet Regional District  
 Schedule of Segment Disclosure by Service  
 Year ended December 31, 2018

|  | General Fund                |                      |                                    |                 |                               |                     |                         |                         | Water Fund         | Sewer Fund        | 2018 Actual         | 2018 Budget         |
|--|-----------------------------|----------------------|------------------------------------|-----------------|-------------------------------|---------------------|-------------------------|-------------------------|--------------------|-------------------|---------------------|---------------------|
|  | General Government Services | Development Services | Solid Waste Management & Recycling | Other Services  | Parks and Recreation Services | Protective Services | Public Health & Welfare | Transportation Services | Water Services     | Sewer Services    | Restated (Note 6)   |                     |
| <b>Revenue</b>                                     |                             |                      |                                    |                 |                               |                     |                         |                         |                    |                   |                     |                     |
| Taxation levies                                    | \$ 1,385,417                | \$ 422,740           | \$ 498,832                         | \$ 385,699      | \$ 1,339,126                  | \$ 1,559,327        | \$ 79,625               | \$ 91,653               | -                  | -                 | \$ 5,762,420        | \$ 5,768,421        |
| Parcel tax   | -                           | -                    | -                                  | 150,000         | -                             | 30,000              | -                       | -                       | 44,195             | 44,100            | 268,295             | 268,295             |
| Grants   | 567,000                     | 25,300               | 112,096                            | 14,837          | 11,975                        | 167,169             | -                       | -                       | -                  | 307,854           | 1,206,232           | 6,209,623           |
| Waste Management Tipping fees                      | -                           | -                    | 1,131,954                          | -               | -                             | -                   | -                       | -                       | -                  | -                 | 1,131,954           | 1,294,418           |
| Sales of Services - Cemetery                       | -                           | -                    | -                                  | 187,498         | -                             | -                   | -                       | -                       | -                  | -                 | 187,498             | 144,980             |
| Park Fees  | -                           | -                    | -                                  | -               | 166,665                       | -                   | -                       | -                       | -                  | -                 | 166,665             | 132,975             |
| Water and Sewer User Fees                          | -                           | -                    | -                                  | -               | -                             | -                   | -                       | -                       | 63,047             | 70,069            | 133,116             | 128,474             |
| Interest and Other Revenue                         | 75,032                      | 3,940                | 142,566                            | 34,011          | 47,155                        | 156,109             | 33                      | 32,936                  | 712                | 4,580             | 497,074             | 454,625             |
| Gain (loss) on disposal of tangible capital assets | -                           | -                    | -                                  | -               | -                             | -                   | -                       | -                       | -                  | -                 | -                   | -                   |
| Gain from Actuarial Adjustment on Debenture Debt   | -                           | -                    | -                                  | -               | 1,875                         | 2,387               | -                       | -                       | 849                | 331               | 5,442               | -                   |
| Contributed Capital                                | -                           | -                    | -                                  | -               | -                             | 166,720             | -                       | -                       | -                  | -                 | 166,720             | -                   |
| <b>Total Revenue</b>                               | <b>2,027,449</b>            | <b>451,980</b>       | <b>1,885,449</b>                   | <b>772,045</b>  | <b>1,566,796</b>              | <b>2,081,713</b>    | <b>79,658</b>           | <b>124,589</b>          | <b>108,803</b>     | <b>426,934</b>    | <b>9,525,416</b>    | <b>14,401,811</b>   |
| <b>Expenses</b>                                    |                             |                      |                                    |                 |                               |                     |                         |                         |                    |                   |                     |                     |
| Personnel costs                                    | 836,191                     | 211,568              | 91,708                             | 260,247         | 392,592                       | 482,763             | 5,828                   | 7,406                   | 10,906             | 8,556             | 2,307,765           | 2,556,527           |
| Grants   | 149,337                     | 60,001               | -                                  | 80,545          | 581,235                       | 14,018              | -                       | -                       | -                  | -                 | 885,135             | 889,855             |
| General goods and services                         | 554,339                     | 130,478              | 1,799,270                          | 280,984         | 407,754                       | 919,596             | 39,617                  | 127,599                 | 63,663             | 86,919            | 4,410,219           | 6,334,546           |
| Debt charges                                       | 12,666                      | -                    | -                                  | 4,330           | 3,850                         | 31,327              | 2,348                   | -                       | 3,603              | 2,194             | 60,317              | 147,484             |
| Transfers to other local government                | -                           | -                    | -                                  | -               | -                             | -                   | -                       | -                       | -                  | -                 | -                   | -                   |
| Amortization of tangible capital assets            | 43,674                      | 13,224               | 7,770                              | 141,255         | 115,983                       | 191,128             | 20,262                  | -                       | 45,041             | 46,561            | 624,898             | -                   |
| Landfill closure/post closure allowances           | -                           | -                    | 3,309                              | -               | -                             | -                   | -                       | -                       | -                  | -                 | 3,309               | -                   |
| <b>Total Expenses</b>                              | <b>1,596,206</b>            | <b>415,271</b>       | <b>1,902,057</b>                   | <b>767,359</b>  | <b>1,501,414</b>              | <b>1,638,832</b>    | <b>68,055</b>           | <b>135,005</b>          | <b>123,213</b>     | <b>144,230</b>    | <b>8,291,642</b>    | <b>9,928,412</b>    |
| <b>Annual Surplus (Deficit)</b>                    | <b>\$ 431,243</b>           | <b>\$ 36,709</b>     | <b>\$ (16,609)</b>                 | <b>\$ 4,685</b> | <b>\$ 65,382</b>              | <b>\$ 442,881</b>   | <b>\$ 11,603</b>        | <b>\$ (10,417)</b>      | <b>\$ (14,410)</b> | <b>\$ 282,704</b> | <b>\$ 1,233,774</b> | <b>\$ 4,473,399</b> |