



qathet
REGIONAL DISTRICT

STATEMENT OF FINANCIAL INFORMATION **for the year ending December 31, 2019**

MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with Canadian generally accepted accounting principles. The integrity and objectivity of these 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, MNP LLP, conduct an independent examination, in accordance with 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.

Submitted by

A handwritten signature in blue ink, appearing to read 'Linda Greenan'.

Linda Greenan, CPA, CMA
Manager of Financial Services / Officer responsible for financial administration under
the *Local Government Act*

Prepared pursuant to Financial Information Regulation, Schedule 1, section 9
FIR (9) (1)



qathet
REGIONAL DISTRICT

STATEMENT OF FINANCIAL INFORMATION APPROVAL

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

Handwritten signature of Patrick Brabazon in black ink.

(signature)

Handwritten signature of Linda Greenan in black ink.

(signature)

Name: Patrick Brabazon

Name: Linda Greenan

Position: Chair

Position: Manager of Financial Services, CFO

Date: July 31, 2020

Date: July 31, 2020

Financial Information Regulation, Schedule 1

Checklist – Statement of Financial Information (SOFI)

For the Corporation:

Corporate Name: _____ Contact Name: _____

Fiscal Year End: _____ Phone Number: _____

Date Submitted: _____ E-mail: _____

For the Ministry:

Ministry Name: _____ Reviewer: _____

Date Received: _____ Deficiencies: Yes ☐ No ☐

Date Reviewed: _____ Deficiencies Addressed: Yes ☐ No ☐

Approved (SFO): _____ Further Action Taken: _____

Distribution: Legislative Library ☐ Ministry Retention ☐

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

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Statement of Assets & Liabilities					
2	<ul style="list-style-type: none"> A balance sheet prepared in accordance with GAAP or stated accounting principles / policies, and Show changes in equity and surplus or deficit due to operations 				
Operational Statement					
3 (1)	Prepared in accordance with GAAP or stated accounting principles / policies and consists of: <ul style="list-style-type: none"> a Statement of Income or Statement of Revenue and Expenditures, and a Statement of Changes in Financial Position 				
3 (2) 3 (3)	<ul style="list-style-type: none"> The Statement of Changes in Financial Position may be omitted if it provides no additional information The omission must be explained in the notes 				
3 (4)	Community colleges, school districts, and municipalities must prepare a Statement of Changes in Financial Position for the Capital Fund				
Schedule of Debts					
4 (1) (a) 4 (2)	List each long-term debt (secured by debentures, mortgages, bonds, etc.), stating the amount outstanding, the interest rate, and the maturity date				
4 (1) (b)	Identify debts covered by sinking funds or reserves and amounts in these accounts				
4 (3) 4 (4)	<ul style="list-style-type: none"> The schedule may be omitted if addressed under section 2 or 5 and it provides no additional information The omission must be explained in a note to the schedule 				

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Schedule of Guarantee and Indemnity Agreements					
5 (1)	List financial agreements that required government approval prior to being given (see Guarantees and Indemnities Regulation in FIA Guidance Package)				
5 (2)	State the entities involved, and the specific amount involved if known				
5 (3) 5 (4)	<ul style="list-style-type: none"> The schedule may be omitted if addressed under section 2 or 4 and it provides no additional information The omission must be explained in a note to the schedule 				
Schedule of Remuneration and Expenses (See Guidance Package for suggested format)					
6 (2) (a)	List separately, by name and position, the total remuneration and the total expenses for each elected official, member of the board of directors, and employee appointed by Cabinet				
6 (2) (b)	List alphabetically each employee whose total remuneration exceeds \$75,000 and the total expenses for each [excluding the persons listed under 6 (2) (a)]				
6 (2) (c)	Include a consolidated total for employees whose remuneration is \$75,000 or less [excluding the persons listed under 6 (2) (a)]				
6 (2) (d)	Reconcile or explain any difference between total remuneration in this schedule and related information in the operational statement				
6 (3)	Exclude personal information other than name, position, function or remuneration and expenses of employees				

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Schedule of Remuneration and Expenses (See Guidance Package for suggested format)					
6 (6)	Report the employer portion of EI and CPP as a supplier payment to the Receiver General for Canada rather than as employee remuneration				
6 (7) (a) 6 (7) (b)	Include a statement of severance agreements providing: <ul style="list-style-type: none"> the number of severance agreements under which payment commenced in the fiscal year being reported on for non-union employees, and the range of equivalent months' compensation for them (see Guidance Package for suggested format)				
6 (8)	Provide the reason for omitting a statement of severance agreements in a note to the schedule of remuneration and expenses				
Schedule of Suppliers of Goods or Services (See Guidance Package for suggested format)					
7 (1) (a)	List in alphabetical order all suppliers of goods and services who received aggregate payments exceeding \$25,000				
7 (1) (b)	Include a consolidated total of all payments to suppliers who received \$25,000 or less				
7 (1) (c)	Reconcile or explain any difference between the consolidated total and related figures in the operational statement				
7 (2) (b)	Include a statement of payments for the purposes of grants or contributions				

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Inactive Corporations					
8 (1)	The ministry reports for the corporation if the corporation is not operating to the extent required to produce a SOFI				
8 (2) (a)	The ministry's report contains the statements and schedules required under section 1 (1), to the extent possible				
8 (2) (b)	The ministry's report contains a statement of the operational status of the corporation (see Guidance Package regarding what to include)				
Approval of Financial Information					
9 (1)	Corporations other than municipalities – the SOFI is signed as approved by the board of directors or the governing body (see Guidance Package for example)				
9 (2)	Municipalities – the SOFI is approved by its council and by the officer assigned responsibility for financial administration (see Guidance Package for example)				
9 (3)	A management report is included, signed by the head and chief financial officer, or by the municipal officer assigned responsibility for financial administration (see examples in annual report at http://www.gov.bc.ca/cas/popt/)				
9 (4)	The management report explains the roles and responsibilities of the board of directors or governing body, audit committee, management, and the auditors				
9 (5)	Signature approvals required in section 9 are for each of the statements and schedules of financial information, not just the financial statements				

2019 SCHEDULE OF GUARANTEES AND INDEMNITY AGREEMENTS

FIR 1 (1) (d)

qathet REGIONAL DISTRICT

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

This organization has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

2019 SCHEDULE OF DEBTS

FIR 4 (1) (a)

qathet REGIONAL DISTRICT

SCHEDULE OF DEBTS

Information on debts for this organization are included in Note 4 to the Financial Statements.

**MFA DEBENTURE DEBT
2019 PAYMENTS**

FIR 4 (1) (a)

MFA ISSUE #	RD BYLAW	PREDICTED DUE DATE	PURPOSE	AMOUNT BORROWED	RATE	PAYMENT DATE	PRINCIPAL	INTEREST	TOTAL SEMI- ANNUAL	TOTAL ANNUAL
CITY DEBT										
70	314	Jun-2019	WATER	1,200,000	2.10%	1-Jun	39,779.04	12,600.00	52,379.04	52,379.04
92	383	Apr-2030	REC COMPLEX	500,000	1.55%	6-Apr 6-Oct	12,005.98	3,875.00 3,875.00	15,880.98 3,875.00	19,755.98
93	383	Apr-2025	ROADS REHAB.	1,000,000	1.95%	6-Apr 6-Oct	54,035.18	10,415.31 9,037.42	64,450.49 9,037.42	73,487.91
106	424	Oct-2034	MILLENIUM PARK	1,430,000	4.13%	13-Apr 13-Oct	34,337.11	29,529.50 29,529.50	29,529.50 63,866.61	93,396.11
117	424	Oct-2041	NORTH HARBOUR	6,000,000	3.25%	12-Apr 12-Oct	106,980.59	97,500.00 97,500.00	97,500.00 204,480.59	301,980.59
137	507	Apr-2046	NEW LIBRARY	3,500,000	2.60%	19-Apr 19-Oct	67,799.66	45,500.00 45,500.00	113,299.66 45,500.00	158,799.66
TOTAL CITY				13,630,000			314,937.56	384,861.73	699,799.29	699,799.29
ELECTORAL AREA DEBT										
81	371	Apr-2024	NS RECREATION	70,000	5.50%	24-Apr 23-Oct	2,116.98	1,925.00 1,925.00	4,041.98 1,925.00	5,966.98
110	417	Apr-2030	MYRTLE WATER	72,056	4.50%	10-Apr 10-Oct	2,419.77	1,621.26 1,621.26	4,041.03 1,621.26	5,662.29
116	444	Apr-2026	LUND SEWER	25,000	4.20%	4-Apr 4-Oct	1,248.53	525.00 525.00	1,773.53 525.00	2,298.53
121	417	Oct-2032	MYRTLE WATER	9,566	2.90%	4-Apr 4-Oct	321.24	138.71 138.71	459.95 138.71	598.66
121	446	Oct-2042	NORTHSIDE FIRE	544,000	2.90%	4-Apr 4-Oct	9,699.57	7,888.00 7,888.00	17,587.57 7,888.00	25,475.57
124	417	Oct-2032	MYRTLE WATER	2,629	3.15%	10-Apr 10-Oct	88.29	41.41 41.41	129.70 41.41	171.11
124	446	Oct-2042	NORTHSIDE FIRE	62,860	3.15%	10-Apr 10-Oct	1,120.80	990.05 990.05	2,110.85 990.05	3,100.90
127	446	Oct-2044	NORTHSIDE FIRE	42,732	3.30%	7-Apr 10-Oct	761.92	705.08 705.08	1,467.00 705.08	2,172.08
146	527	Sep-2038	TEXADA HEALTH	202,910	3.20%	19-Mar 19-Sep	7,551.44	3,246.56 3,246.56	3,246.56 10,798.00	14,044.56
TOTAL ELECTORAL AREAS				1,031,753			25,328.54	34,162.14	59,490.68	59,490.68
TOTAL DEBT PAYMENTS				14,661,753			340,266.10	419,023.87	759,289.97	759,289.97

2019 SCHEDULE OF LONG-TERM DEBENTURE DEBT

FIR 4 (1) (a)
FIR 4 (2)

RD BY LAW #	MFA ISSUE #	PROJECTED MATURITY DATE	PURPOSE	ORIGINAL AMOUNT	RATE	OUTSTANDING AMOUNT
MUNICIPAL MEMBER DEBT						
383	92	Apr-2030	REC COMPLEX	500,000	1.55%	280,387.70
383	93	Apr-2025	ROADS REHAB.	1,000,000	5.10%	354,408.50
424	106	Oct-2034	MILLENIUM PARK	1,430,000	4.13%	1,017,744.99
424	117	Oct-2041	NORTH HARBOUR	6,000,000	3.25%	5,014,256.63
507	137	Apr-2046	LIBRARY	3,500,000	2.60%	3,289,399.00
SUBTOTAL MUNICIPAL				12,430,000		9,956,196.82
ELECTORAL AREA DEBT						
371	81	Apr-2024	NORTHSIDE REC	70,000	5.50%	24,318.62
446	121	Oct-2042	NORTHSIDE FIRE	544,000	2.90%	467,389.95
446	124	Apr-2043	NORTHSIDE FIRE	62,860	3.15%	55,425.76
446	127	Apr-2044	NORTHSIDE FIRE	42,732	3.30%	38,605.19
SUBTOTAL NORTHSIDE RECREATION				719,592		585,739.52
417	110	Apr-2030	MYRTLE WATER	72,056	4.50%	46,448.08
417	121	Oct-2032	MYRTLE WATER	9,566	2.90%	7,028.75
417	124	Apr-2033	MYRTLE WATER	2,629	3.15%	2,043.38
SUBTOTAL MYRTLE WATER				84,251		55,520.21
444	116	Apr-2026	LUND SEWER	25,000	4.20%	13,495.76
SUBTOTAL LUND SEWER				25,000		13,495.76
527	146	Sep-2038	TEXADA HEALTH	202,910	3.20%	195,358.56
SUBTOTAL TEXADA HEALTH				202,910		195,358.56
SUBTOTAL ELECTORAL AREA				1,031,753		850,114
TOTAL				13,461,753		10,806,310.87

2019 DEBTS COVERED BY SINKING FUNDS OR RESERVES

FIR 4 (1) (b)

qathet REGIONAL DISTRICT

DEBTS COVERED BY SINKING FUNDS OR RESERVES

2019 SCHEDULE OF LONG-TERM DEBT COVERED BY RESERVES

FIR 4 (1) (b)

RD BY LAW#	MFA ISSUE #	PROJECTED MATURITY DATE	PURPOSE	RESERVES		
				CASH	DEMAND NOTE	ENDING BALANCE
MUNICIPAL MEMBER DEBT						
383	92	Apr-30	REC COMPLEX REHAB	8,021.96	12,377.99	20,399.95
383	93	Apr-25	ROAD REHAB	16,136.04	29,450.49	45,586.53
424	106	Oct-34	MILLENIUM PARK	19,210.15	32,398.06	51,608.21
424	117	Oct-41	NORTH HARBOUR	75,810.95	90,990.30	166,801.25
507	137	Apr-46	LIBRARY	38,148.29	44,399.83	82,548.12
SUBTOTAL				157,327.39	209,616.67	366,944.06
ELECTORAL AREA DEBT						
371	81	Apr-24	NORTHSIDE REC	1,172.63	2,283.49	3,456.12
446	121	Oct-42	NORTHSIDE FIRE	6,652.35	7,297.79	13,950.14
446	124	Apr-43	NORTHSIDE FIRE	756.93	921.85	1,678.78
446	127	Apr-44	NORTHSIDE FIRE	490.74	658.72	1,149.46
SUBTOTAL NORTHSIDE RECREATION				9,072.65	11,161.85	20,234.50
417	110	Apr-30	MYRTLE WATER	955.51	2,110.59	3,066.10
417	121	Oct-32	MYRTLE WATER	116.99	203.67	320.66
417	121	Apr-33	MYRTLE WATER	31.65	59.27	90.92
SUBTOTAL MYRTLE WATER				1,104.15	2,373.53	3,477.68
444	116	Apr-26	LUND SEWER	320.57	899.27	1,219.84
SUBTOTAL LUND SEWER				320.57	899.27	1,219.84
527	146	Sep-38	TEXADA HEALTH	2,091.81	4,993.18	7,084.99
SUBTOTAL LUND SEWER				2,091.81	4,993.18	7,084.99
SUBTOTAL ELECTORAL AREA				12,589.18	19,427.83	32,017.01
TOTAL				169,916.57	229,044.50	398,961.07

2019 SCHEDULE OF REMUNERATION AND EXPENSES

FIR 6 (2) (a)

1. Elected Officials - Members of the Board of Directors

Name	Position	Remuneration¹	Expenses²
Belyea, Ted	Alt. Member, Board (Area B)	\$ -	\$ 46.88
Brabazon, Patrick	Board Chair (Area A)	28,515.84	3,051.00
Brander, Clayton	Member, Board (Area C)	23,912.45	5,498.33
Doubt, George	Member, Board (Municipal)	8,670.92	56.21
Fall, Andrew	Member, Board (Area E)	23,846.30	9,202.46
Garside, Shelley	Alt. Member, Board (Area E)	-	46.88
Gisborne, Mark	Member, Board (Area B)	18,673.92	4,145.41
Hathaway, Maggie	Alt. Member, Board (Municipal)	-	46.88
Hollo, Teresa	Alt. Member, Board (Area D)	471.00	146.00
Leishman, CaroleAnn	Member, Board (Municipal)	14,598.81	319.92
Louie, Larry	Member, Board (Hospital District)	333.00	46.88
McCormick, Sandra	Member, Board (Area D)	24,647.92	5,017.50
Palm, Jim	Alt. Member, Board (Municipal)	111.00	46.88
Robertson, Harold	Alt. Member, Board (Area A)	-	46.88
Smith, Denise	Alt. Member, Board (Hospital District)	111.00	46.88
Southcott, Robert	Alt. Member, Board (Municipal)	4,501.96	28.11
Williams, Carlos	Alt. Member, Board (Area C)	-	46.88
Total Elected Officials - Members of the Board of Directors		\$ 148,394.12	\$ 27,839.93

2019 SCHEDULE OF REMUNERATION AND EXPENSES

FIR 6 (2) (b) & (c)

2. Other Employees

Name	Position	Remuneration ¹	Expenses ²
Employees with remuneration exceeding \$75,000			
Devereaux, Patrick	Manager of Operational Services	\$ 103,377.67	\$ 3,299.14
Greenan, Linda	Manager of Financial Services	117,030.27	3,224.44
Jones, Michelle	Manager of Administrative Services	95,987.46	5,274.56
Keil, Regan H	Parks and Properties Supervisor	78,127.99	4,615.26
Kouwenhoven, Jason	Accountant	79,537.74	3,950.38
Radke, Allan	Chief Administrative Officer	153,218.92	9,800.29
Roddan, Laura	Manager of Planning	106,432.77	6,610.16
Schmeister, Nancy	Manager of Technical Services	94,188.16	3,486.41
Thoms, William	Manager of Emergency Services	93,540.39	3,064.30
Wall, Mike	Manager of Asset Management and Strategic	110,859.88	6,344.48
Consolidated total of other employees with remuneration of \$75,000 or less		1,153,548.12	105,116.15
Total: Other Employees		\$2,185,849.37	\$ 154,785.59

FIR 6 (2) (d)

3. Reconciliation

Total Remuneration Elected Officials - Members of the Board of Directors	\$ 148,394.12
Total Remuneration Other Employees	2,185,849.37
Subtotal	2,334,243.49
Total Personnel Costs per Statement of Revenue and Expenditure	2,597,025.00
Variance (note 3)	\$ (262,781.51)

Notes

1. Remuneration includes the sum of gross salary plus the value of taxable benefits.

2. Expenses includes costs such as mileage to meetings, conference, professional accreditation, and membership fees. These expenses "... are not limited to expenses that are generally perceived as prerequisites or bestowing personal benefit, and may include expenditures required for employees to perform their job functions".

3. The schedule of remuneration are based on actual payments made during 2019. This figure differs significantly from the expenses recorded in the financial statements which are reported on an accrual basis and included all wages and benefits accruing to staff.

Prepared under the Financial Information Regulation, Schedule 1, section 6(2), (3), (4), (5) and (6)

2019 SCHEDULE OF REMUNERATION AND EXPENSES

FIR 6 (8)

qathet REGIONAL DISTRICT

STATEMENT OF SEVERANCE AGREEMENTS

There was one severance agreement made between qathet Regional Distict and a non-unionized employees during fiscal year 2019.

The agreement represents compensation from February 9, 2019 to August 9, 2019 plus benefits for a one month period from February 9, 2019.

☐ Prepared under the Financial Information Regulation, Schedule 1, subsection 6(8)

2019 SCHEDULE OF PAYMENTS FOR THE PROVISION OF GOODS AND SERVICES

FIR 7 (1) (a)

SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF GOODS OR SERVICES

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

Supplier Name	Amount Paid
Albert, Marc	\$ 34,221.08
Aon Reed Stenhouse Inc.	152,796.00
Associated Fire Safety	26,086.22
Augusta Recyclers Inc.	211,414.83
B.A. Blackwell & Associates Ltd.	66,597.15
BC Hydro	70,099.70
BC Transit	113,761.08
BDO	29,400.00
Benefits by Design	50,464.94
Blackman Support Services Ltd.	52,482.39
Bob Marquis Contracting Ltd.	65,310.00
Canada Revenue Agency	553,425.02
Capilano Highway Services Company	42,902.09
City of Powell River	247,598.09
City Transfer	480,896.58
Corrosion Service Company Limited	56,490.00
Guillevin International Co	87,825.58
Habitat Systems Inc.	42,249.76
Heron Bay Boat Works	42,541.30
Hub Fire Engines & Equipment	578,167.97
Insurance Corporation of British Columbia	30,800.00
Integrated Operations Group Ltd.	415,935.44
Interactions HR Solutions Inc.	166,071.65
Irwin Air Ltd.	30,050.08
Let's Talk Trash	128,803.90
Minister of Finance - EHT	32,223.02
Municipal Insurance Association of BC	35,449.00
Municipal Pension Plan	320,139.64
North Island 911 Corporation	194,739.00
North Island Tractor	45,808.07
Pacific Blue Cross	108,473.83
Powell River Peak	27,545.40
Regional Disposal Company - 4178	409,437.52
Robertson, Courtney	28,332.31
Rural Septic Services	38,721.29
Salish Soils	43,286.04
Sunshine Disposal & Recycling	428,478.83
Sylvain Lieutaghi	133,639.16
Telus Communications	30,756.21
Tetra Tech Canada Inc.	174,264.92
The Integrity Group	53,539.08
Westview Ford	45,022.48
Wilson, Kevin AND Alcos, Lisa	78,057.16
WorkSafe BC	53,066.81
Young Anderson Barristers and Solicitors	118,564.50
Total aggregate amount paid to suppliers	\$ 6,175,935.12

2019 SCHEDULE OF PAYMENTS FOR THE PROVISION OF GOODS AND SERVICES

FIR 7 (1) (b)

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

	\$ 1,687,440.32
--	------------------------

FIR 7 (2) (b)

3. Total of payments to suppliers for grants and contributions exceeding \$25,000

Alphabetical list of contributions exceeding \$25,000

Grant Recipient	
Kelly Creek Community School Association	50,732.00
Powell River Employment Program Society	50,000.00
Consolidated total of grants exceeding \$25,000	\$ 100,732.00

Contribution Recipient	
BC Society for the Prevention of Cruelty to Animals	\$ 82,735.31
Lasqueti Island Last Resort Society	42,525.00
Lasqueti Island Community Association	33,861.00
Powell River Historical Museum and Archives Association	158,587.00
Powell River Public Library	375,025.75
Vancouver Island Regional Library	26,156.00
Consolidated total of contributions exceeding \$25,000	\$ 718,890.06

Consolidated total of grants and contributions exceeding \$25,000	\$ 819,622.06
--	----------------------

FIR 7 (1) (c)

4. Reconciliation

Total of aggregate payments exceeding \$25,000 paid to suppliers	\$ 6,175,935.12
Consolidated total of payments of \$25,000 or less paid to suppliers	1,687,440.32
Consolidated total of all grants and contributions exceeding \$25,000	819,622.06
Total	8,682,997.50
Total per 2019 Statement of Revenue and Expenditure	10,054,084.00
Variance*	\$ (1,371,086.50)

* The schedule of payments is a "cash basis" listing and therefore the total will differ significantly from the expenditures in the consolidated financial statements which are reported on an accrual basis resulting in timing differences and recognition of non-cash expenses. Furthermore, there are disbursements on this report which are not considered expenditures for financial statement purposes including payments made to other taxing authorities, employee payroll deductions and investment in capital assets.

Prepared under the Financial Information Regulation, Schedule 1, section 7 and the Financial Information Act, section 2.



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



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.

Chief Administrative Officer

Chief Financial Officer

Independent Auditor's Report

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

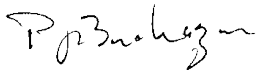
Chartered Professional Accountants

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

	2019	2018 Restated (Note 6)
Financial Assets		
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
Total Financial Assets	<u>23,742,021</u>	<u>22,140,175</u>
Liabilities		
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
Total Liabilities	<u>19,236,664</u>	<u>18,442,601</u>
Net Financial Assets	<u>4,505,357</u>	<u>3,697,574</u>
Non-Financial Assets		
Septage sludge disposal (Note 7)	-	178,150
Tangible capital assets (Schedule I)	18,207,701	17,496,736
Prepaid expenses	126,817	57,295
Total Non-Financial Assets	<u>18,334,518</u>	<u>17,732,181</u>
Accumulated surplus (Note 11)	<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 Budget (Note 13)	2019 Actual	2018 Actual Restated (Note 6)
Revenue			
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>
Expenses			
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>
Annual Surplus	4,856,961	1,410,120	1,233,774
Accumulated surplus, beginning of year	21,429,755	21,429,755	20,195,981
Accumulated surplus, end of year (Note 11)	<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 Budget (Note 13)	2019 Actual	2018 Actual Restated (Note 6)
Annual Surplus	\$ 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	-	(69,522)	60,816
Change in net financial assets	(2,034,366)	807,783	(55,284)
Net financial assets, beginning of year	3,697,574	3,697,574	3,752,858
Net financial assets, end of year	<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> Restated (Note 6)
Cash provided (used in)		
Operating Transactions		
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>
Capital Transactions		
Proceeds from sale of tangible capital assets	71,240	166,720
Acquisition of tangible capital assets	<u>(1,431,708)</u>	<u>(2,000,222)</u>
	(1,360,468)	(1,833,502)
Financing Transactions		
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	<u>(338,346)</u>	<u>(292,873)</u>
	521,952	500,724
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><u>\$ 12,702,007</u></u>	<u><u>\$ 11,003,104</u></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	-	-
Total function balances	567,661	943,283
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
Accumulated surplus (Note 11)	<u>\$ 22,839,875</u>	<u>\$ 21,429,755</u>

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%	<u>195,359</u>	<u>202,910</u>
Debt of the qathet Regional District	850,114	881,854
Debt of the City of Powell River	<u>9,956,197</u>	<u>10,382,514</u>
	\$ <u>10,806,311</u>	\$ <u>11,264,368</u>

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		<u>671,861</u>
	\$	<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
	<u>\$ 22,839,875</u>	<u>\$ 21,429,755</u>

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
	<u>\$ 2,760,544</u>	<u>\$ 2,086,065</u>

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
	<u>1,143,371</u>	<u>813,783</u>
Less: Amount spent	(196,984)	(380,435)
Community Works Fund Reserve, closing balance	<u>\$ 946,387</u>	<u>\$ 433,348</u>

**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	<u>\$</u>	<u>4,856,961</u>

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

2018	Land	Land Improvements	Parks Infrastructure	Buildings	Construction in Progress	Machinery & Equipment	Vehicles	Water Systems	Sewer	Structures (Docks and Sheds)	Totals
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	-	-	-	-	-	-	-	-	-	-	-
Cost, end 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
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	-	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end 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
Net carrying amount, end of year	1,983,605	2,300,140	56,655	4,349,531	1,324,962	741,917	1,365,909	1,445,687	1,226,848	2,701,482	17,496,736
2019	Land	Land Improvements	Parks Infrastructure	Buildings	Construction in Progress	Machinery & Equipment	Vehicles	Water Systems	Sewer	Structures (Docks and Sheds)	Totals
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)
Cost, end of year	1,983,605	3,069,986	130,452	6,085,934	398,295	1,944,184	3,492,115	1,834,656	2,797,020	3,930,330	25,666,576
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)
Accumulated amortization, end of year	-	629,321	40,261	1,704,845	-	1,117,758	1,399,737	434,173	841,075	1,291,705	7,458,875
Net carrying amount, end of year	\$ 1,983,605	\$ 2,440,665	\$ 90,191	\$ 4,381,089	\$ 398,295	\$ 826,426	\$ 2,092,378	\$ 1,400,483	\$ 1,955,945	\$ 2,638,625	\$ 18,207,701

SCHEDULE II

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

	General 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 Fund Water Services	Sewer Fund Sewer Services		
Revenue												
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	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	2,607,316	570,434	2,232,770	871,897	1,902,260	2,729,227	126,186	164,812	123,928	135,374	11,464,204	16,709,993
Expenses												
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	-
Total Expenses	1,686,600	524,631	2,309,666	913,738	1,752,776	2,331,477	123,376	155,437	113,679	142,704	10,054,084	11,853,032
Annual Surplus (Deficit)	\$ 920,715	\$ 45,804	\$ (76,896)	\$ (41,841)	\$ 149,484	\$ 397,751	\$ 2,810	\$ 9,375	\$ 10,249	\$ (7,331)	\$ 1,410,120	\$ 4,856,961

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)		
Revenue													
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	-	
Total Revenue	2,027,449	451,980	1,885,449	772,045	1,566,796	2,081,713	79,658	124,589	108,803	426,934	9,525,416	14,401,811	
Expenses													
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	-	
Total Expenses	1,596,206	415,271	1,902,057	767,359	1,501,414	1,638,832	68,055	135,005	123,213	144,230	8,291,642	9,928,412	
Annual Surplus (Deficit)	\$ 431,243	\$ 36,709	\$ (16,609)	\$ 4,685	\$ 65,382	\$ 442,881	\$ 11,603	\$ (10,417)	\$ (14,410)	\$ 282,704	\$ 1,233,774	\$ 4,473,399	