

Consolidated Financial Statements of

CENTRAL COAST REGIONAL DISTRICT

Year ended December 31, 2018

CENTRAL COAST REGIONAL DISTRICT

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Central Coast Regional District (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. 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.

The District's management maintains a system of internal controls designed 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. These systems are monitored and evaluated by management.

The District's Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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



Samuel Schooner, Chair of Board



Courtney Kirk, Chief Administrative Officer



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INDEPENDENT AUDITORS' REPORT

To the Members of the Central Coast Regional District

Qualified Opinion

We have audited the consolidated financial statements of the Central Coast Regional District (the "District"), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements").

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2018 and its consolidated results of operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The District operates a landfill and is responsible for its closure and post closure care under the Waste Management Act of British Columbia. The District accrues an estimate of the landfill closure and post closure liability, the completeness, accuracy and valuation of the estimate is not susceptible to satisfactory audit verification as management did not engage an external expert.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the financial liabilities reported in the consolidated statement of financial position as at December 31, 2018
- the consolidated solid waste management expenditures and annual surplus reported in the consolidated statement of operations and accumulated surplus for the year ended December 31, 2018



- the consolidated statement of changes in net financial assets for the year ended December 31, 2018
- the consolidated statement of cash flows for the year ended December 31, 2018
- the note disclosure to the consolidated financial statements related to the landfill closure and post-closure liabilities

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Consolidated Financial Statements"** section of our auditors' report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified opinion.

Other Matter – Comparative Information

The consolidated financial statements for the year ended December 31, 2017, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 26, 2018.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 District or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the consolidated 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 consolidated 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 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 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 auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Prince George, Canada

May 9, 2019

CENTRAL COAST REGIONAL DISTRICT

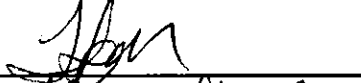
Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

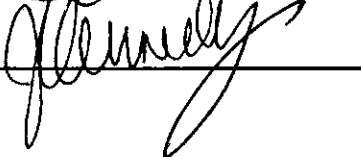
	2018	2017
Financial assets:		
Cash and cash equivalents (note 2)	\$ 1,752,267	\$ 960,220
Accounts receivable (note 3)	473,947	209,857
Debt reserve fund (note 4)	9,676	21,509
	<u>2,235,890</u>	<u>1,191,586</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	76,325	81,593
Debt reserve fund (note 4)	9,676	12,039
Deferred revenue (note 6)	978,335	30,910
Landfill closure costs (note 7)	150,000	120,000
Long-term debt (note 8)	101,895	124,411
	<u>1,316,231</u>	<u>368,953</u>
Net financial assets	919,659	822,633
Non-Financial Assets:		
Prepaid expenses	3,857	36,287
Tangible capital assets (note 9)	3,877,785	3,453,395
	<u>3,881,642</u>	<u>3,489,682</u>
Commitments and contingencies (note 10)		
Accumulated surplus	\$ 4,801,301	\$ 4,312,315

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Director



Director

CENTRAL COAST REGIONAL DISTRICT

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Revenue:			
Tax levy	\$ 744,611	\$ 744,612	\$ 745,381
Federal grants-in-lieu of tax	32,419	38,285	31,355
Provincial government grants	1,183,103	838,974	678,524
Recreation user fees	30,500	39,148	31,252
Investment Income	2,500	29,006	7,747
Airport fees and rentals	217,370	227,989	97,050
Other service charges	879,519	80,308	252,099
Nuxalk Nation contributions	107,100	105,000	105,000
Federal government grants	1,772,966	11,000	2,722
Fire protection tolls	2,920	3,210	3,210
Landfill user fees	32,905	31,388	33,013
Multi Materials BC	9,500	8,019	9,337
Watertolls	34,000	35,568	35,570
	5,049,413	2,192,507	2,032,260
Expenditures:			
Amortization of capital assets	-	164,660	145,671
Economic Development Services	400,948	70,774	107,694
General Government Services	949,138	815,650	708,846
Interest	-	20,116	19,225
Community Works & Planning	420,221	40,411	38,012
Parks, Recreation and Culture Services	1,447,261	166,809	174,783
Protective Services	891,854	76,046	52,588
Solid Waste Management	724,772	190,209	179,985
Transportation	743,887	113,172	85,404
Utility Services	86,283	45,674	42,972
	5,664,364	1,703,521	1,555,180
Annual (deficit) surplus	(614,951)	488,986	477,080
Accumulated surplus, beginning of year	4,312,315	4,312,315	3,835,235
Accumulated surplus, end of year	\$ 3,697,364	\$ 4,801,301	\$ 4,312,315

See accompanying notes to consolidated financial statements.

CENTRAL COAST REGIONAL DISTRICT

Consolidated Statement of Changes In Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	Budget	2018	2017
Annual (deficit) surplus	\$ (614,951)	\$ 488,986	\$ 477,080
Acquisition of tangible capital assets	-	(589,050)	(697,210)
Amortization of tangible capital assets	-	164,660	145,671
Loss on disposal of tangible capital assets	-	-	6,031
	-	(424,390)	(545,508)
Acquisition of prepaid expenses	-	(3,857)	(36,287)
Use of prepaid expenses	-	36,287	31,058
	-	32,430	(5,229)
Change in net financial assets	(614,951)	97,026	(73,657)
Net financial assets, beginning of year	822,633	822,633	896,290
Net financial assets, end of year	\$ 207,682	\$ 919,659	\$ 822,633

See accompanying notes to consolidated financial statements.

CENTRAL COAST REGIONAL DISTRICT

Consolidated Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 488,986	\$ 477,080
Items not involving cash:		
Amortization	164,660	145,671
Loss on disposal of tangible capital assets	-	6,031
	653,646	628,782
Changes in non-cash operating working capital:		
Accounts receivable	(264,090)	(103,557)
Prepaid expenses	32,431	(5,229)
Debt reserve fund asset	11,833	(181)
Accounts payable and accrued liabilities	(5,270)	(77,986)
Debt reserve fund liability	(2,363)	-
Deferred revenue	947,425	(15,324)
Landfill post closure liability	30,000	30,000
	1,403,612	456,505
Financing activities:		
Repayment of long term debt	(22,515)	(21,443)
Investing activities:		
Purchase of tangible capital assets	(589,050)	(697,210)
Increase (decrease) in cash and cash equivalents	792,047	(262,148)
Cash and cash equivalents, beginning of year	960,220	1,222,368
Cash and cash equivalents, end of year	\$ 1,752,267	\$ 960,220

See accompanying notes to consolidated financial statements.

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements

Year ended December 31, 2018

Nature of operations:

Central Coast Regional District (the "District") operates under the provisions of the Local Government Act and the Community Charter of British Columbia. Its principal activities include the provision of local government services to residents of the region. These include general government, protective, water, airport and recreation services.

1. Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The District's significant accounting policies are as follows:

(a) Basis of presentation:

The consolidated financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

(b) Principles of consolidation:

The consolidated financial statements include accounts of all funds of the District including General Operating, Water Operating, General Capital, Water Capital and Reserve Funds. Interfund balances and transactions have been eliminated.

(c) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Financial assets measured to amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial instruments consist of cash, accounts receivable, debt reserve fund asset, accounts payable and accrued liabilities, debt reserve fund liability, and long-term debt. Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, currency or credit risk arising from its financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(d) Accrual accounting:

The accrual method for reporting revenues and expenditures, including capital expenditures, has been used. Revenues are recorded in the period they are earned. Expenditures are recorded as the cost of goods and services in the period they are obtained.

(e) Administration apportionment:

A percentage of certain budgeted administration expenses of the District has been allocated to other functions. These expenses include audit fees, bank charges, liability insurance, wages and related costs of the administrative staff, board representation and governance, office, stationary and telephone.

(f) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase and term deposits with a maturity of less than one year. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

(g) Tangible capital assets:

Tangible capital assets are recorded in the General Capital Fund and Water Capital Fund at cost or deemed cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset less accumulated amortization

Contributed tangible capital assets are recorded at fair value at the date of receipt and also are recorded as revenue.

The costs, less residual values, of the tangible capital assets, excluding land are amortized using the declining balance method, at the following rates over their estimated useful lives as follows:

Asset	Rate
Buildings	4%
Furniture and equipment	20%
Parks and recreation projects	20%
Paving	5%
Vehicles	30%
Water distribution system	4%

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

The District regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets costs.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(h) Revenue recognition:

Grants and contributions (other than grants-in-lieu of taxes) are recorded when receivable. Grants-in-lieu of taxes are recognized at the earlier of when received or when money is determined to be more likely than not collected.

Each Electoral Area within the District is requisitioned for their portion of each service in which they participate. These funds are then levied by the Province (for Electoral Areas) to individual taxpayers and turned over to the District by August 1st of each year. Tax levies are recognized in the year in which they are levied. Government transfers are recognized as revenues in the period in which events giving rise to the transfer occur.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue unearned in the current period is recorded as deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(i) Landfill closure costs:

The liability for closure of the operational landfill site and post-closure care has been recognized based on estimated future expenses, estimated inflation and the site's remaining capacity at the end of the year. The change in this liability during the year is recorded as a charge to operations in the Statement of Operations and Accumulated Surplus. These estimates are reviewed and adjusted annually.

(j) Interest:

Interest earned is allocated on the basis of actual earnings from the specific instruments. Excess funds or temporary borrowings of all functions and capital projects are pooled and interest income or expense is allocated to the individual functions and capital projects on a monthly basis.

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(k) Budget reporting:

The original budget bylaw stated in the Statement of Operations and Accumulated Surplus represent the Annual Budget Bylaw adopted by the Board of Directors on March 29, 2018. These figures do not reflect subsequent amendments made by the Board of Directors to reflect changes in the budget throughout the year as required by law.

(l) Contaminated sites:

Contaminated sites are a result of a contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environment standard. The liability is recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the District is directly responsible or accepts responsibility;
- iv) future economic benefits will be given up; and
- v) a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

(m) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Areas requiring use of management estimates relate to the collectability of accounts receivable, estimated useful lives of tangible capital assets and the landfill closure liability. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

2. Cash and cash equivalents:

	2018	2017
Operating cash (indebtedness)	\$ 154,639	\$ (12,620)
Savings cash	897,817	283,132
Term deposits	169,452	167,940
Short-term investments	529,359	520,768
Equity shares at the Williams Lake and District Credit Union	1,000	1,000
	<u>\$ 1,752,267</u>	<u>\$ 960,220</u>

Short-term investments are held in Municipal Finance Authority (MFA) pooled money market fund with an annual rate of return of approximately 1.65% (2017 - 0.97%).

The District has a line of credit, secured by a term deposit with a maximum of \$200,000. Interest is payable monthly at prime rate. As of December 31, 2018, the line of credit had not been used.

3. Accounts receivable:

	2018	2017
Trade and other	\$ 76,973	\$ 87,392
Local government	52,619	340
Provincial government	344,355	121,887
Federal government	-	238
	<u>\$ 473,947</u>	<u>\$ 209,857</u>

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

4. Debt reserve fund:

The District issues its debt instruments through the Municipal Finance Authority ("MFA"). As a condition of the borrowing, the District is obligated to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. The deposits are included in the District's consolidated financial statements as a debt reserve fund asset. If the debt is repaid without default, the deposits are refunded to the District.

The District has a debt reserve fund demand note in the amount of \$12,039 which is contingent in nature, is held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the District's consolidated financial statements. Upon the maturity of the debt issue, the debt reserve fund demand note is released and deposits are refunded to the District.

5. Accounts payable and accrued liabilities:

	2018	2017
Trade and other payables	\$ 75,323	\$ 81,545
Sales tax payable	26	48
Wages and related costs	976	-
	<u>\$ 76,325</u>	<u>\$ 81,593</u>

6. Deferred contributions:

Deferred contributions consists of funds received from grants for specific projects with conditions placed on its use for which the related conditions have not yet been met.

The deferred contributions are allocated from the following functions:

	2018	2017
General Operating Fund:		
Active communities grant	\$ 13,796	\$ -
Denny Island Recreation Commission	-	15,300
Emergency Management Initiative	-	15,610
Marketing enhancement and brand implementation	101,075	-
Risk assessment, flood modeling and mapping project	575,000	-
Rural dividend grant	288,464	-
	<u>\$ 978,335</u>	<u>\$ 30,910</u>

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Landfill post closure liability:

The District operates a landfill and is responsible for closure and post closure care under the Waste Management Act of British Columbia. These future site restoration costs are recognized based on management's assumptions and their estimates of the costs of future removal and site restoration. Changes to the underlying assumptions or legislative change in the future could have a material impact on the statements. As the costs for closure and post closure care are not readily determinable, the District recognized an expense of \$30,000 (2017 - \$30,000) for future site restoration costs.

8. Long-term debt:

Security issuing by-law #275 was enacted November 17, 1997. Repayment of the financing is on a semi-annual basis with a payment of \$9,760 on May 5th and a payment of \$18,246 on November 5th of each year. The MFA interest rate was re-set on November 6, 2017 and commencing in 2018, the new semi-annual payment has been amended to \$4,556 on May 5th and \$13,042 on November 5th. Final payment based on actuarial calculations will be made on November 5, 2022. The MFA debt has an interest rate of 2.25% (2017 - 2.25%).

Parcel taxes were elevated to fund the payments made on the long-term financing. It is estimated that the District has accumulated sufficient funds to cover this debt as of December 31, 2017 and has eliminated the parcel tax for 2018.

Municipal finance authority loan \$101,895 (2017 - \$124,411), interest paid on the long-term debt included in payments from General Operating Fund are \$9,113 (2017 - \$17,924).

Principal repayments are due as follows:

2019	\$	23,641
2020		24,823
2021		26,064
2022		27,367
	\$	101,895

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

9. Tangible capital assets:

	2018		
	Cost	Accumulated amortization	Net book value
Land	\$ 1,556,880	\$ -	\$ 1,556,880
Buildings	1,290,602	296,644	993,958
Furniture and equipment	403,136	322,298	80,838
Parks and recreation projects	490,142	366,932	123,210
Paving	1,697,509	1,264,945	432,564
Water distribution system	1,510,482	906,725	603,757
Vehicles	162,384	102,675	59,709
Work in progress	26,869	-	26,869
	\$ 7,138,004	\$ 3,260,219	\$ 3,877,785

	2017		
	Cost	Accumulated amortization	Net book value
Land	\$ 1,151,763	\$ -	\$ 1,151,763
Buildings	575,066	256,508	318,558
Furniture and equipment	380,300	302,089	78,211
Parks and recreation projects	478,044	-	478,044
Paving	1,697,509	1,242,178	455,330
Water distribution system	615,246	-	615,246
Vehicles	140,544	77,086	63,458
Work in progress	1,510,483	1,217,698	292,785
	\$ 6,548,955	\$ 3,095,559	\$ 3,453,395

Amortization for the year amounted to \$164,660 (2017 - \$145,671).

During the year, tangible capital assets were acquired at an aggregate cost of \$589,050 (2017 – \$697,210). In 2017, the District disposed of assets with a net book value of \$6,031.

Work in progress represents capital projects at year end that have not been completed and are not ready for their intended use or to be amortized.

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

10. Commitments and contingencies:

a) The District is involved from time to time in litigation, which arises in the normal course of operations. Liabilities arising from any litigation are recognized in the consolidated financial statements when the outcome becomes reasonably determinable. In management's judgment there is no material negative exposure at this time from existing litigations.

b) The District is a participant under the Community Works Fund that provides for the District receiving Federal gas taxes transferred under the New Deal for Cities and Communities signed by the Union of BC Municipalities, the Province of British Columbia and the Government of Canada.

Although the District has some latitude in determining which projects to pursue, the agreement provides that the projects must address investments in capital and capacity building projects to build and revitalize public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong communities.

c) The District is a member of the Municipal Insurance Association of British Columbia. As a member of this association, the District is contingently liable for claims in excess of the insurance fund.

d) The District 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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

10. Commitments and contingencies (continued):

The District paid \$34,335 (2017 - \$31,976) for employer contributions to the plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

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.

e) The District has entered into the following property lease agreements:

	Term	Expiry date	Annual lease cost
Arena	30 years	July 18, 2041	\$ 1
Centennial pool	50 years	March 31, 2058	1
Thorsen Creek Waste and Recycling Centre	10 years	July 12, 2022	1

The District leases the land for the arena and the Thorsen Creek Waste and Recycling Centre from the Province of British Columbia. The District leases the land for the Centennial pool from The Farmer's Institute. The fair market value on the land leases are undeterminable and therefore an estimate has not been disclosed.

11. Related party transactions:

The District is related to the Central Coast Regional Hospital District ("Hospital District") as the members of the Board of Directors of the District form the majority of the members of the Board of Directors of the Central Coast Regional Hospital District. As legislated by the Hospital District Act, the officers and employees are the corresponding officers and employees of the Central Coast Regional District. Each of the Regional District and the Hospital District are separate legal entities authorized by separate legislation.

During the year, Central Coast Regional Hospital District received accounting and management services from the District and paid \$13,500 (2017 - \$13,500) for these services.

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CENTRAL COAST REGIONAL DISTRICT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

12. Expenditures and expenses by object:

	2018	2017
Amortization	\$ 164,660	\$ 145,671
Bank charges and interest	20,155	19,227
Consultants	17,240	158,649
Contracts	116,782	91,188
Conventions, travel and association dues	67,567	22,011
Coordinators' fees	2,400	2,100
Director's expenses	46,266	63,553
Elections	12,246	277
Grants-in-aid	17,405	15,000
Insurance, licenses, permits and fines	37,991	31,321
Loss on disposal of tangible capital assets	-	6,031
Operating expenses	314,194	214,283
Planning	25,041	36,106
Professional fees	120,442	25,815
Repairs and maintenance	37,915	65,463
Telephone and utilities	60,320	73,443
Wages and related costs	591,622	533,767
Waterworks - Nuxalk Band	21,275	21,275
Landfill post closure cost	30,000	30,000
	<hr/> \$ 1,703,521	<hr/> \$ 1,555,180

13. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year surplus.