

Regional District LGDE Help Manual

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5(b) - Statement of Operations - Schedule A3 (Income Statement)

The Statement of Operations provides a summary of the sources, allocations and uses of a regional district's financial resources over the last reporting period.

Revenues and expenses can generally be recorded by either type (the actual form of revenue or expense tool used --- e.g. taxes and salaries) or function (the area of operations --- e.g. water and sewer).

The reporting presentation used in LGDE is a hybrid of the type and function presentations. The revenues are accounted for by type (e.g. taxes and fees) with some minor breakdowns by function (e.g. user fees are broken down by water and sewer). Expenses are accounted for by function (e.g. protective services and solid waste management) with a further breakdown by type (operations, interest and amortization). This gives the data user a broader picture of local government operations.

All revenues and expenses are loosely based on a standardized local government chart of accounts set by Statistics Canada.

a) Structure of the Statement of Operations:

A	Revenue (Section 1)
B	Expenses (Section 2)
C=A-B	Annual Surplus / (Deficit)

The annual surplus for a year is used in the reconciliation of the change in Net Financial Assets / Net Debt on form A5.

5(b)(i) - Revenue (Schedule A3)

Definition of Revenue

Revenues are increases in economic resources, either by way of inflows or enhancements of assets or by reduction of liabilities, usually resulting from ordinary activities of the local government. As previously mentioned, revenues are recorded by type (with some minor classifications by function). Revenues are based on the definitions from PS 1000.46, and include, but are not limited to, taxes, fees, grants and external transfers.

External borrowing (including debenture proceeds), internal transfers from other funds, and any appropriations from prior year surpluses are **not** considered revenue. Internal transfers may occur through internal charges, fund transfers, appropriations and financial reporting adjustments.

Revenues are recorded net of any allowances (such as Bad Debt Expenses, Sales Return Allowances and Collection Allowances). Recoveries of costs from allowances, which have previously been established, should be reported as a net increase in revenue.

If there is a change in a financial asset valuation (i.e. the change in the value of a financial asset) such changes should be recognized in the Statement of Operations in line f (PS 1000.60). Either a positive or negative change may be recognized under "Gain or Loss on Disposition / Revaluation of Financial Assets" Line f.

Definitions

Payments in Place of Taxes (PIP) (Line a)

Crown Properties are exempt from municipal taxation under section 220 of the *Community Charter* and from rural taxation under section 15 of the *Tax (Rural Area) Act*. These exemptions also apply to school districts through section 131 of the *School Act* and to Regional Districts and Regional Hospital Districts through section 28 of the *Regional Hospital District Act*.

These exempt properties include land and improvements vested in the federal/provincial government or any government agencies and crown corporations.

Both the federal and provincial governments have special legislation to make payments in place of taxation to both municipalities and the surveyor of taxes. The payments in place are then transferred to the regional district under section 389 of the *Local Government Act*.

This line item does **not** include any conditional or unconditional government grants; these grants are recorded as Transfers from Other Governments in the Statement of Financial Activities (Line c – Schedule A3).

Federal Government/Agencies PIP (Line a1)

This line item equals all payments in place of taxes received from the federal government (and related agencies and crown corporations) in accordance with the federal *Payment in Lieu of Taxes Act*.

Provincial Government/Agencies PIP (Line a2)

This line item equals all payments in place of taxes received from the provincial government (and related agencies and crown corporations) in accordance with the *Municipal Aid Act*.

Other Payments in Place (Line a3)

This includes any other payments in place of taxes received from other public authorities not listed above in Lines a1 or a2.

Service Charges/User Fees (& Other Sale of Services) (Line b)

This includes all revenues levied under section 378 of the *Local Government Act* (Fees and Charges). This also includes any sales of other goods and/or services to individuals, organizations, or governments (or their agencies).

Sales to other governments (and agencies) should also include any bulk sales revenue (of goods or services) to the other government whereby the other government supplies the good or service to its citizens (e.g. sale of bulk water by the RD to participating municipalities on a fee basis).

This category may include the following services:

Water (Line b1)

-includes supply, treatment and distribution sales revenue

Sewer (Line b2)

-includes collection, treatment and disposal sales revenue

Solid Waste (Garbage/Recycling) (Line b3)

-includes garbage pickup, landfill and recycling sales revenue

Parks/Rec/Culture (Line b4)

-includes fees from parks, recreational activities and cultural centres/activities

Transportation (Line b5)

-includes road maintenance, public transit and snow removal sales revenue --- does not include parking

Other (Line b6)

-includes sales revenue from services not listed above – e.g. protective services, regional planning and housing. Also includes: licenses, permits, fines (excluding fines relating to taxation, which are included in Total Own Purpose Taxation (Schedule A3 - Line a)), franchise and concession contracts and rentals

Transfers from Other Governments (Line c)

A government transfer is a conveyance of money to the local government from another public authority (as defined under section 2 of the *Local Government Act*), where the public authority does not:

- Receive goods or services in return for the conveyance of funds;
- Expect to be repaid for all or a portion of the conveyed funds;
- Expect a financial return on the conveyed funds (e.g. interest or dividends).

Transfers can include entitlements, cost sharing agreements and grants (PS 3410.04). Entitlements are transfers to the local government where the local government must meet specific criteria in

order to be eligible for the transfer. Cost sharing usually involves a contractual agreement between the local government and the public authority. Any conveyance of funds from the public authority must be based on eligible expenditures under the terms of an agreement. Grants are transfers made at the discretion of the public authority. These three categories of transfers are not mutually exclusive. Example, a Federal/Provincial infrastructure grant is:

- a grant, established under a program, at the discretion of the senior levels of government;
- an entitlement because a local government must first meet an eligibility criterion in order to receive the grant;
- a cost sharing arrangement involving multiple levels of government under terms of a contractual agreement.

Government Transfers do **not** include the following:

- payments in place of taxes - These are included under the "Payments in Place of Taxes" line (Schedule A3 - Line a);
- internal transfers within the local government reporting entity (for more information on the local government reporting entity, please see part three of this Help Manual).

Government transfers are recognized in the financial statements as revenue in the reporting period if:

- the events giving rise to the transfer occurred,
- the amount of the transfer is authorized, eligible, and estimable (PS 3410.42).

For the purposes of the LGDE reporting forms, all transfers are broken down by the level of government (federal, provincial, regional) and the nature of the transfer (conditional or unconditional). Provincial transfers include monies received from the surveyor of taxes as part of the annual requisitioning process in the electoral areas. Regional transfers include any transfer of funds from other regional districts, municipalities (including requisitions), improvement districts, school boards, regional health boards and native bands.

Conditional transfers are used for a specific purpose (e.g. planning grants and infrastructure grants usually involve a specific project or Library grants are for a specific area of local government operations). **Unconditional transfers** are not earmarked for a specific purpose. Thus, the local government has full discretion on the use of funds from an unconditional transfer.

Federal Government/Agencies Unconditional Transfers (Line c1)

"Federal Government Unconditional Transfers" are transfers from the Federal Government (or Federal Agencies) where the regional district has full discretion on the use of funds.

Federal Government/Agencies Conditional Transfers (Line c2)

"Federal Government Conditional Transfers" are transfers from the Federal Government (or Federal Agencies) earmarked for specific programs or projects.

Provincial Government/Agencies Unconditional Transfers (Line c3)

"Provincial Government Unconditional Transfers" are transfers from the Provincial Government (or Provincial Agencies) where the regional district has full discretion on the use of funds. This includes Regional District Basic Grants.

Provincial Government/Agencies Conditional Transfers (Line c4)

"Provincial Government Conditional Transfers" are transfers from the Provincial Government (or Provincial Agencies) earmarked for specific programs or projects.

Electoral Area Requisitions (Line c4a)

These are funds requisitioned annually by the regional district to the surveyor of taxes for collection in electoral areas in accordance with section 387 of the *Local Government Act*.

Other Provincial Conditional Transfers (Line c4b)

This includes all other provincial conditional transfers --- including, but not limited to, planning grants, library grants, restructure grants, and infrastructure grants (e.g. Local Government Grant Program and the Federal Provincial Infrastructure Program).

Important Note Concerning the current Federal/Provincial Infrastructure Works Program. Under the contract conditions set out in this program, only the provincial government transfers funds to the local government. The province, in turn, requisitions the federal government for its share of the costs. Because the regional district does not receive any money directly from the federal government, all transfers should be recognized as being strictly provincial (not split between the provincial and federal governments).

Regional and Other External Transfers (Line c5)

These are transfers (both conditional and unconditional) from public authorities (other than federal or provincial authorities) and private organizations.

Local Government Requisitions (Line c5a)

These are funds requisitioned annually by the regional district to member municipalities for collection of taxes in municipal areas in accordance with section 385 of the *Local Government Act*.

Member Municipality MFA Debt Payment (Line c5b)

This is money transferred from member municipalities to the regional district for the purpose of discharging debt obligations under section 410 of the *Local Government Act* (Financing Municipal Undertakings).

Other Regional Transfers (Line c5c)

These include any other transfers (not listed above in lines c5a and c5b) from other regional districts, municipalities, school boards, native bands, and improvement districts. Gas Tax Funds should be entered in this line (as the Gas Tax Program is administered by the Union of British Columbia Municipalities (UBCM)). This should

only be the funds used during the year and should not include the funds received. These may also include transfers from non-public authorities such as the Federation of Canadian Municipalities (Green Municipal Enabling Fund and the Green Municipal Investment Fund).

Investment Income (Line d)

This line item reports certain revenues resulting from financial assets (on Schedule A2) especially cash and investments (Line a), loans receivable (Line d) and other financial investments (Line e). This usually comprises routine income streams from these investments, including:

- o interest and dividends on securities
- o interest on loans and advances

This investment income should be adjusted for any amortization of discounts or premiums on the purchase of securities and for any foreign currency adjustments on investment income.

Investment income does not include **one-time gains or losses** from asset disposition (or asset revaluation), **rental income** or **income from government business enterprises**. Gains or losses are recorded on Lines f1 & f2 (for financial assets) or Line g (for tangible capital assets); rental income is recorded under Line b6 “Other Sale of Services” and income from government business enterprise is recorded under Line h “Other Revenue” --- all of these line items are on Schedule A3 (Revenue).

Also, do not include any **investment income** on monies held **in restricted or deferred revenue** funds (Schedule A2 – Lines k & l – including DCCs and sinking funds). This investment income does **not** flow through the Statement of Financial Activities (in accordance with PS 3100.11). Instead the investment income is credited directly to the restricted (or deferred) revenue fund, which is a liability:

DR Cash	xxx
CR Restricted Revenue	xxx

Most revenue in restricted (or deferred) revenue funds is not recognized until actual works are performed.

Actuarial Adjustments should be included in Investment Income. Important Note Regarding Municipal debt: This adjustment **only applies to MFA debentures for regional services**; this does not apply to MFA debentures issued on behalf of member municipalities. (For more information, please see below.)

The actuarial adjustments reflect annual investment gains from the sinking funds (and other debt retirement funds) held by the MFA. Because these sinking funds are held by an external body (i.e. the MFA), they are not reported in the local government’s Statement of Financial Position. Instead the actuarial adjustment is applied directly against the outstanding debenture debt of the local government (Schedule A2 – Line m1b).

Some local governments have (in the past) netted actuarial adjustments from interest expenditures. This is **not** the recommended application of PSAB or Provincial Reporting

Requirements. The actuarial adjustment is a reduction to the principal on long term debt (not interest). By netting these adjustments from interest expenditures, the true interest financing costs of a local government are understated. The recommended approach is to treat actuarial adjustments as a form of notional investment income (used to draw down debt). This agrees with the previous definition of revenue that includes an increase in economic resources by way of a reduction in liabilities. The recommended transaction is as follows:

DR Actuarial Adjustments Receivable	xxx	
CR Investment Income		xxx

(Recognition of the Actuarial adjustment when annual invoice is sent from the MFA)

DR Debentures Payable	xxx	
CR Actuarial Adjustments Receivable		xxx

(Reduction of long term debt by the actuarial adjustment amount)

Payment Reduction by MFA – In some cases, nearing the end of the debt financing duration, the MFA will reduce or eliminate the semi-annual payment invoices of interest and principal owed by the local government. However, the long term debt on the Statement of Financial Position must still be drawn down. In this case, the annual actuarial adjustment (plus the amount that normally would have been paid as principal) is included as Investment Income. Any reduction or elimination of interest expenditures is simply shown as a reduction in Interest in the Expenditures Section of the Statement of Financial Activities.

Important Note Regarding Municipal debt: This adjustment only applies to MFA debentures for regional services; this does **not** apply to MFA debentures issued on behalf of member municipalities. The annual actuarial adjustment for MFA debentures on behalf of member municipalities is accounted for as a balance sheet transaction:

DR Long Term Debt (on behalf of member mun)	xxx	
CR Loans Receivable (from mun)		xxx

(For actuarial adjustments on member municipal debt)

For more information on annual debt payments from member municipalities please see Line c5b – Schedule A3 (Member Municipality Debt Payments) and Line t – Schedule A3 (Debt Payments for Member Municipalities).

Developer Contributions (Line e)

These are charges imposed on developers to provide certain regional infrastructure (including water, sewer, drainage, parkland and roads).

Developer contributions are only recognized when the actual infrastructure works are performed. Any developer contributions paid in advance of the infrastructure works are placed in restricted revenue in the Statement of Financial Position (Schedule A2 - Lines k2a to k3).

Development Cost Charges – DCCs (Line e1)

This is development revenue recognized under the authority of a DCC bylaw (Part 14, Division 19 of the *Local Government Act*).

Other Developer Contributions (Line e2)

This includes all other developer contributions (other than DCCs). One such contribution is cash in lieu of parkland under section 510 of the *Local Government Act*.

Gain or (Loss) on Disposition or Revaluation of Financial Assets (Line f)

This reports any gains or losses from the disposal or revaluing of financial assets (**not** tangible capital assets which report disposals and write-downs in Line g.

“Dispose” is defined under section 29 of the *Interpretation Act* to include “assign, give, sell, grant, charge, convey, bequeath, devise, lease, divest, release and agree to do any of those things.” This definition of disposal will apply to these line items except for any types of grants (or other forms of assistance) which are recognized as expenditures and operating leases, where the regional district is acting as the lessor.

Revaluation of financial assets can include permanent impairment and reduction in investment value to the lower of cost or market. This line item does not generally include allowances (e.g. bad debt expenses), which are generally netted off other revenue items (such as sales revenue).

Gain and Loss on Disposition and Revaluation of Financial Assets are broken down into two categories:

Land held For Resale (Line f1)

These are gains and losses from any Property Held for Resale (Schedule A2 – Line f).

Other Gains and Losses (Line f2)

These are gains and losses associated with all other financial assets (except property held for resale). Sinking fund surplus received from the MFA and insurance proceeds should be included here.

Gain or (Loss) on Disposition of Tangible Capital Assets (Line g)

This is the gain or loss recognized from the disposal of a tangible capital asset. It is calculated by the difference between book value at the time of the disposal and any proceeds received from the disposal.

When one tangible capital asset is traded for another asset any difference between the book value of the asset being traded away and the fair market value of the asset being acquired would be recognized as a gain or loss on disposition of tangible capital assets (Schedule A3 – Line g).

Write downs of tangible capital assets should also be recognized in this line as a loss equalling the write down amount.

Other Revenue (Line h)

This includes all other revenues not listed above. Income from Government Business Enterprises should be included here.

Total Revenue (Line i)

This line item is the sum of all revenues (lines a to h).

5(b)(ii) - Expenses (Statement A3)

Definition of Expense

Expenses, including losses, are decreases in economic resources, either by way of decreases in assets or increases in liabilities, resulting from the operations, transactions and events of the accounting period (PS 1000.49). Expenses include the cost of economic resources consumed in and identifiable with the operations of the accounting period. For example, the cost of tangible capital assets is amortized to expenses as the assets are used in delivering government programs (PS 3150). Expenses do not include debt repayments or transfers to other governmental units in the government reporting entity (PS 1000.50).

Internal transfers between funds and repayment of debt principal are **not** expenses in the Statement of Operations. Debt principal repayments are recorded in a separate reconciliation schedule for the Analysis of Authorized Debenture Debt (Schedule B1).

The acquisition of a financial asset (from section 5(a)(i) of this Help Manual - including land held for resale) is **not** an expense. Instead it is considered a simple conversion of one financial asset (e.g. cash) into a different financial asset (e.g. inventory or land held for resale). **Important to note:** the acquisition of tangible capital assets (from section 5(a)(iii) of this Help Manual - including land as a tangible capital asset) is not considered an expense in the Statement of Operations. This is an exchange of a financial asset for a tangible capital asset. When the valuation and amortization method for the tangible capital asset is determined, the amortization of the asset is an expense that flows through the Statement of Operations. The acquisition of tangible capital assets is recorded in The Statement of Changes in Net Financial Assets / Net Debt (Schedule A5).

Functional Expenditures

For reporting purposes, expenses are recorded on a functional basis in accordance with PS 1200.072 (i.e. by area of local government operation). These functions approximately parallel the municipal chart of accounts established by Statistics Canada.

Any cost allocation between functional areas is recorded as a net reduction in expenses from the originating function and a net increase in expenses in the destination function (e.g. allocation of administration cost to the cost of policing results in a decrease to general administration expense and an increase to police operations expense). This is simply a transfer of expenses; there is no recognition of revenue.

Further Cost Breakdown by Expenditure Type (Operating, Interest and Amortization)

Each functional area is broken down into three activity groupings: Operating, Interest and Amortization.

Operating Expense

Operating expenses are all costs incurred in the normal course of business that are required to provide a municipal good or service. These costs accrue to external parties and will normally include salaries, benefits, contracted services (non-capital), transfers, operating lease payments (non-capital) and material purchases.

Operating costs do **not** include any interest on capital debt, amortization, or one-time losses. Any one-time losses should be netted from any gains recorded in either Lines f1 or f2 of this schedule (Gain or Loss on Disposition/Revaluation of Financial Assets) or on Line g of this schedule (Gain or Loss on Disposition of Tangible Capital Assets).

Interest Expense

This is the annual interest expense on capital debt and capital lease agreements (or other capital agreements). This amount also includes any adjustments for currency translations on debt denominated in a foreign currency.

Multipurpose Facilities - If the debt or capital lease is associated with multiple functions of the local government (e.g. a multipurpose municipal facility with a city hall, police station and recreation facility), the local government should use its best estimates to allocate the annual interest expenditures to the various functions (e.g. city hall to Line j2, police station to Line k2, and recreation facility to Line p2 --- all lines on Schedule A3). PS 2130.12 states that estimates are allowed in determining certain expenses.

Actuarial Adjustments - **Do not reduce interest expenses by actuarial adjustments on MFA debentures.** These adjustments are included in Investment Income (Schedule A3 line d) and flow through the Analysis of Authorized Debenture Debt (Schedule B1, Line g).

Amortization

Amortization of tangible capital assets recognizes the expenditure of an asset over its useful life. In this way, the value that the asset generates for a local government is matched to the expense of that asset. PSAB 3150.22 - 3150.30 discuss aspects of amortization. Key among these is estimating the cost of the asset (PSAB 3150.09 - 3150.21), estimating the asset's useful life, its residual value and choosing a method of amortization.

Functional Classifications of Expenses

General Government (Line j)

This line item reports activities that provide for the overall administrative and strategic support of local government operations.

General Administration Operations (Line j1a)

This function reports activities related to the administration of the municipality as a whole, including:

- Central Administration
 - Office of Chief Administrator
 - Corporate Planning
 - Legal Services
 - Support Services
 - Public Relations
 - Elections and Referenda
 - Consulting Services
 - Membership in Local Government Associations
- Central Finance
 - Accounting
 - Auditing
 - Budgeting
 - Payroll
 - Taxation
 - Risk Management
 - Grant Management
 - Licensing Administration
- Central Human Resources
- Central Information Systems

Legislative Operations (Line j1b)

This reports board-related and legislative activities of a local government. These may include board remuneration and benefits (under section 168 of the *Community Charter* cross-referenced from section 373 of the *Local Government Act*) plus any additional costs associated with the legislative operations of the board.

Other General Government Operations (Line j1c)

This includes all general government activities that are not part of the general government functions defined above.

Total General Government Operations (Line j1)

This is the sum of Lines j1a to j1c.

Interest/Foreign Exchange on Debt (General Government) (Line j2)

This includes all interest and exchange costs on financing related to the general government function. **For more information** on the accounting treatment of interest expenses, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (General Government) (Line j3)

This includes all amortization relating to the general government function. **For more information** on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Protective Services (Line k)

This line item reports on activities related to providing for security of the property and citizens of a local government.

Police Operations (Line k1a)

This line item reports all activities related to policing and law enforcement covered under Section 15 of the *Police Act* (plus related provisions under the *Justice Administration Act*), and includes the following:

- maintenance of law and order,
- provision of officers for a police force, and
- provision of detention premises and services.

Currently, regional districts do **not** have any policing costs.

Fire Protection Operations (Line k1b)

This line item reports all activities related to fire protection, including the following services:

- prevention (including public education),
- protection,
- suppression,
- investigation,
- any additional powers under the *Fire Services Act* and Section 328 of the *Local Government Act*.

Bylaw Enforcement Operations (Line k1c)

This line item reports all activities related to enforcing regional district bylaws (under section 794(5) --- cross references to Part 8, Division 1 of the *Community Charter*), including costs associated with:

- staffing bylaw enforcement officers (under section 16 of the *Community Charter*) and
- prosecution of bylaw offences (under section 263 of the *Community Charter*).

Bylaws that require an enforcement mechanism include, but are not limited to, those listed in section 297 of the *Local Government Act*, including:

- general regulatory bylaws under section 335 of the *Local Government Act*,
- building inspection,
- animal control,
- noise control,
- nuisance control (including littering, noxious emissions and unsightly premises),
- fireworks,
- security and alarm systems, and
- soil/gravel removal and deposit.

Other Protective Service Operations (Line k1d)

This line item reports all other protective services that are not defined under police, fire and bylaw enforcement. This may include, but is not limited to: emergency preparedness and disaster services (under section 6 of the *Emergency Program Act*), emergency radio services and 911 services.

Total Protective Services Operations (Line k1)

This is the sum of Lines k1a to k1d.

Interest/Foreign Exchange on Debt (Protective Services) (Line k2)

This includes all interest and exchange costs on financing related to the protective services function. **For more information** on the accounting treatment of interest expenditures, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (Protective Services) (Line k3)

This includes all amortization relating to the protective services function. **For more information** on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Solid Waste Management/Recycling (Line l)

Operations (Solid Waste Management/Recycling) (Line l1)

This line item reports all annual operating costs related to solid waste management (under the *Environmental Management Act* and section 315 of the *Local Government Act*). The definition of solid waste includes, but is not limited to:

- garbage,
- litter,
- refuse,
- biomedical wastes, and
- special wastes (as defined under section 1 of the *Hazardous Waste Regulation (BC Reg 63/88)*) (e.g. industrial wastes – PCBs, dioxins, petrochemicals, pesticides, herbicides and asbestos).

Annual operating costs relating to solid waste management, include, but are not limited to, the collection, storage, handling, treatment, transportation, discharge and destruction of solid waste; specifically:

- preparation of solid waste management plans,
- maintenance and operation of sanitary landfill sites,
- maintenance and operation of waste incinerators,
- maintenance and operation of recycling facilities,
- maintenance and operation of vehicles and equipment used in the collection and disposal of solid waste, and
- solid waste landfill closure and post-closure costs incurred in the current year (for a more detailed explanation, see – in this Help Manual – “Landfill Closure/Post Closure Liability” Schedule A2, Line o1).

Interest/Foreign Exchange on Debt (Solid Waste Management) (Line I2)

This includes all interest and exchange costs on financing related to the solid waste management services function. **For more information** on the accounting treatment of interest expenditures, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (Solid Waste Management) (Line I3)

This includes all amortization relating to the solid waste management function. **For more information** on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”). This line item includes, but is not limited to, landfill sites, incinerators, recycling facilities and collection vehicles.

Health, Social Services and Housing (Line m)

Operations (Health, Social Services and Housing) (Line m1)

This line item reports all annual operating costs related to social services, public health and environmental health (excluding – water, sewer, garbage/recycling, and drainage); specifically:

- health support for indigents,
- financial support for medical practitioners,
- family counselling,
- parent and child development,
- victim services,
- alcohol and drug programs,
- drop in centres,
- day care and after school care, and
- public housing operations (social housing and not-for-profit rental housing).

Interest/Foreign Exchange on Debt (Health, Social Services and Housing) (Line m2)

This includes all interest and exchange costs on financing related to the health, social and housing services functions. **For more information** on the accounting treatment of interest expenses, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (Health, Social Services and Housing) (Line m3)

This includes all amortization relating to the health, social services and housing function.

For more information on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Development Services (Line n)

Operations (Development Services) (Line n1)

This line item reports all annual operating costs related to resource conservation, industrial development, and community planning and development; specifically:

- land use planning (Part 14 of *the Local Government Act*),
- zoning,
- subdivision and development planning,
- planning research and studies,
- economic development projects,
- agricultural development,
- conventions and tourism, and
- resort business improvement areas (sections 275 of the *Local Government Act* and section 215 of the *Community Charter*).

Interest/Foreign Exchange on Debt (Development Services) (Line n2)

This includes all interest and exchange costs on financing related to the development services function. **For more information** on the accounting treatment of interest expenses, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (Development Services) (Line n3)

This includes all amortization relating to the development services function. **For more information** on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Transportation and Transit Services (Line o)

Operations (Transportation and Transit) Line (o1)

This line item reports all annual operating costs related to transportation and transit services, including operating and maintenance costs of the following:

- transit vehicles and other equipment (e.g. buses, support vehicles, trolley systems, and speciality vehicles for seniors and the disabled),
- transit buildings (e.g. offices, yards, workshops, garages),
- transportation administration,
- roads (generally not applicable to RDs), sidewalks, street lighting and signage,
- motor vehicle inspection,
- snow removal, and
- parking facilities.

*** If **drainage** and storm sewer infrastructure are part of transportation function, include all operating and maintenance costs relating to the upkeep of the system.

*** **Do not include** airports or wharves; these are included as parts of “Other Services.”

Interest/Foreign Exchange on Debt (Transportation and Transit) (Line o2)

This includes all interest and exchange costs on financing related to the transportation services function. **For more information** on the accounting treatment of interest expenses, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (Transportation and Transit) (Line o3)

This includes all amortization relating to the transportation and transit function. **For more information** on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Parks/ Recreation/ Culture (Line p)

Operations (Parks/ Recreation/ Culture) (Line p1)

This line item reports all annual operating costs related to activities that provide recreational and cultural services.

- **Parks**

- This is the annual operating and maintenance costs associated with green space, trails, beaches, playing fields, golf courses, ski areas and public squares.

- **Recreation**

- This is the annual operating and maintenance costs associated with municipal recreation boards, and facilities including: swimming pools, skating rinks, curling rinks, gymnasiums, racquet courts, and exercise areas.

- **Culture**

- This is the annual operating and maintenance costs associated with cultural boards and facilities including: libraries, galleries, museums, community halls, performing arts theatres and heritage conservation programs.

Interest/Foreign Exchange on Debt (Parks/ Rec/ Culture) (Line p2)

This includes all interest and exchange costs on financing related to the parks, recreation and cultural services function. **For more information** on the accounting treatment of interest expenses, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (Parks/ Rec/ Culture) (Line p3)

This includes all amortization relating to the parks, recreation and culture function. **For more information** on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Water Services (Line q)

Operations (Water Services) (Line q1)

This line item reports all annual operating costs related to supplying, storing, treating and transporting potable and irrigation water in accordance with the provincial *Water Act* and the *Drinking Water Protection Regulation* (BC Reg 200/2003). Water operating expenses can include purchases of water supply from an adjoining jurisdiction.

Interest/Foreign Exchange on Debt (Water Services) (Line q2)

This includes all interest and exchange costs on financing related to the water services function. **For more information** on the accounting treatment of interest expenses, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (Water Services) (Line q3)

This includes all amortization relating to water services. **For more information** on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”). Tangible capital assets to be amortized in this section include, but are not limited to: water mains, distribution lines, intakes, wells, reservoirs, pressure-reducing valves (PRVs), pump-houses and treatment and disinfection facilities.

Sewer Services (Line r)**Operations (Sewer Services) (Line r1)**

This line item reports all annual operating costs related to gathering, treating, transporting, storing, utilizing or discharging sewage or reclaimed water in accordance with the *Environmental Management Act* Municipal Sewage Regulation (BC Reg 129/99) and Sewage Disposal Regulation (BC Reg 411/85). Sewer operating expenses can include the purchasing of sewage treatment capacity from an adjoining jurisdiction.

Interest/Foreign Exchange on Debt (Sewer Services) (Line r2)

This includes all interest and exchange costs on financing related to the sewer services function. **For more information** on the accounting treatment of interest expenses, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (Sewer Services) (Line r3)

This includes all amortization relating to the sewer services. **For more information** on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”). Tangible capital assets to be amortized in this section include, but are not limited sewer mains, collector lines (including combined sanitary-storm sewer lines), pumps, outfalls, manhole covers, and facilities for storage, treatment, reuse/recycling and disposal (including treatment plants, lagoons and sludge handling facilities) including any financing for such utilities under section 275 of the *Local Government Act*.

Other Services (Line s)**Operations (Other Services) (Line s1)**

This line item reports all annual operating costs related to any regional district function not previously listed in Lines j to r (Schedule A3). Such services may include cemeteries, airports, wharves & docks, and other utilities (e.g. telephone, gas and electricity).

Interest/Foreign Exchange on Debt (Other Services) (Line s2)

This includes all interest and exchange costs on financing related to the other services function. **For more information** on the accounting treatment of interest expenses,

please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Amortization (Other Services) (Line s3)

This includes all amortization relating to the other services. **For more information** on the accounting treatment of amortization, please see the detailed information at the start of Section 5(b)(ii) of this Help Manual (entitled “Expenses – Schedule A3”).

Debt Payments for Member Municipalities (Line t)

This includes the semi-annual payments to the MFA on behalf of member municipalities for the financing costs of their debt (in accordance with section 410 of the *Local Government Act*). This is a formula driven cell that links to Line c5b – Schedule A3 (Transfers from Member Municipalities for MFA Debt Payment). If, for some reason, these two cells should not equal, make an adjusting entry in “Other Adjustments” (Line u – Schedule A3).

Other Adjustments (Line u)

This includes other expenditures that do not easily fit into any of the above functional categories. **Note:** Do not include losses from asset disposition or revaluation on this line. Instead include any gains and losses together on either Lines f1 or f2 (for financial assets) or Line g (for tangible capital assets) on Schedule A3.

Caveat: The Ministry may request further detailed information on “Other Services” (Line s) or “Other Adjustments” (Line u) if the total amounts in these lines exceed **5%** of total regional district expenditures.

Total Expenses (Line v)

This line item is the sum of all regional district expenses (Lines j to u) including operating, interest and amortization.

Annual Surplus / (Deficit) (Line w)

This line item is equal to the total revenues (Line i – Schedule A3) less the total expenses (Line v – Schedule A3) for the local government over the last reporting period.