

2020 Thompson-Nicola Regional District

Consolidated Financial Statements



Consolidated Financial Statements of

**THOMPSON-NICOLA
REGIONAL DISTRICT**

And Independent Auditors' Report thereon

Year ended December 31, 2020

Thompson-Nicola Regional District

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Year ended December 31, 2020

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THOMPSON-NICOLA
REGIONAL DISTRICT
The Region of BC's Best

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Management's Responsibility for the Consolidated Financial Statements

This statement is provided to clarify and outline the roles and responsibilities of management, the elected Board of Directors and the independent auditors in relation to the preparation and review of the annual financial statements of the Thompson-Nicola Regional District (TNRD).

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The TNRD's Board of Directors is composed entirely of Directors who are neither management nor employees of the TNRD. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for delegating authority for the approval of the financial statements. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for the appointment of the TNRD's external auditors. The external auditors have full and free access to the Board and management to discuss their audit findings.

KPMG LLP, an independent firm of Chartered Professional Accountants, has been appointed by the TNRD's Board of Directors to audit the financial statements. Their accompanying report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Thompson-Nicola Regional District:

Douglas Rae, CPA, CA
Director of Finance

Scott Hildebrand
Chief Administrative Officer

MUNICIPALITIES: Ashcroft | Barriere | Cache Creek | Chase | Clearwater | Clinton
Kamloops | Logan Lake | Lytton | Merritt | Sun Peaks

ELECTORAL AREAS: "A" "B" "E" "I" "J" "L" "M" "N" "O" "P"



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Kamloops BC V2C 2B2
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Thompson-Nicola Regional District

Opinion

We have audited the consolidated financial statements of the Thompson-Nicola Regional District (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of operations 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 "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 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 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 Entity'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 Entity'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 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 Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Kamloops, Canada
March 25, 2021

Thompson-Nicola Regional District
Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
		(note 16)
Financial assets:		
Cash and cash equivalents (note 3)	\$ 47,727,306	\$ 42,428,646
Accounts receivable (note 4)	3,452,978	2,735,899
Total financial assets	51,180,284	45,164,545
Liabilities:		
Accounts payable and accrued liabilities	3,289,207	2,362,812
Deferred revenue (note 5)	7,242,826	6,069,487
Short-term debt (note 6)	69,324	81,035
Long-term debt (note 7)	1,989,006	2,124,717
Landfill remediation liability (note 8)	7,835,534	5,461,528
Total liabilities	20,425,897	16,099,579
Net financial assets	30,754,387	29,064,966
Non-financial assets:		
Tangible capital assets (note 9)	54,174,974	53,556,923
Prepaid expenses	217,412	114,155
Total non-financial assets	54,392,386	53,671,078
Accumulated surplus (note 10)	\$ 85,146,773	\$ 82,736,044

Commitments and contingencies (note 11)

The accompanying notes are an integral part of these consolidated financial statements.

Approved:



Douglas Rae, CPA, CA
Director of Finance

Thompson-Nicola Regional District
Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 15)	2020	2019
Revenue:			
Tax requisition	\$ 23,613,258	\$ 23,619,247	\$ 23,588,034
Grants in lieu of taxes	111,000	173,948	160,398
Government transfers and other grants (note 12)	18,123,708	5,495,899	3,021,624
User charges:			
Sale of services	3,301,370	3,838,312	3,542,606
Water and sewer tolls	920,286	967,445	968,560
Interest	100,000	507,453	858,660
Other revenue	745,920	865,517	3,819,184
Actuarial adjustment of long-term debt (note 7(a))	-	32,404	29,892
Gain (loss) on disposal of tangible capital assets	-	24,455	(6,311)
Total revenue	46,915,542	35,524,680	35,982,647
Expenses:			
General government services	6,070,509	5,519,095	6,133,197
Protective services	5,082,378	3,853,899	3,192,082
Transportation services	127,361	99,275	118,453
Environmental health services	10,195,882	12,165,796	8,934,947
Public health and welfare	196,637	172,863	166,921
Environmental development	2,611,338	1,817,182	1,825,973
Recreational and cultural services	9,644,581	8,348,074	8,817,678
Waterworks	1,162,008	882,704	833,177
Sewerage	241,199	255,063	237,110
Total expenses	35,331,893	33,113,951	30,259,538
Annual surplus	11,583,649	2,410,729	5,723,109
Accumulated surplus, beginning of year	82,736,044	82,736,044	77,012,935
Accumulated surplus, end of year	\$ 94,319,693	\$ 85,146,773	\$ 82,736,044

The accompanying notes are an integral part of these consolidated financial statements.

Thompson-Nicola Regional District
Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 15)	2020	2019
Annual surplus	\$ 11,583,649	\$ 2,410,729	\$ 5,723,109
Acquisition of tangible capital assets	(25,648,055)	(4,166,431)	(6,575,235)
Amortization of tangible capital assets	-	3,538,380	3,394,670
Loss (gain) on disposal of tangible capital assets	-	(24,455)	6,311
Proceeds on disposal of tangible capital assets	-	34,455	14,530
	(14,064,406)	1,792,678	2,563,385
Acquisition of prepaid expenses	-	(217,412)	(114,155)
Use of prepaid expenses	-	114,155	83,164
	-	(103,257)	(30,991)
Change in net financial assets	(14,064,406)	1,689,421	2,532,394
Net financial assets, beginning of year	29,064,966	29,064,966	26,532,572
Net financial assets, end of year	\$ 15,000,560	\$ 30,754,387	\$ 29,064,966

The accompanying notes are an integral part of these consolidated financial statements.

Thompson-Nicola Regional District
Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
		(note 16)
Cash provided (used) by:		
Operating activities:		
Annual surplus	\$ 2,410,729	\$ 5,723,109
Items not involving cash:		
Actuarial adjustment of long-term debt	(32,404)	(29,892)
Amortization of tangible capital assets	3,538,380	3,394,670
Loss (gain) on disposal of tangible capital assets	(24,455)	6,311
Change in non-cash assets and liabilities:		
Accounts receivable	(717,079)	499,388
Accounts payable and accrued liabilities	926,395	(271,143)
Deferred revenue	1,173,339	809,363
Landfill remediation liability	2,374,006	-
Prepaid expenses	(103,257)	(30,991)
Net change in cash from operating activities	9,545,654	10,100,815
Capital activities:		
Acquisition of tangible capital assets	(4,166,431)	(6,575,235)
Proceeds on disposal of tangible capital assets	34,455	14,530
Net change in cash from capital activities	(4,131,976)	(6,560,705)
Financing activities:		
Repayment on short-term debt	(11,711)	(10,846)
Repayment on long-term debt	(103,307)	(105,130)
Net changes in cash from financing activities	(115,018)	(115,976)
Increase in cash and cash equivalents	5,298,660	3,424,134
Cash and cash equivalents, beginning of year	42,428,646	39,004,512
Cash and cash equivalents, end of year	\$ 47,727,306	\$ 42,428,646
Supplemental cash flow information:		
Cash paid for interest	\$ 72,603	\$ 79,015
Cash received from interest	507,453	858,660

The accompanying notes are an integral part of these consolidated financial statements.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

The Thompson-Nicola Regional District (the "TNRD") was incorporated November 24, 1967 under provisions of the British Columbia Municipal Act and operates under provisions of the Local Government Act and the Community Charter of British Columbia. Its principal activities are the provision of regional and local government services to residents of the eleven municipalities and ten electoral areas within its boundaries. These include general government, protective, transportation, environmental health, public health and welfare, environmental development, recreational and cultural, water, sewer and wastewater utilities services.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations are not known at this time; however, they could be material. During the year, the TNRD had pauses in certain services, most notably the library system which responded to the pandemic with periods of shutdown, curbside pickup and limits on the number of patrons in the facilities.

TNRD continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at March 25, 2021, the TNRD continues to meet its contractual obligations.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements of the TNRD are prepared by management in accordance with Canadian generally accepted accounting principles for the public sector established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

(b) Basis of accounting:

The TNRD follows the accrual method of accounting for revenue and expenses. Revenues are normally recognized in the year when they are earned, can be measured and there is reasonable assurance that they will be collected. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surpluses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the TNRD and which are owned or controlled by the TNRD. This includes several volunteer fire departments.

The consolidated entity includes, on a proportionate consolidation basis, the TNRD's share (75%) of the assets, liabilities, revenues, expenses and net equity of Strata Corporation KAS2093, a business corporation controlled by the TNRD. Strata Corporation KAS2093 is owned by the TNRD and the City of Kamloops and manages the activities of the Civic Building located at 465 Victoria Street, Kamloops, BC.

Inter-departmental and inter-organizational transactions and balances between these entities have been eliminated.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) Tax requisitions:

Each municipality and electoral area within the TNRD is requisitioned for their portion of each service in which they participate. These funds are then levied by the municipalities and the Province (for electoral areas) to individual taxpayers and then remitted to the TNRD by August 1st of each year. Tax requisition revenues are recognized in the year in which they are levied.

(e) Government transfers:

Government transfers (other than grants in lieu of taxes) are recognized in the consolidated financial statements as revenues in the periods in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made unless the transfer contains stipulations that create a liability, in which case the transfers are deferred and recognized as revenue in the periods that the liability is extinguished. Grants in lieu of taxes are recognized at the earlier of when received or when money is determined to be more likely than not to be collected.

(f) 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.

(g) Deferred revenue:

Deferred revenue includes amounts received from third parties which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the fiscal year when the related expenses are incurred, services performed, or the tangible capital assets are acquired, thereby extinguishing the related liability.

(h) Cash equivalents:

Cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less at acquisition.

(i) Long-term debt:

Long-term debt is recorded net of accumulated principal repayments and actuarial adjustments to debt. Debt interest charges are charged against current revenue in the fiscal year in which they are accrued.

(j) Landfill liability:

The liability and annual expenditure for closure of operational sites and post closure care has been recognized as the landfill sites' capacities are used each year, based on the present value of estimated future cash flows, after being adjusted for estimated inflation.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

1. Significant accounting policies (continued):

(k) Liability for contaminated sites:

The TNRD recognizes a liability for remediation of a contaminated site when the site is no longer in productive use or an unexpected event resulting in contamination has occurred and the following criteria are satisfied: contamination exceeds an environmental standard, the TNRD is either directly responsible or has accepted responsibility for remediation, it is expected future economic benefits will be given up and a reasonable estimate of the amount can be made. Future economic benefits are expected to be given up if the TNRD has an external obligation to remediate a site or has commenced remediation on its own accord. The TNRD currently has no recognized contaminated site liabilities.

(l) 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) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost less residual value of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life
Land improvements	10 - 15 years
Buildings and building improvements	20 - 70 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	6 - 20 years
Water and wastewater infrastructure	25 - 60 years

Annual amortization is prorated in the years of acquisition and disposal. Assets under construction are not amortized until the asset is available for use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at the fair value at the date of receipt and also are recorded as revenue.

Where fair value is undeterminable, tangible capital assets are recognized at a nominal value.

(iii) Interest capitalization:

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

1. Significant accounting policies (continued):

(l) Non-financial assets (continued):

(iv) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(v) Works of art and cultural and historical assets:

Works of art and cultural and historical assets are not recorded as assets in these consolidated financial statements.

(m) Use of estimates:

The preparation of the financial statements in conformity with PSAB 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 financial statements, and the reported amounts of revenues and expenses during the year. The carrying value of the landfill remediation liability, is a significant item subject to such estimates and assumptions. Actual results could differ from these estimates.

Management reviews this estimate on a periodic basis and, where necessary, makes adjustments prospectively.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

2. Future accounting standards:

(a) PS 3280, Asset Retirement Obligations:

Effective for fiscal 2023, the new standard will expand upon and replace PS 3270, *Solid Waste Landfill Closure and Post-Closure Liability*, and is expected therefore to impact the calculation of the TNRD landfill liability (note 8). PS 3280 introduces a different liability calculation methodology in which the asset retirement obligation liability will generally be recognized earlier and a corresponding tangible capital asset also recognized.

Under PS 3280 an asset retirement obligation liability is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the obligation has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. All four criteria must be met.

The TNRD has not yet calculated the impact of this change in methodology on the carrying values of its landfill liability, tangible capital assets or accumulated surplus, or identified an inventory of other asset retirement obligations which would give rise to a new liability upon adoption of PS 3280.

(b) PS 3450, Financial Instruments:

Effective for fiscal 2023, the new standard establishes requirements for recognition, measurement, de-recognition, presentation and disclosure of financial assets and financial liabilities, including derivatives. The main features are that financial investments are classified into one of two measurement categories: fair value or cost. Portfolio investments in equity instruments quoted in an active market and derivatives are measured at fair value. Other financial assets and financial liabilities are generally measured at cost or amortized cost. Remeasurement gains and losses on fair value instruments are reported in a new statement of Remeasurement gains and losses. There are also a number of other new PSAB standards to be adopted in conjunction with PS 3450, as described in notes 2c, 2d and 2e. At the date of these financial statements, the full impact of this new standard is not yet known.

(c) PS 1201, Financial Statement Presentation:

Effective for fiscal 2023, this new standard is a companion to be adopted at the same time as PS 3450, *Financial Instruments*, and adjusts the financial statement presentation to accommodate reporting under that standard.

(d) PS 2601, Foreign Currency Translation:

Effective for fiscal 2023, this new standard replaces and revises PS 2600, *Foreign Currency Translation*. It is a companion standard to be adopted at the same time as PS 3450, *Financial Instruments*, and establishes how to account for and report transactions that are denominated in a foreign currency in government financial statements in conjunction with PS 3450.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

2. Future accounting standards (continued):

(e) PS 3041, Portfolio Investments:

Effective for fiscal 2023, this new standard is a companion standard to be adopted at the same time as PS 3450, *Financial Instruments*, and establishes how to account for and report portfolio investments in government financial statements in conjunction with PS 3450.

(f) PS 3400, Revenue:

Effective for fiscal 2024, the new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. In the case of revenues arising from an exchange transaction, the TNRD will be required to ensure the recognition of revenue aligns with the satisfaction of related performance obligations. Unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the TNRD the right to the revenue. At the date of these financial statements, the full impact of this new standard is not yet known.

3. Cash and cash equivalents:

	Cost 2020	Cost 2019
Cash	\$ 36,240,645	\$ 31,038,464
Short-term investments	11,486,661	11,390,182
Cash and cash equivalents	\$ 47,727,306	\$ 42,428,646

Cash and cash equivalents reported on the consolidated statement of financial position have a cost that approximates market value. Short-term investments are held in Municipal Finance Authority ("MFA") pooled money market funds with an annual rate of return of approximately 0.87% (2019 - 1.83%).

4. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$73,595 (2019 - \$72,856).

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

5. Deferred revenue:

Deferred revenue consists of the following:

Source/purpose:	Deferred balance Dec 31, 2019 (note 16)	Contributions and interest	Revenues recognized	Deferred balance Dec 31, 2020
Federal Gas Tax - Community Works Fund	\$ 5,647,811	\$ 1,081,217	\$ (476,986)	\$ 6,252,042
Trans Mountain Pipeline	-	817,727	-	817,727
UBCM - Housing Grant program	-	150,000	(99,705)	50,295
Creative BC - Film Commission	30,000	33,750	(30,000)	33,750
Province of B.C. - Library One Card grant	24,000	24,000	(24,000)	24,000
Friends of the Library donations	22,376	3,481	(4,172)	21,685
Library Digitalization grants	6,917	-	-	6,917
District of Clearwater - Vavenby taxation	58,290	6,078	(58,290)	6,078
Telus grant	5,535	-	-	5,535
Province of B.C. - Library Resource Sharing grant	1,707	1,707	(1,707)	1,707
Other	31,272	8,388	(16,570)	23,090
North Thompson Economic Development Society	78,736	-	(78,736)	-
Red Cross - Wildfire Recovery Initiative	68,454	-	(68,454)	-
Film grant	54,389	-	(54,389)	-
Province of B.C. - Invasive Plant Program	40,000	-	(40,000)	-
	\$ 6,069,487	\$ 2,126,348	\$ (953,009)	\$ 7,242,826

Gas tax funding is provided by the Government of Canada through the Community Works Fund. The use of the funding is established by a funding agreement between the TNRD and the Union of British Columbia Municipalities ("UBCM"). Gas tax revenues are recognized as the funds are expended for eligible purposes and thus earned by the TNRD.

6. Short-term debt:

A facilities loan for the Lytton Library building was financed under the MFA equipment loan program. Borrowing is executed through a short-term loan agreement and a demand promissory note, with a 60 month term maturing April 30, 2021. The loan bears interest at a floating rate as determined by MFA from time to time, which is calculated daily, compounded monthly and paid on a monthly basis. Principal and interest payments of \$1,085 per month are scheduled over the term of the debt, but early repayment of principal can occur at any time without notice or penalty.

As at December 31, 2020, the outstanding balance of the short-term debt is \$69,324 (2019 - \$81,035).

Interest paid during the year was \$1,310 (2019 - \$2,175) reflecting an average rate of 1.71% (2019 - 2.50%).

Total principal payments required under the equipment financing program debt is \$69,324 which to be repaid in fiscal 2021 upon maturity.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

7. Long-term debt:

The TNRD issues debt instruments through the MFA to finance certain capital expenditures. Under the terms of the debt, the TNRD is required to make principal payments once annually while interest is calculated and paid semi-annually. Associated with these principal payments, the MFA provides an actuarial adjustment, which is a non-cash reduction in the loan balance representing the investment earnings the MFA expects to realize on related sinking fund investments.

Debt interest charges are recorded as an expense in the period incurred. Principal payments and actuarial adjustments are applied to reduce recorded liabilities.

(a) As at December 31, 2020, long-term debt consists of the following:

MFA issue no.	Bylaw no.	Term in years	Maturity date	Interest rate	Balance outstanding Dec 31, 2019	Issued	Principal repayment	Actuarial adjustment	Balance outstanding Dec 31, 2020
72	1762	20	2020	1.670 %	\$ 35,394	\$ -	\$ 15,689	\$ 19,705	\$ -
95	2054	20	2025	0.910 %	15,296	-	1,471	865	12,960
95	2054	20	2025	0.910 %	17,971	-	1,727	1,016	15,228
102	2180	20	2027	2.250 %	10,734	-	728	437	9,569
103	2205	20	2028	2.650 %	69,082	-	4,242	2,287	62,553
103	2205	20	2028	2.650 %	30,911	-	1,896	1,024	27,991
103	2205	20	2028	2.650 %	38,570	-	2,367	1,277	34,926
131	2498	20	2035	2.200 %	221,248	-	9,194	1,356	210,698
137	2088	20	2036	2.600 %	356,065	-	14,144	1,539	340,382
137	2227	20	2036	2.600 %	218,179	-	8,667	942	208,570
137	2350	20	2036	2.600 %	211,502	-	8,402	913	202,187
146	2084	20	2036	3.200 %	899,765	-	34,780	1,043	863,942
Total MFA debenture debt					\$ 2,124,717	\$ -	\$ 103,307	\$ 32,404	\$ 1,989,006

The weighted average interest rate for 2020 was 2.45% (2019 - 2.59%). Interest paid during the year was \$71,293 (2019 - \$76,840).

Total principal payments required of the TNRD for the next five years are as follows:

2021	\$ 87,965
2022	87,965
2023	87,965
2024	87,965
2025	87,965
Total	\$ 439,825

Scheduled debt repayments may be suspended by the MFA if the MFA reasonably anticipates that it has sufficient investment assets to cover all remaining principal and interest requirements of the MFA funding debentures.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

7. Long-term debt (continued):

(b) Unissued debt:

The TNRD has authorized but unissued debentures with the MFA as follows:

Service	Loan authorization bylaw no.	Adoption date	Amount authorized	Amount unissued
Loon Lake Fire Protection	2652	April 2018	\$ 653,000	\$ 653,000
Tobiano Fire Protection	2657	July 2018	1,000,000	1,000,000
Total			\$ 1,653,000	\$ 1,653,000

8. Landfill remediation liability:

The TNRD is responsible for closure and post-closure care costs of five landfill sites: Clearwater, Barriere and Chase, which were closed and ceased operations in 2012, and Lower Nicola and Heffley Creek, which remain in operation. Closure and post-closure activities include a final cover and landscaping, surface and ground water monitoring, leachate control and visual inspection as defined by Ministry of Environment regulations.

A liability of \$7,835,534 (2019 - \$5,461,528) has been recorded for these costs. The liability is recognized as the landfill site's capacity is used and represents management's best estimate of the discounted future cash flows associated with meeting these responsibilities, using an inflation rate of 2.00% (2019 - 2.00%) and discount rate of 2.20% (2019 - 2.81%), pro-rated based on the percentage of total capacity at the site used to date.

Closure and post-closure care requirements are established by Provincial regulation.

Present value of future cash flows for 100% of expected landfill closure and post-closure care costs is now estimated to be \$25,275,358 (2019 - \$15,013,693).

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

8. Landfill remediation liability (continued):

The estimated years until closure, remaining capacity and life of the landfill sites and related estimated costs are as follows:

	Clearwater, Barriere and Chase	Heffley Creek	Lower Nicola
Closure date	closed	2111	2093
Future closure/post-closure costs	\$ 3,762,216	\$ 198,622,511	\$ 142,073,223
Present value of future costs	\$ 3,059,282	\$ 11,175,573	\$ 11,040,503
Total capacity (m3)	n/a	2,029,269	1,501,415
Deposited to date (m3)	n/a	571,183	221,753
Utilization to date	100%	28%	15%
Post-closure care requirement	25 years	100 years	100 years

Once landfills are closed, post closure care is expected to occur annually. For Clearwater, Barriere and Chase this began in 2014.

The reported liability is based on estimates and assumptions with respect to anticipated events over the expected remaining service life and post-closure care periods for the landfills of up to 191 years, using the best information available to management. Changes in the liability could result from new technology, changes in regulatory requirements or accounting standards, settling of waste or changes in fill rates, inflation rates and/or interest rates. Changes to the Regional Solid Waste Management Plan and other future events may result in significant changes to the estimated timelines, total expenditures, capacity usage or total capacity and the resulting estimated landfill remediation liability. Any change in the liability for cumulative capacity used to date, which could be material, would be recognized prospectively as a change in estimate. The increase in the present value of the estimated future costs in 2020 is due to the decrease in discount rate used from 2.81% to 2.20%.

Management periodically performs an assessment of the underlying assumptions related to the reported liability and utilizes the expertise of a qualified firm of engineers external to the TNRD in forming the above estimates. This was most recently updated in 2019.

The above landfill liability reflected in these financial statements follows the methodology set out in PS 3270, *Solid Waste Landfill Closure and Post-Closure Liability*. As referenced in note 2(a), effective for fiscal 2023, new accounting standard PS 3280, *Asset Retirement Obligations*, will expand upon and replace PS 3270, impacting the calculation of the liability. The impact of this change for the TNRD is yet to be determined.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

9. Tangible capital assets:

	Land	Land improvements and roads	Buildings and building improvements	Vehicles, machinery and equipment	Water infrastructure	Sewer infrastructure	Leased assets and improvements	Assets under construction	Total
2020									
Cost:									
Balance, beginning of year	\$ 4,401,117	\$ 3,260,959	\$ 34,626,999	\$ 29,857,605	\$ 16,372,070	\$ 4,377,103	\$ 447,799	\$ 1,245,885	\$ 94,589,537
Additions	7,256	248,563	105,249	1,388,025	47,195	5,877	-	2,364,266	4,166,431
Disposals	-	-	-	(9,463,955)	-	(75,381)	-	-	(9,539,336)
Transfer of assets	260,919	54,725	124,081	18,544	-	-	-	(458,269)	-
Balance, end of year	4,669,292	3,564,247	34,856,329	21,800,219	16,419,265	4,307,599	447,799	3,151,882	89,216,632
Accumulated amortization:									
Balance, beginning of year	-	1,091,818	13,011,814	18,433,662	6,012,284	2,285,724	197,312	-	41,032,614
Amortization	-	177,324	996,455	1,848,038	389,246	127,317	-	-	3,538,380
Disposals	-	-	-	(9,453,955)	-	(75,381)	-	-	(9,529,336)
Balance, end of year	-	1,269,142	14,008,269	10,827,745	6,401,530	2,337,660	197,312	-	35,041,658
Net book value, end of year	\$ 4,669,292	\$ 2,295,105	\$ 20,848,060	\$ 10,972,474	\$ 10,017,735	\$ 1,969,939	\$ 250,487	\$ 3,151,882	\$ 54,174,974

Assets under construction having a value of \$3,151,882 (2019 - \$1,245,885) have not been amortized. Amortization of these assets will commence when the asset is put into service upon completion of the project.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

9. Tangible capital assets (continued):

	Land	Land improvements and roads	Buildings and building improvements	Vehicles, machinery and equipment	Water infrastructure	Sewer infrastructure	Leased assets and improvements	Assets under construction	Total
2019									
Cost:									
Balance, beginning of year	\$ 3,817,722	\$ 3,089,747	\$ 32,874,427	\$ 27,017,835	\$ 15,932,312	\$ 4,295,798	\$ 447,799	\$ 633,420	\$ 88,109,060
Additions	554,365	162,071	1,732,827	2,895,570	194,710	71,819	-	963,873	6,575,235
Disposals	-	-	-	(92,613)	-	-	-	(2,145)	(94,758)
Transfer of assets	29,030	9,141	19,745	36,813	245,048	9,486	-	(349,263)	-
Balance, end of year	4,401,117	3,260,959	34,626,999	29,857,605	16,372,070	4,377,103	447,799	1,245,885	94,589,537
Accumulated amortization:									
Balance, beginning of year	-	922,749	12,024,635	16,775,264	5,637,889	2,166,806	184,518	-	37,711,861
Amortization	-	169,069	987,179	1,732,315	374,395	118,918	12,794	-	3,394,670
Disposals	-	-	-	(73,917)	-	-	-	-	(73,917)
Balance, end of year	-	1,091,818	13,011,814	18,433,662	6,012,284	2,285,724	197,312	-	41,032,614
Net book value, end of year	\$ 4,401,117	\$ 2,169,141	\$ 21,615,185	\$ 11,423,943	\$ 10,359,786	\$ 2,091,379	\$ 250,487	\$ 1,245,885	\$ 53,556,923

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

10. Accumulated surplus:

Accumulated surplus is comprised of unrestricted surplus, operating reserves, and capital reserves. Unrestricted surplus includes amounts invested in tangible capital assets, net of related debt, amortization and other unrestricted surplus carried forward. Operating reserves are surpluses set aside to fund future operating requirements of the specific service areas listed. Capital reserves are set aside by the Board for future capital requirements and use of these reserves must be approved by bylaw. Parkland dedication reserves are statutory reserves that may only be used to acquire future parkland. Cemetery perpetual care reserves are also statutory which must be held into perpetuity for the future care and maintenance of the related cemeteries.

	2020	2019
Unrestricted surplus	\$ 61,015,101	\$ 60,298,085
Operating reserves	18,790,301	17,592,764
Capital reserves	5,341,371	4,845,195
Total accumulated surplus	\$ 85,146,773	\$ 82,736,044

Accumulated surplus consists of individual fund surpluses and reserves as follows:

	2020	2019
Unrestricted surplus:		
Investment in tangible capital assets	\$ 52,185,968	\$ 51,432,206
Investment in Strata Corporation KAS2093	275,532	327,680
Other	8,553,601	8,538,199
Total unrestricted surplus	\$ 61,015,101	\$ 60,298,085

	2020	2019
Operating reserves:		
Insurance deductible reserve	\$ 12,070	\$ 11,967
Proposed function reserve	174,548	187,379
General administration	1,738,715	2,219,540
COVID-19 restart funds ¹	947,000	-
Solid waste management	10,957,380	10,764,385
E911	88,166	236,126
Building department	2,112,717	1,858,660
Community assistance funds	875,779	868,277
Library system	1,883,926	1,446,430
Total operating reserves	\$ 18,790,301	\$ 17,592,764

¹ The TNRD received \$947,000 in government transfers for the COVID-19 Restart program during the year and these funds have not been drawn upon as at December 31, 2020.

Interest income and contributions to operating reserves for 2020 total \$1,861,986 (2019 - \$1,179,311) and transfers out of reserves total \$664,450 (2019 - \$95,000).

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

10. Accumulated surplus (continued):

	2020	2019
Capital reserves:		
General fund:		
E911	\$ 1,855,523	\$ 1,822,237
Ashcroft Fire Protection	59,116	58,610
Barriere Fire Protection	7,091	35,349
Blackpool Fire Protection	170,039	141,021
Little Fort Fire Protection	46,173	20,000
Loon Lake Fire Protection	20,086	10,000
McLure Fire Protection	40,173	20,000
Pritchard Fire Protection	105,543	93,826
South Green Lake Fire Protection	90,173	20,000
Tobiano Fire Protection	63,086	10,000
Vavenby Fire Protection	2,040	2,022
Noxious Weed Service	12,060	7,000
Alternative Waste Collection - Area B	99,954	89,184
Alternative Waste Collection - Area J	317,034	314,319
Alternative Waste Collection - Area N	9,330	9,250
Alternative Waste Collection - Area P	10,221	5,176
Cemetery - Area B	11,477	11,379
Community Halls - Area B	100,698	86,909
Vavenby Community Hall	12,318	12,213
Nicola Valley Aquatic Centre	262,456	226,460
Parks - Area A	142,056	60,457
Parks - Area B	53,820	53,359
Parkland Dedication - Area E	16,643	16,501
Parkland Dedication - Area M	94,312	93,505
Parkland Dedication - Area P	56,061	55,581
Reserve: Recreation M&N	10,043	5,000
TNRD Library Service	622,373	617,042
TV - Area B	13,121	10,316
	4,303,020	3,906,716
Sewer Fund:		
Paul Lake	185,184	182,210
Pritchard	85,898	83,675
	271,082	265,885
Subtotal (carried to subsequent page)	\$ 4,574,102	\$ 4,172,601

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

10. Accumulated surplus (continued):

	2020	2019
Subtotal (carried from previous page)	\$ 4,574,102	\$ 4,172,601
Water Fund:		
Black Pines	59,841	50,539
Blue River	73,173	57,675
Del Oro	55,287	47,020
Evergreen	6,693	5,514
Loon Lake	27,063	25,263
Maple Mission	91,069	87,562
Pritchard	119,660	91,978
Savona	217,338	210,519
Spences Bridge	52,723	35,399
Vavenby	39,551	38,221
Walhachin	21,481	19,809
	763,879	669,499
Perpetual Care Fund:		
Blue River Cemetery	2,687	2,631
Avola Cemetery	401	363
Little Fort Contributions	302	101
	3,390	3,095
Total capital reserves	\$ 5,341,371	\$ 4,845,195

Interest income and contributions to capital reserves for 2020 total \$527,840 (2019 - \$494,363) and transfers out of reserves total \$31,664 (2019 - \$462,035).

In 2017, the Pritchard Fire Protection capital reserve borrowed funds from the E911 capital reserve, with a repayment term of 10 years, plus interest at the same rate that the reserve would have earned on these funds. At December 31, 2020 the amount owing is \$40,138 (2019 - \$57,188).

11. Commitments and contingencies:

(a) Legal:

In the normal course of a year, the TNRD is faced with lawsuits for damages of diverse natures. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and is estimable. At December 31, 2020, the TNRD's estimated exposure to each such liability is either not determinable or is not considered to be significant.

(b) Municipal insurance:

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

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

11. Commitments and contingencies (continued):

(c) Pension liability:

The TNRD and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the 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, 2020, the Plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local government.

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, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The TNRD paid \$772,583 (2019 - \$699,488) for employer contributions to the Plan in fiscal 2020.

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 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 the individual employers participating in the Plan.

(d) Landfill, transfer stations and eco-depots:

The TNRD has contracts for the operation and management of landfills, transfer stations and eco-depots for each calendar year through to June 30, 2023. The expected annual cost of executing these contracts is approximately \$7.95 million.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

11. Commitments and contingencies (continued):

(e) Debt reserve funds:

The TNRD issues debt instruments through the MFA. Under borrowing arrangements with the MFA, the TNRD is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As the debt principal is retired, demand notes are released and the cash deposits are refunded and recorded as operating income in the period received. As a condition of these borrowings, a portion of the proceeds is withheld by the MFA as a debt reserve fund. These demand notes are contingent in nature and are not recorded in the financial statements. Details of the cash deposits and contingent demand notes at December 31, 2020 are as follows:

	TNRD	Member municipalities	Total 2020	Total 2019
Cash deposits	\$ 28,043	\$ 2,352,399	\$ 2,380,442	\$ 2,355,782
Contingent demand notes	56,897	5,247,869	5,304,766	5,423,270
Debt reserve fund	\$ 84,940	\$ 7,600,268	\$ 7,685,208	\$ 7,779,052

(f) Member municipality debt:

The TNRD is contingently liable for long term liabilities with respect to MFA debt for which the responsibility for payment of principal and interest has been assumed by member municipalities.

In the event that a member municipality defaults on scheduled repayments, the TNRD would be required to make payment. Until such default occurs, the TNRD has not recorded this debt as a liability.

The debt per member municipality, along with the principal and interest collected from member municipalities and forwarded to the MFA during the year, are as follows:

	MFA debt 2020	MFA debt 2019	Payments 2020	Payments 2019
Chase	\$ 1,897,854	\$ 1,977,503	\$ 137,422	\$ 145,150
Clearwater	266,293	340,415	78,621	87,171
Clinton	19,286	22,082	2,554	2,554
Kamloops	80,647,470	90,351,359	10,990,161	11,070,016
Logan Lake	1,379,309	1,627,826	272,463	272,463
Lytton	65,556	85,361	17,623	17,623
Merritt	5,615,742	6,055,617	565,514	607,304
Sun Peaks	12,230,952	4,334,645	269,166	65,280
Total	\$102,122,462	\$104,794,808	\$ 12,333,524	\$ 12,267,561

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2020

11. Commitments and contingencies (continued):

(g) Contracted services:

In the normal course of business, the TNRD enters into commitments for both capital and operational expenses, for periods ranging from one to five years. These commitments have been budgeted for within the appropriate annual budgets approved by the Board of Directors.

The total minimum future payments under operating leases and contract commitments are as follows:

Year	Land and buildings	Vehicles and equipment	Service agreements	Total
2021	\$ 74,155	\$ 265,685	\$ 8,978,522	\$ 9,318,362
2022	67,500	134,884	5,784,624	5,987,008
2023	66,300	34,943	3,255,899	3,357,142
2024	24,000	800	1,109,362	1,134,162
2025	18,000	133	572,403	590,536
	\$ 249,955	\$ 436,445	\$ 19,700,810	\$ 20,387,210

12. Government transfers and other grants:

The government transfers reported on the consolidated Statement of Operations and Accumulated Surplus are:

	2020	2019
		(note 16)
Revenue:		
Government transfers:		
UBCM - Water Meter Project	\$ 2,152,533	\$ 366,341
Provincial COVID-19 Safe Restart Grant ¹	947,000	-
UBCM Federal Gas Tax - Community Works Fund	457,096	1,006,538
Provincial Funding Library Services	424,322	388,047
Provincial Invasive Plant	240,000	250,000
UBCM - Firefighter Equipment Funding	151,451	-
Provincial Funding Basic Grants	140,000	140,000
Provincial Emergency Program	107,224	154,402
Other	342,185	226,510
	4,961,811	2,531,838
Grants from sources other than government	534,088	489,786
Total revenue	\$ 5,495,899	\$ 3,021,624

¹ The TNRD received \$947,000 in government transfers for the COVID-19 Restart program during the year and these funds have not been drawn upon as at December 31, 2020.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

13. Related party transactions:

The TNRD provides accounting and management services to the Thompson Regional Hospital District ("TRHD"), the entity is related by way of overlap of Board Directors. The TNRD received a payment of \$11,000 (2019 - \$11,000) from the TRHD for these services, which was recorded as a reduction of General Government Services. Included in accounts receivable as at December 31, 2020 is \$11,550 (2019 - \$nil) due from the TRHD.

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

14. Segmented information:

Segmented information has been identified based on the functional areas reported on in the body of the financial statements. The functional areas, along with the services that they provide or assist by way of grant in aid or cost sharing, are as follows:

(a) General government services

Includes finance, corporate services and legislative functions

(b) Protective services

Building inspection services, fire protection, E911, emergency preparedness, search and rescue, and dangerous dog control

(c) Transportation services

Street lighting and transit services

(d) Environmental health services

Solid waste management, mosquito control, and noxious weed control

(e) Public health and welfare

Cemeteries

(f) Environmental development

Planning, film commission, and economic development

(g) Recreational and cultural services

Libraries, community halls, regional and community parks, television and radio rebroadcasting, recreational facilities, etc.

(h) Waterworks

Community water systems in the following areas: Black Pines, Blue River, Del Oro, Evergreen, Loon Lake, Maple Mission, Pritchard, Savona, Spences Bridge, Vavenby, and Walhachin

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

14. Segmented information (continued):

(i) Sewerage

Paul Lake and Pritchard sewer systems, and septage disposal in Areas A, B, and O

(j) Utilities

Services debt related to extension of utilities into two local service areas

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments in lieu of taxes are allocated to the segments based on the segment's budgeted tax requisition. User charges and other revenue have been allocated to the segments based on the source of the revenue. Government transfers have been allocated to the segment based on the purpose for which the transfer was made. Development charges earned were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Not all areas within the TNRD pay towards nor receive all listed services.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

14. Segmented information (continued):

2020							
	General government services	Protective services	Transportation services	Environmental health services	Public health and welfare	Environmental development	Subtotal
Revenues:							
Tax requisition	\$ 2,781,348	\$ 2,846,324	\$ 123,470	\$ 7,548,967	\$ 106,593	\$ 1,506,883	\$ 14,913,585
Grants in lieu of taxes	50,277	541	149	-	4	18,415	69,386
User charges	-	899,071	-	2,878,446	-	60,795	3,838,312
Government transfers and other grants	3,374,920	692,121	161	545,067	75,000	194,844	4,882,113
Interest	363,028	33,109	-	80,888	773	1,197	478,995
Gain (loss) on disposal of tangible capital assets	1,955	-	-	22,500	-	-	24,455
Actuarial adjustment of long-term debt	-	-	-	-	-	-	-
Other revenue	178,183	168,686	-	113,875	1,118	95,500	557,362
Total revenues	6,749,711	4,639,852	123,780	11,189,743	183,488	1,877,634	24,764,208
Expenses:							
Wages, salaries, indemnities and benefits	3,944,850	1,103,054	-	1,178,109	3,349	1,040,601	7,269,963
Operating costs	1,302,760	1,868,015	96,355	10,108,439	133,450	521,517	14,030,536
External transfers to others	-	391,226	2,920	-	35,671	239,071	668,888
Debt services	-	1,310	-	-	-	-	1,310
Amortization	271,485	490,294	-	879,248	393	15,993	1,657,413
Total expenses	5,519,095	3,853,899	99,275	12,165,796	172,863	1,817,182	23,628,110
Annual surplus (deficit)	\$ 1,230,616	\$ 785,953	\$ 24,505	\$ (976,053)	\$ 10,625	\$ 60,452	\$ 1,136,098

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

14. Segmented information (continued):

2020							
	Subtotal	Recreational and cultural services	Waterworks	Sewerage	Utilities	Total	
Revenues:							
Tax requisition	\$ 14,913,585	\$ 8,186,070	\$ 383,031	\$ 136,561	\$ -	\$ 23,619,247	
Grants in lieu of taxes	69,386	103,820	742	-	-	173,948	
User charges	3,838,312	-	837,291	130,154	-	4,805,757	
Government transfers and other grants	4,882,113	530,980	56,760	26,046	-	5,495,899	
Interest	478,995	19,253	6,908	2,297	-	507,453	
Gain (loss) on disposal of tangible capital assets	24,455	-	-	-	-	24,455	
Actuarial adjustment of long-term debt	-	-	12,699	19,705	-	32,404	
Other revenue	557,362	132,392	161,950	13,813	-	865,517	
Total revenues	24,764,208	8,972,515	1,459,381	328,576	-	35,524,680	
Expenses:							
Wages, salaries, indemnities and benefits	7,269,963	4,557,686	-	-	-	11,827,649	
Operating costs	14,030,536	1,635,396	421,283	124,444	-	16,211,659	
External transfers to others	668,888	790,590	-	-	-	1,459,478	
Debt services	1,310	-	72,173	3,302	-	76,785	
Amortization	1,657,413	1,364,402	389,248	127,317	-	3,538,380	
Total expenses	23,628,110	8,348,074	882,704	255,063	-	33,113,951	
Annual surplus (deficit)	\$ 1,136,098	\$ 624,441	\$ 576,677	\$ 73,513	\$ -	\$ 2,410,729	

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

14. Segmented information (continued):

2019							
	General government services	Protective services	Transportation services	Environmental health services	Public health and welfare	Environmental development	Subtotal
Revenues:							
Tax requisition	\$ 2,944,633	\$ 2,935,779	\$ 125,477	\$ 7,513,223	\$ 105,710	\$ 1,534,028	\$ 15,158,850
Grants in lieu of taxes	45,028	-	-	-	-	17,419	62,447
User charges	-	802,371	-	2,681,261	-	58,974	3,542,606
Government transfers and other grants	1,064,783	308,811	199	524,435	75,000	157,930	2,131,158
Interest	588,386	53,705	-	155,617	1,458	4,569	803,735
Gain (loss) on disposal of tangible capital assets	(3,128)	(4,667)	-	-	-	-	(7,795)
Actuarial adjustment of long-term debt	-	-	-	-	-	-	-
Other revenue	210,079	3,009,551	-	371,257	8,726	8,081	3,607,694
Total revenues	4,849,781	7,105,550	125,676	11,245,793	190,894	1,781,001	25,298,695
Expenses:							
Wages, salaries, indemnities and benefits	3,461,148	1,002,863	-	1,129,774	3,228	1,045,803	6,642,816
Operating costs	2,392,100	1,270,229	115,740	6,878,594	136,203	543,389	11,336,255
External transfers to others	-	471,663	2,713	-	27,490	220,700	722,566
Debt services	-	1,373	-	-	-	-	1,373
Amortization	279,949	445,954	-	926,579	-	16,081	1,668,563
Total expenses	6,133,197	3,192,082	118,453	8,934,947	166,921	1,825,973	20,371,573
Annual surplus (deficit)	\$ (1,283,416)	\$ 3,913,468	\$ 7,223	\$ 2,310,846	\$ 23,973	\$ (44,972)	\$ 4,927,122

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

14. Segmented information (continued):

2019

	Subtotal	Recreational and cultural services	Waterworks	Sewerage	Utilities	Total (note 16)
Revenues:						
Tax requisition	\$ 15,158,850	\$ 7,909,894	\$ 385,432	\$ 134,777	\$ (919)	\$ 23,588,034
Grants in lieu of taxes	62,447	97,951	-	-	-	160,398
User charges	3,542,606	-	840,795	127,765	-	4,511,166
Government transfers and other grants	2,131,158	529,324	289,856	71,286	-	3,021,624
Interest	803,735	41,320	9,394	4,211	-	858,660
Gain (loss) on disposal of tangible capital assets	(7,795)	1,484	-	-	-	(6,311)
Actuarial adjustment of long-term debt	-	-	11,711	18,181	-	29,892
Other revenue	3,607,694	124,548	86,942	-	-	3,819,184
Total revenues	25,298,695	8,704,521	1,624,130	356,220	(919)	35,982,647
Expenses:						
Wages, salaries, indemnities and benefits	6,642,816	4,522,712	-	-	-	11,165,528
Operating costs	11,336,255	2,229,951	386,028	109,438	-	14,061,672
External transfers to others	722,566	832,221	-	-	-	1,554,787
Debt services	1,373	-	72,754	8,754	-	82,881
Amortization	1,668,563	1,232,794	374,395	118,918	-	3,394,670
Total expenses	20,371,573	8,817,678	833,177	237,110	-	30,259,538
Annual surplus (deficit)	\$ 4,927,122	\$ (113,157)	\$ 790,953	\$ 119,110	\$ (919)	\$ 5,723,109

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2020

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2020 Financial Plan approved by the Board of Directors on March 26, 2020. The legislative requirements for the Financial Plan are that the cash inflows for the period must equal cash outflows.

Cash inflows and outflows include such items as debt proceeds, transfers to and from reserves and operating surpluses, debt principal repayment and tangible capital asset disposal proceeds. These items are not recognized as revenues and expenses in the Statement of Operations as they do not meet the public sector accounting standard requirements. PSAB requires that budget figures be presented on the same basis of accounting as actual figures.

The legislation does not require the funding of non-cash items such as amortization or liability accruals to provide for future cash requirements, thus there is no legislative requirement to include these items in the Financial Plan. However, these items are recognized as expenses in the Statement of Operations.

Amortization was not contemplated on development of the approved 2020 Financial Plan and, as such, has not been included. The chart below demonstrates how the legislative requirement for a balanced Financial Plan has been met.

	Budget Amount
Surplus - Statement of Operations	\$ 11,583,649
Adjust for budgeted cash items, not included in Statement of Operations	
Proceeds on debt issuance	(2,233,000)
Transfers from reserves	(3,176,754)
Acquisition of tangible capital assets	25,648,055
Principal payments on borrowing	120,356
Transfers from operating surpluses	(8,775,008)
Total adjustments	11,583,649
Financial Plan Balance	\$ -

16. Comparative figures:

Certain 2019 amounts have been reclassified to conform with the current year's presentation.

Thompson-Nicola Regional District
Schedule 1 (unaudited): COVID-19 Safe Restart Grant

Year ended December 31, 2020

	2020
Balance, beginning of year	\$ -
Provincial COVID-19 Safe Restart Grant	945,000
Balance, end of year	\$ 945,000