

2021 Thompson-Nicola Regional District

Consolidated Financial Statements



Consolidated Financial Statements of

**THOMPSON-NICOLA
REGIONAL DISTRICT**

And Independent Auditors' Report thereon

Year ended December 31, 2021

Thompson-Nicola Regional District

Index to Consolidated Financial Statements

Year ended December 31, 2021

Consolidated Financial Statements

Management's Responsibility for the Consolidated Financial Statements

Page 1

Independent Auditors' Report

Page 2

Consolidated Statement of Financial Position

Page 5

Consolidated Statement of Operations and Accumulated Surplus

Page 6

Consolidated Statement of Change in Net Financial Assets

Page 7

Consolidated Statement of Cash Flows

Page 8

Notes to Consolidated Financial Statements

Page 9

Schedule 1 (unaudited): COVID-19 Safe Restart Grant

Page 36



Department: Finance

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
Chief Financial Officer

Scott Hildebrand
Chief Administrative Officer



KPMG LLP
560 Victoria Street
Kamloops BC V2C 2B2
Canada
Tel 250-372-5581
Fax 250-828-2928

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, 2021;
- 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, 2021, 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.

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

Chartered Professional Accountants

Kamloops, Canada
May 11, 2022

Thompson-Nicola Regional District
Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents (note 3)	\$ 49,035,884	\$ 47,727,306
Accounts receivable (note 4)	7,981,263	3,452,978
Total financial assets	57,017,147	51,180,284
Liabilities:		
Accounts payable and accrued liabilities	6,285,317	3,289,207
Deferred revenue (note 5)	9,403,811	7,242,826
Facilities loan (note 6)	56,683	69,324
Long-term debt (note 7)	1,885,233	1,989,006
Landfill remediation liability (note 8)	8,001,044	7,835,534
Total liabilities	25,632,088	20,425,897
Net financial assets	31,385,059	30,754,387
Non-financial assets:		
Tangible capital assets (note 9)	55,841,927	54,174,974
Prepaid expenses	207,506	217,412
Total non-financial assets	56,049,433	54,392,386
Accumulated surplus (note 10)	\$ 87,434,492	\$ 85,146,773

Commitments and contingencies (note 11)

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

Approved:



Douglas Rae, CPA, CA
Chief Financial Officer

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

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 15)	2021	2020
Revenue:			
Tax requisition	\$ 23,204,699	\$ 23,208,589	\$ 23,619,247
Grants in lieu of taxes	111,000	154,188	173,948
Government transfers and other grants (note 12)	11,150,272	9,832,219	5,495,899
User charges:			
Sale of services	3,670,350	4,643,249	3,838,312
Water and sewer tolls	938,106	994,671	967,445
Interest	100,000	318,190	507,453
Other revenue	1,971,445	1,432,026	865,517
Actuarial adjustment of long-term debt (note 7(a))	-	15,808	32,404
Gain (loss) on disposal of tangible capital assets (Note 9)	-	(238,399)	24,455
Total revenue	41,145,872	40,360,541	35,524,680
Expenses:			
General government services	6,507,266	6,056,506	5,519,095
Protective services	4,700,648	9,098,260	3,853,899
Transportation services	129,554	118,576	99,275
Environmental health services	10,510,236	10,965,160	12,165,796
Public health and welfare	243,772	224,435	172,863
Environmental development	2,803,347	1,799,592	1,817,182
Recreational and cultural services	10,416,545	8,704,075	8,348,074
Waterworks	1,176,582	854,823	882,704
Sewerage	291,671	251,395	255,063
Total expenses	36,779,621	38,072,822	33,113,951
Annual surplus	4,366,251	2,287,719	2,410,729
Accumulated surplus, beginning of year	85,146,773	85,146,773	82,736,044
Accumulated surplus, end of year	\$ 89,513,024	\$ 87,434,492	\$ 85,146,773

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, 2021, with comparative information for 2020

	Budget (note 15)	2021	2020
Annual surplus	\$ 4,366,251	\$ 2,287,719	\$ 2,410,729
Acquisition of tangible capital assets	(19,503,678)	(5,601,620)	(4,166,431)
Amortization of tangible capital assets	-	3,664,446	3,538,380
Loss (gain) on disposal of tangible capital assets	-	238,399	(24,455)
Proceeds on disposal of tangible capital assets	-	31,822	34,455
	(15,137,427)	620,766	1,792,678
Acquisition of prepaid expenses	-	(207,506)	(217,412)
Use of prepaid expenses	-	217,412	114,155
	-	9,906	(103,257)
Change in net financial assets	(15,137,427)	630,672	1,689,421
Net financial assets, beginning of year	30,754,387	30,754,387	29,064,966
Net financial assets, end of year	\$ 15,616,960	\$ 31,385,059	\$ 30,754,387

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, 2021, with comparative information for 2020

	2021	2020
Cash provided (used) by:		
Operating activities:		
Annual surplus	\$ 2,287,719	\$ 2,410,729
Items not involving cash:		
Actuarial adjustment of long-term debt	(15,808)	(32,404)
Amortization of tangible capital assets	3,664,446	3,538,380
Loss (gain) on disposal of tangible capital assets	238,399	(24,455)
Change in non-cash assets and liabilities:		
Accounts receivable	(4,528,285)	(717,079)
Accounts payable and accrued liabilities	2,996,110	926,395
Deferred revenue	2,160,985	1,173,339
Landfill remediation liability	165,510	2,374,006
Prepaid expenses	9,906	(103,257)
Net change in cash from operating activities	6,978,982	9,545,654
Capital activities:		
Acquisition of tangible capital assets	(5,601,620)	(4,166,431)
Proceeds on disposal of tangible capital assets	31,822	34,455
Net change in cash from capital activities	(5,569,798)	(4,131,976)
Financing activities:		
Repayment on facilities loan	(12,641)	(11,711)
Repayment on long-term debt	(87,965)	(103,307)
Net changes in cash from financing activities	(100,606)	(115,018)
Increase in cash and cash equivalents	1,308,578	5,298,660
Cash and cash equivalents, beginning of year	47,727,306	42,428,646
Cash and cash equivalents, end of year	\$ 49,035,884	\$ 47,727,306
Supplemental cash flow information:		
Cash paid for interest	\$ 67,158	\$ 72,603
Cash received from interest	318,190	507,453

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, 2021

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 (including Emergency Operations Centre program under the direction of Emergency Management BC), transportation, environmental health, public health and welfare, environmental development, recreational and cultural, water, sewer and wastewater utilities services.

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 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.

(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.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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, 2021

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.

(iv) Leased tangible capital assets:

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

1. Significant accounting policies (continued):

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.

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.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

2. Future accounting standards (continued):

(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.

(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.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2021

3. Cash and cash equivalents:

	Cost 2021	Cost 2020
Cash	\$ 37,531,669	\$ 36,240,645
Short-term investments	11,504,215	11,486,661
Cash and cash equivalents	\$ 49,035,884	\$ 47,727,306

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 0.15% (2020 - 0.87%).

4. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$81,410 (2020 - \$73,595).

	2021	2020
Province of British Columbia-Provincial emergency program and EOC grants	\$ 4,855,106	\$ 100,019
Trade and other receivables, net of allowance for doubtful accounts	1,156,346	592,663
Government of Canada-UBCM water meter grant	905,445	2,152,533
Government of Canada-other grants	419,355	37,607
Government of Canada-GST receivable	360,783	231,210
Due from member municipalities	145,693	143,312
Province of British Columbia-other grants and other receivables	138,535	195,634
	\$ 7,981,263	\$ 3,452,978

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2021

5. Deferred Revenue:

Deferred revenue consists of the following:

Source/purpose:	Deferred balance Dec 31, 2020	Contributions and interest	Revenues recognized	Deferred balance Dec 31, 2021
Canada Community-Building Fund-Community Works grant	\$ 6,252,042	\$ 2,106,021	\$(1,145,124)	\$ 7,212,939
Province of BC -Pritchard Water System Grant	-	1,583,837	(274,270)	1,309,567
Trans Mountain Pipeline -Community Benefits grant	817,727	-	(205,805)	611,922
Trans Mountain Pipeline -Merritt Fire Protection	-	109,342	-	109,342
Friends of the Library donations	21,685	35,298	(2,501)	54,482
Creative BC -Film Commission grant	33,750	45,000	(45,000)	33,750
Province of British Columbia -Library One Card grant	24,000	24,000	(24,000)	24,000
District of Clearwater -Vavenby taxation	6,078	4,891	-	10,969
Interior Savings -Flood victim Internet to go initiative	-	20,000	(12,078)	7,922
Library Digitalization grants	6,917	-	-	6,917
Telus Library grant	5,535	-	-	5,535
Province of British Columbia -Library Resource Sharing grant	1,707	1,707	(1,707)	1,707
UBCM -Housing Needs Assessment grant	50,295	-	(50,295)	-
Other	23,090	5,515	(13,846)	14,759
	\$ 7,242,826	\$ 3,935,611	\$(1,774,626)	\$ 9,403,811

Canada Community-Building Fund ("CCBF", formerly known as Federal 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"). CCBF revenues are recognized as the funds are expended for eligible purposes and thus earned by the TNRD.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

6. Facilities loan:

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, 2026. 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 \$1,111 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, 2021, the outstanding balance of the facilities loan is \$56,683 (2020 - \$69,324).

Interest paid during the year was \$591 (2020 - \$1,310) reflecting an average rate of 0.93% (2020 - 1.71%). On July 1, 2021 the Lytton Library building was destroyed by wildfire. The scheduled payments on this loan continue and are expected to be offset fully by insurance proceeds.

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

2022	\$	12,814
2023		12,943
2024		13,078
2025		13,215
2026		4,633
Total	\$	56,683

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.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2021

7 Long-term debt (continued):

(a) As at December 31, 2021, long-term debt consists of the following:

MFA issue no.	Bylaw no.	Term in years	Maturity date	Interest rate	Balance outstanding Dec 31, 2020	Issued	Principal repayment	Actuarial adjustment	Balance outstanding Dec 31, 2021
95	2054	20	2025	0.910 %	\$ 12,960	\$ -	\$ 1,630	\$ 811	\$ 10,519
95	2054	20	2025	0.910 %	15,228	-	1,915	953	12,360
102	2180	20	2027	2.250 %	9,569	-	728	484	8,357
103	2205	20	2028	2.650 %	62,553	-	4,240	2,548	55,765
103	2205	20	2028	2.650 %	27,991	-	1,898	1,140	24,953
103	2205	20	2028	2.650 %	34,926	-	2,367	1,423	31,136
131	2498	20	2035	2.200 %	210,698	-	9,194	1,726	199,778
137	2088	20	2036	2.600 %	340,382	-	14,144	2,087	324,151
137	2227	20	2036	2.600 %	208,570	-	8,667	1,279	198,624
137	2350	20	2036	2.600 %	202,187	-	8,402	1,239	192,546
146	2084	20	2036	3.200 %	863,942	-	34,780	2,118	827,044
Total MFA debenture debt					\$ 1,989,006	\$ -	\$ 87,965	\$ 15,808	\$ 1,885,233

The weighted average interest rate for 2021 was 2.73% (2020 - 2.45%). Interest paid during the year was \$66,566 (2020 - \$71,293).

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

2022	\$ 87,965
2023	87,965
2024	87,965
2025	87,965
2026	84,419
Thereafter	829,972
Total principal	1,266,251
Actuarial adjustment	618,982
Total debenture debt	\$ 1,885,233

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. The above scheduled payments are net of future actuarial adjustments.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2021

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
Black Pines Community Water	2726	March 2021	455,000	455,000
Total			\$ 2,108,000	\$ 2,108,000

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 \$8,001,044 (2020 - \$7,835,534) 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% (2020 - 2.00%) and discount rate of 2.20% (2020 - 2.20%), 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 \$24,384,503 (2020 - \$25,275,358).

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	2094
Future closure/post-closure costs	\$ 3,508,432	\$ 198,556,104	\$ 109,197,135
Present value of future costs	\$ 2,871,000	\$ 11,422,526	\$ 10,090,977
Total capacity (m3)	n/a	2,038,526	1,277,893
Deposited to date (m3)	n/a	581,183	237,253
Utilization to date	100%	29%	19%
Post-closure care requirement	25 years	100 years	100 years

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2021

8. Landfill remediation liability (continued):

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 190 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 estimates relating to 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.

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. For the Lower Nicola Landfill site this was most recently updated in 2021 and in 2019 for the Heffley Creek site.

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, 2021

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
2021									
Cost:									
Balance, beginning 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
Additions	-	75,721	170,011	1,563,828	175,927	116,586	-	3,499,547	5,601,620
Disposals	-	-	-	(2,226,327)	(15,540)	-	(447,799)	-	(2,689,666)
Transfer of assets	-	-	102,010	-	3,335,416	6,664	-	(3,444,090)	-
Balance, end of year	4,669,292	3,639,968	35,128,350	21,137,720	19,915,068	4,430,849	-	3,207,339	92,128,586
Accumulated amortization:									
Balance, beginning of year	-	1,269,142	14,008,269	10,827,745	6,401,530	2,337,660	197,312	-	35,041,658
Amortization	-	183,758	998,120	1,902,962	438,477	128,336	12,795	-	3,664,448
Disposals	-	-	-	(2,193,800)	(15,540)	-	(210,107)	-	(2,419,447)
Balance, end of year	-	1,452,900	15,006,389	10,536,907	6,824,467	2,465,996	-	-	36,286,659
Net book value, end of year	\$ 4,669,292	\$ 2,187,068	\$ 20,121,961	\$ 10,600,813	\$ 13,090,601	\$ 1,964,853	\$ -	\$ 3,207,339	\$ 55,841,927

Assets under construction having a value of \$3,207,339 (2020 - \$3,151,882) have not been amortized. Amortization of these assets will commence when the asset is put into service upon completion of the project.

* On July 1, 2021 the only asset listed under the "Leased assets and Improvements", the Lytton Library building, was destroyed by wildfire. It is expected that future insurance proceeds will offset this loss.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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
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

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2021

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.

	2021	2020
Unrestricted surplus	\$ 62,356,458	\$ 61,015,101
Operating reserves	19,514,416	18,790,301
Capital reserves	5,563,618	5,341,371
Total accumulated surplus	\$ 87,434,492	\$ 85,146,773

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

	2021	2020
Unrestricted surplus:		
Investment in tangible capital assets	\$ 53,956,694	\$ 52,185,968
Investment in Strata Corporation KAS2093	278,856	275,532
Other	8,120,908	8,553,601
Total unrestricted surplus	\$ 62,356,458	\$ 61,015,101

	2021	2020
Operating reserves:		
Insurance deductible reserve	\$ 12,088	\$ 12,070
Proposed function reserve	171,756	174,548
General administration	1,802,018	1,738,715
COVID-19 restart funds ¹	1,214,751	947,000
Solid waste management	11,090,692	10,957,380
E911	88,300	88,166
Building department	2,140,921	2,112,717
Community assistance funds	877,106	875,779
Library system	2,116,784	1,883,926
Total operating reserves	\$ 19,514,416	\$ 18,790,301

The TNRD received \$947,000 in government transfers for the COVID-19 Restart program in 2020 and another \$429,000 in 2021 for a total grant of \$1,376,000. These funds have been 100% allocated to programs but not fully expended at December 31, 2021. All unexpended funds remain in this reserve fund with plans for them to be fully expended in 2022.

Interest income and contributions to operating reserves for 2021 total \$1,135,010 (2020 - \$1,861,986) and transfers out of reserves total \$410,895 (2020 - \$664,450).

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2021

10. Accumulated surplus (continued):

	2021	2020
Capital reserves:		
General fund:		
E911	\$ 1,778,667	\$ 1,855,523
Ashcroft Fire Protection	59,206	59,116
Barriere Fire Protection	10,202	7,091
Blackpool Fire Protection	180,824	170,039
Little Fort Fire Protection	75,763	46,173
Loon Lake Fire Protection	30,117	20,086
McLure Fire Protection	50,234	40,173
Pritchard Fire Protection	127,072	105,543
South Green Lake Fire Protection	120,310	90,173
Tobiano Fire Protection	33,650	63,086
Vavenby Fire Protection	23,904	2,040
Noxious Weed Service	17,079	12,060
Alternative Waste Collection - Area B	110,106	99,954
Alternative Waste Collection - Area J	317,515	317,034
Alternative Waste Collection - Area N	14,344	9,330
Alternative Waste Collection - Area P	10,236	10,221
Cemetery - Area B	11,495	11,477
Community Halls - Area B	103,380	100,698
Vavenby Community Hall	17,371	12,318
Nicola Valley Aquatic Centre	296,894	262,456
Parks - Area A	156,662	142,056
Parks - Area B	53,902	53,820
Parkland Dedication - Area E	16,668	16,643
Parkland Dedication - Area M	94,455	94,312
Parkland Dedication - Area P	56,146	56,061
Reserve: Recreation M&N	15,058	10,043
TNRD Library Service	623,317	622,373
TV - Area B	17,736	13,121
	4,422,313	4,303,020
Sewer Fund:		
Paul Lake	185,465	185,184
Pritchard	91,028	85,898
	276,493	271,082
Subtotal (carried to subsequent page)	\$ 4,698,806	\$ 4,574,102

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2021

10. Accumulated surplus (continued):

	2021	2020
Subtotal (carried from previous page)	\$ 4,698,806	\$ 4,574,102
Water Fund:		
Black Pines	67,500	59,841
Blue River	88,284	73,173
Del Oro	63,005	55,287
Evergreen	7,703	6,693
Loon Lake	29,104	27,063
Maple Mission	95,873	91,069
Pritchard	149,841	119,660
Savona	232,668	217,338
Spences Bridge	64,803	52,723
Vavenby	39,611	39,551
Walhachin	23,013	21,481
	861,405	763,879
Perpetual Care Fund:		
Blue River Cemetery	2,702	2,687
Avola Cemetery	403	401
Little Fort Contributions	302	302
	3,407	3,390
Total capital reserves	\$ 5,563,618	\$ 5,341,371

Interest income and contributions to capital reserves for 2021 total \$511,780 (2020 - \$527,840) and transfers out of reserves total \$289,533 (2020 - \$31,664).

In 2021, the Tobiano 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, 2021 the amount owing is \$120,000 (2020 - \$NIL).

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. This loan was paid out in 2021. At December 31, 2021 the amount owing is \$NIL (2020 - \$40,138).

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, 2021, the TNRD's estimated exposure to each such liability is either not determinable or is not considered to be significant.

(b) Municipal insurance:

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

11. Commitments and contingencies (continued):

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.

(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, 2021, the Plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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 \$775,680 (2020 - \$772,583) for employer contributions to the Plan in fiscal 2021.

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, 2021

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, 2021 are as follows:

	TNRD	Member municipalities	Total 2021	Total 2020
Cash deposits	\$ 28,520	\$ 2,308,161	\$ 2,336,681	\$ 2,380,442
Contingent demand notes	56,897	5,032,917	5,089,814	5,304,766
Debt reserve fund	\$ 85,417	\$ 7,341,078	\$ 7,426,495	\$ 7,685,208

(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 2021	MFA debt 2020	Payments 2021	Payments 2020
Chase	\$ 1,814,374	\$ 1,897,854	\$ 131,029	\$ 137,422
Clearwater	236,346	266,293	38,420	78,621
Clinton	1,216,379	19,286	2,554	2,554
Kamloops	71,106,002	80,647,470	10,415,678	10,990,161
Logan Lake	1,122,093	1,379,309	272,463	272,463
Lytton	44,761	65,556	17,623	17,623
Merritt	7,367,272	5,615,742	592,133	565,514
Sun Peaks	11,722,286	12,230,952	682,573	269,166
Total	\$ 94,629,513	\$ 102,122,462	\$ 12,152,473	\$ 12,333,524

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2021

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
2022	\$ 68,420	\$ 134,884	\$ 9,807,371	\$ 10,010,675
2023	66,300	34,943	3,971,191	4,072,434
2024	24,000	800	1,831,184	1,855,984
2025	18,000	133	1,105,762	1,123,895
2026	-	-	242,292	242,292
	\$ 176,720	\$ 170,760	\$ 16,957,800	\$ 17,305,280

12. Government transfers and other grants:

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

	2021	2020
Revenue:		(note 17)
Government transfers:		
Province of British Columbia-Emergency management program	\$ 5,311,879	\$ 107,224
Canada Community-Building Fund-Community works fund	1,158,093	457,096
Government of Canada-UBCM water meter grant	807,779	2,152,533
Provincial of British Columbia-COVID-19 safe restart grant ¹	429,000	947,000
Province of British Columbia-Funding library services	387,940	424,322
Province of British Columbia-Water system grants	294,127	-
Province of British Columbia-Invasive plant treatment	155,000	240,000
Government of Canada-Firehall infrastructure grant	242,369	-
Province of British Columbia-Regional District basic grant	140,000	140,000
Province of British Columbia-Firefighter equipment funding	47,649	151,451
Other	306,323	342,185
	9,280,159	4,961,811
Grants from sources other than government	552,060	534,088
Total revenue	\$ 9,832,219	\$ 5,495,899

¹ The TNRD received \$429,000 (2020 - \$947,000) in government transfers for the COVID-19 Restart program these funds have been 100% allocated to programs but not fully expended at December 31, 2021.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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 (2020 - \$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, 2021 is \$NIL (2020 - \$11,550) 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 corporate administration, finance, human resources, communication and legislative functions

(b) Protective services

Building inspection services, fire protection, E911, emergency preparedness and emergency center operations, 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 and Thompson River watershed management

(f) Environmental development

Planning, film commission, and economic development

(g) Recreational and cultural services

Public libraries, community halls, regional and community parks, television and radio rebroadcasting, recreational facilities

(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, 2021

14. Segmented information (continued):

(i) Sewerage

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

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, 2021

14. Segmented information (continued):

2021							
	General government services	Protective services	Transportation services	Environmental health services	Public health and welfare	Environmental development	Subtotal
Revenues:							
Tax requisition	\$ 3,017,984	\$ 2,588,996	\$ 104,809	\$ 7,232,631	\$ 107,394	\$ 1,718,896	\$ 14,770,710
Grants in lieu of taxes	44,087	1,178	281	-	8	18,168	63,722
User charges	-	1,102,516	-	3,444,714	-	96,019	4,643,249
Government transfers and other grants	1,905,072	5,894,070	121	611,828	150,000	96,270	8,657,361
Interest	289,580	6,338	-	16,516	17	240	312,691
Gain (loss) on disposal of tangible capital assets	4,025	(7,905)	-	3,174	-	-	(706)
Actuarial adjustment of long-term debt	-	-	-	-	-	-	-
Other revenue	533,312	208,680	-	158,248	21,666	61,505	983,411
Total revenues	5,794,060	9,793,873	105,211	11,467,111	279,085	1,991,098	29,430,438
Expenses:							
Wages, salaries, indemnities and benefits	3,725,900	1,246,904	-	1,354,690	3,366	1,174,358	7,505,218
Operating costs	1,938,746	6,727,867	115,672	8,777,536	190,910	435,001	18,185,732
External transfers to others	124,457	580,243	2,904	-	28,004	172,973	908,581
Debt services	-	191	-	-	-	-	191
Amortization	267,403	543,055	-	832,934	2,155	17,260	1,662,807
Total expenses	6,056,506	9,098,260	118,576	10,965,160	224,435	1,799,592	28,262,529
Annual surplus (deficit)	\$ (262,446)	\$ 695,613	\$ (13,365)	\$ 501,951	\$ 54,650	\$ 191,506	\$ 1,167,909

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

14. Segmented information (continued):

2021					
	Subtotal	Recreational and cultural services	Waterworks	Sewerage	Total
Revenues:					
Tax requisition	\$ 14,770,710	\$ 7,934,114	\$ 382,481	\$ 121,284	\$ 23,208,589
Grants in lieu of taxes	63,722	88,983	1,483	-	154,188
User charges	4,643,249	-	859,248	135,423	5,637,920
Government transfers and other grants	8,657,361	519,223	416,219	239,416	9,832,219
Interest	312,691	3,535	1,553	411	318,190
Gain (loss) on disposal of tangible capital assets	(706)	(237,693)	-	-	(238,399)
Actuarial adjustment of long-term debt	-	-	15,808	-	15,808
Other revenue	983,411	254,936	176,400	17,279	1,432,026
Total revenues	29,430,438	8,563,098	1,853,192	513,813	40,360,541
Expenses:					
Wages, salaries, indemnities and benefits	7,505,218	4,636,011	-	-	12,141,229
Operating costs	18,185,732	1,901,172	354,780	123,059	20,564,743
External transfers to others	908,581	732,066	-	-	1,640,647
Debt services	191	-	61,566	-	61,757
Amortization	1,662,807	1,434,826	438,477	128,336	3,664,446
Total expenses	28,262,529	8,704,075	854,823	251,395	38,072,822
Annual surplus (deficit)	\$ 1,167,909	\$ (140,977)	\$ 998,369	\$ 262,418	\$ 2,287,719

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

14. Segmented information (continued):

2020							
(note 17)	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	-	1,219,385	3,349	1,040,601	7,311,239
Operating costs	1,302,760	1,868,015	96,355	10,067,163	133,450	521,517	13,989,260
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, 2021

14. Segmented information (continued):

2020					
(note 17)	Subtotal	Recreational and cultural services	Waterworks	Sewerage	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	7,311,239	4,557,686	-	-	11,868,925
Operating costs	13,989,260	1,635,396	421,283	124,444	16,170,383
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, 2021

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2021 Financial Plan approved by the Board of Directors on March 25, 2021. 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 2021 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	\$ 4,366,251
Adjust for budgeted cash items, not included in Statement of Operations	
Proceeds on debt issuance	(2,140,435)
Transfers from reserves	(4,396,299)
Acquisition of tangible capital assets	19,503,678
Principal payments on borrowing	105,014
Transfers from operating surpluses	(8,705,707)
Total adjustments	4,366,251
Financial Plan Balance	\$ -

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2021

16. Covid-19 Pandemic:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and this continues to be the case today. 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 previous 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. Operations in 2021 were not impacted to same extent but have not completely normalized.

TNRD continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at May 5, 2022, the TNRD continues to meet its contractual obligations.

17. Comparative figures:

Certain 2020 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, 2021

	Actual	Actual
	2021	2020
Balance, beginning of year	\$ 947,000	\$ -
Provincial COVID-19 safe restart grant	429,000	947,000
Interest earned on reserve	1,590	
Total funding available	1,377,590	947,000
Eligible costs incurred:		
I.T. infrastructure updates	\$ 2,400	
Volunteer fire departments	23,482	
Economic development - region-wide	-	
Covering revenue shortfalls - not-for-profits	124,457	
Other regional support	12,500	
Social distancing renovations to office layout	-	
Total eligible costs incurred	162,839	-
Balance, end of year	\$ 1,214,751	\$ 947,000

2022 ALLOCATION OF REMAINING COVID FUNDS

I.T. infrastructure updates	\$ 382,600
Volunteer fire departments	126,518
Economic development - region-wide	100,000
Covering revenue shortfalls - not-for-profits	125,543
Other regional support	66,500
Social distancing renovations to office layout	412,000
Interest earned - allocation to be determined	1,590
	\$ 1,214,751