



REGIONAL
DISTRICT
NORTH
OKANAGAN

2020 FINANCIAL STATEMENTS



**REGIONAL DISTRICT OF NORTH OKANAGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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MANAGEMENT REPORT

These financial statements and accompanying schedules of the Regional District of North Okanagan are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards.

Management is responsible for implementing and maintaining a system of internal controls that are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are regularly monitored and evaluated by management.

The Audit Committee is responsible for reviewing the financial statements and recommending their approval to the Board of Directors. The Audit Committee meets periodically with management and the auditors to discuss internal controls, financial reporting issues, the audit report and any issues that arise during the course of the audit.

These financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Regional District. The following Independent Auditor's Report describes their responsibilities, scope of examination and opinion on the Regional District's financial statements. The external auditors have full access to the Board of Directors.



Stephen Banmen, MBA
General Manager, Finance
April 21, 2021



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Independent Auditor's Report

To the Directors of the Regional District of North Okanagan

Opinion

We have audited the financial statements of Regional District of North Okanagan (the Regional District), which comprise the statement of financial position as at December 31, 2020, and the statement of operations and accumulated surplus, change in net financial assets (debt), and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2020, and its results of operations, change in net financial assets (debt), and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Regional District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Regional District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Vernon, British Columbia
April 21, 2021



STATEMENT OF FINANCIAL POSITION

As at December 31

2020

2019

FINANCIAL ASSETS

Cash	\$ 12,000,573	\$ 17,645,900
Portfolio investments (Note 2)	91,333,315	77,194,451
Accounts receivable (Note 3)	7,711,622	7,573,303
Loan receivable (Note 4)	7,090,723	7,596,272
Debt recoverable from municipalities (Note 10 , Schedule A)	17,179,129	19,072,327
Debt reserve fund - Municipal Finance Authority (Note 5)	1,730,470	2,245,133

137,045,832 **131,327,386**

FINANCIAL LIABILITIES

Accounts payable and accrued liabilities (Note 6)	6,474,630	6,319,110
Deferred revenue (Note 7)	1,663,153	1,936,524
Refundable deposits (Note 8)	741,514	827,271
Restricted revenues (Note 9)	12,507,530	11,648,790
Long term debt (Note 10 , Schedule A)	73,151,644	81,056,822
Debt reserve fund - Municipal Finance Authority (Note 5)	1,730,470	2,245,133
Landfill closure and post-closure obligation (Note 11)	10,868,762	9,362,081

107,137,703 **113,395,731**

NET FINANCIAL ASSETS

29,908,129 **17,931,655**

NON-FINANCIAL ASSETS

Prepaid expenses	74,029	77,896
Tangible capital assets (Note 12 , Schedule B)	220,207,514	213,103,651
	220,281,543	213,181,547

ACCUMULATED SURPLUS (Note 13)

\$ 250,189,672 **\$ 231,113,202**

Contingent liabilities (Note 15)


Stephen Barnien, MBA
General Manager, Finance



STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the years ended December 31

(Note 19)

2020

2019

Budget

Actual

Actual

REVENUE (Schedule C)

Tax revenue (Note 16)	\$ 19,305,140	\$ 19,305,140	\$ 18,618,907
Government transfers (Note 17)	4,929,774	5,418,034	3,235,342
Sale of services	32,719,793	32,987,490	32,522,218
Investment income	2,094,965	3,665,159	3,495,254
Developer contributions	4,290,000	289,507	163,203
Other revenue (Note 18)	1,036,288	1,584,861	1,506,897
Contributed capital assets (Note 12)	-	438,490	785,555
	64,375,960	63,688,681	60,327,376

EXPENSES (Schedule C)

General government services	2,323,785	1,748,107	1,914,556
Development services	2,326,449	2,057,138	1,969,672
Parks, recreation and culture	9,671,208	10,543,580	11,121,219
Transportation and transit services	1,076,645	829,795	934,007
Environmental services	6,971,083	8,178,559	6,648,559
Health, social services and housing	299,070	254,766	289,729
Sewer and septage services	110,841	108,207	994,584
Water services	15,665,872	18,048,642	16,697,115
Protective services	3,273,357	2,843,417	2,914,514
	41,718,310	44,612,211	43,483,955

Operating Surplus

22,657,650 19,076,470 16,843,421

Accumulated Surplus, Beginning of Year

231,113,202 231,113,202 214,269,781

Accumulated Surplus, End of Year

\$ 253,770,852 \$ 250,189,672 \$ 231,113,202



STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the years ended December 31

	(Note 19)	2020	2019
	Budget	Actual	Actual
Operating Surplus	\$ 22,657,650	\$ 19,076,470	\$ 16,843,421
Amortization of tangible capital assets	-	6,062,807	6,182,886
Acquisition of tangible capital assets	(33,309,922)	(12,864,393)	(10,592,097)
Developer contribution of tangible capital assets	-	(438,490)	(785,555)
Proceeds on disposal of tangible capital assets	-	21,914	925,619
(Gain)/loss on disposal and write-down of tangible capital assets	-	(1,952)	626,786
Transfer of tangible capital assets to member municipalities	-	116,248	726,615
Net consumption of inventories and prepaids	-	3,870	(24,524)
Increase (Decrease) in Net Financial Assets	(10,652,272)	11,976,474	13,903,151
Net Financial Assets, Beginning of Year	17,931,655	17,931,655	4,028,504
Net Financial Assets, End of Year	\$ 7,279,383	\$ 29,908,129	\$ 17,931,655

**STATEMENT OF CASH FLOW****For the years ended December 31****2020****2019****OPERATING****Operating Surplus****\$ 19,076,470 \$ 16,843,421**

Non-cash items:

Amortization

6,062,807 6,182,886

(Gain)/loss on disposal of tangible capital assets

(1,952) 626,786

Developer contribution of tangible capital assets

(438,490) (785,555)

Landfill closure and post-closure

1,506,681 283,777

Actuarial addition to sinking fund

(1,843,126) (1,667,951)

Transfer of tangible capital assets to member municipalities

116,248 726,615

Change in non-cash working capital:

Accounts receivable

(138,319) 1,489,754

Prepaid expenses

3,870 (24,524)

Accounts payable

155,520 (3,363,958)

Loans receivable

505,549 486,104

Deferred revenue

(273,371) (395,659)

Refundable deposits

(85,757) (113,975)

Restricted revenues

858,740 3,302,809**25,504,870 23,590,530****CAPITAL**

Acquisition of tangible capital assets

(12,864,393) (10,592,097)

Proceeds from disposal of tangible capital assets

21,914 925,619**(12,842,479) (9,666,478)****INVESTING**

Net portfolio investments purchased

(14,138,864) (3,788,769)**FINANCING**

Repayment of long term debt

(4,168,854) (4,030,091)**Increase (Decrease) in Cash****(5,645,327) 6,105,192****Cash, Beginning of Year****17,645,900 11,540,708****Cash, End of Year****\$ 12,000,573 \$ 17,645,900**Supplemental Cash Flow Information

Interest paid

\$ (2,786,430) \$ (3,395,506)

Interest received

\$ 2,179,057 \$ 1,983,917



The Regional District of North Okanagan ("the Regional District") was incorporated as a regional district on November 9, 1965 under the Municipal Act (replaced by the Local Government Act) of British Columbia ("BC"). The Regional District is composed of the member municipalities of the City of Armstrong, the District of Coldstream, the City of Enderby, the Village of Lumby, the Township of Spallumcheen, the City of Vernon and Electoral Areas B through F.

Regional districts provide a political framework and administrative framework for region-wide services and sub-regional services as well as act as the local government for electoral areas. The Board of Directors is composed of appointees from each member municipality and a director elected from each electoral area. Municipal directors serve until council decides to change the appointment. Directors from electoral areas serve for a four year term. The number of directors and the number of votes each may cast is based upon the population of the municipality or electoral area.

1. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS).

Basis of Accounting

The Regional District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and/or the creation of a legal obligation to pay.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. Significant estimates in these financial statements include the determination of the useful lives of tangible capital assets, valuation of the landfill closure and post-closure obligation, valuation of the contaminated sites obligation and assessment of legal claims. For common financial statement items, such as accounts payable and allowances for doubtful accounts, measurement uncertainty is inherent but not assessable. These estimates and assumptions are based on management's judgment and the best information available at the time of preparation and may differ significantly from actual results. Estimates are reviewed annually to reflect new information as it becomes available.

Segment Disclosures

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information. For each reported segment, revenues and expenses are recorded that are either directly attributable to the segment or are allocated to the segment on a reasonable, consistent basis. The accounting policies used for these segments are consistent with those followed in the preparation of the financial statements as described in Note 1. The Regional District has provided definitions of the segments in Note 20, as well as presented financial information in segmented format for the current and prior year in Schedule C.

Budget Figures

The budget figures presented are compiled from the five-year financial plan adopted by bylaw prior to March 31st each year. Certain amounts have been reallocated to conform with PSAS presentation requirements where required (see Note 19). Subsequent amendments to the budget bylaw are not reflected in the budget figures.

Contaminated Sites

Liabilities for remediation of contaminated sites are recognized when an environmental standard exists, contamination exceeds the standard, the Regional District has responsibility for remediation of the site, future economic benefits will be given up and a reasonable estimate of the amount can be made.



1. Significant Accounting Policies (Continued)

Financial Instruments

The Regional District's financial instruments consist of cash and cash equivalents, accounts receivable, loan receivable, debt recoverable from municipalities, accounts payable and accrued liabilities and long term debt, which are measured at cost, and portfolio investments, which are valued on an amortized cost basis. Interest is measured using the effective interest method. The carrying values of these financial instruments approximates their fair values, except where noted.

Credit Risk

Credit risk is the risk that the Regional District will incur financial losses if a debtor fails to make payments when due. The Regional District is exposed to credit risk on its loan receivable, debt recoverable from municipalities and accounts receivable. Risk in respect of the loan receivable and debt recoverable from municipalities is managed primarily by the policies put in place by the Municipal Finance Authority ("MFA"). The maximum exposure to credit risk in respect of accounts receivable is limited to the carrying amount of trade and other receivables as disclosed in Note 3, which is managed by credit policies such as limiting the amount of credit extended and obtaining security deposits where appropriate.

Liquidity Risk

Liquidity risk is the risk that the Regional District will encounter difficulty in meeting obligations associated with its accounts payable and long term debt. The Regional District manages this risk by holding a sufficient amount of funds in highly liquid investments, maintaining a credit facility with its primary banking institution, closely monitoring cash flows and staggering the maturity dates of its investment portfolio.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate because of changes in market prices. Market risk is composed of currency risk, interest rate risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the Regional District's debt servicing costs and the value of certain investments will fluctuate due to changes in interest rates. In respect of debt servicing costs, the risk is minimal as all of the Regional District's long term debt is fixed rate and is usually refinanced every five to ten years as that is when most of the underlying debentures issued by the MFA mature. Investments subject to interest rate risk include certain pooled investment funds, principal protected notes and government bonds as disclosed in Note 2. The amount of risk is minimal due to the relatively small amount invested compared to guaranteed investment certificates held by the District.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to changes in foreign exchange rates. The Regional District is not exposed to any significant currency risk, as it does not hold any financial instruments in a foreign currency as at the year end.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of the Regional District's investments will fluctuate due to changes in market prices other than those arising from interest rate risk or currency risk. Investments subject to other price risk include certain pooled investment funds, principal protected notes and government bonds as disclosed in Note 2. The amount of risk is minimal due to the nature of the instruments and the relatively small amount invested compared to guaranteed investment certificates held by the District.



1. Significant Accounting Policies (Continued)

Portfolio Investments

Portfolio investments include pooled investment funds, guaranteed investment certificates, principal protected notes and government bonds, all with a maturity of one year or more at the date of acquisition. These investments are carried at amortized cost.

Refundable Deposits

Refundable deposits consist of the refundable portion of development permits and building permits, performance security deposits, and waterworks guarantees and securities. These deposits are recorded as a liability when received and will be refunded in the fiscal year in which the service contract expires or the performance obligations have been met. If a security deposit is drawn upon, it is recognized as revenue in the fiscal year in which the services are performed or the expenses are incurred.

Landfill Closure and Post-Closure Obligation

The estimated costs to close and monitor solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to operations as the landfill site's capacity is used. The change in liability is recorded as an operational expense. These estimates are reviewed and adjusted annually.

Employee Future Benefits

The Regional District and its employees participate in the Municipal Pension Plan, a multi-employer defined benefit pension plan. Payments to the plan are expensed when paid. The Regional District also provides accumulated sick leave as a post-employment benefit. Employees are entitled to a payout of their unused sick leave balance upon satisfaction of pre-established criteria. This District's cost of the sick leave benefits are accounted for based on the actuarial valuation. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the employee group.

Revenue Recognition

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occurred, provided that reasonable estimates of the amounts can be made. Amounts received in advance of services rendered or obligations fulfilled are recorded as deferred revenue until the services have been provided or the obligation that led to the collection of funds has been discharged.

Tax Revenue

Tax revenue is the compulsory payment of financial resources to a government in a non-exchange transaction. Each municipality and electoral area within the Regional District is requisitioned for its portion of each service participated in. These funds are then levied by the municipalities and the province (on behalf of electoral areas) to individual taxpayers and provided to the Regional District by August 1st of each year. Tax revenue is recognized in the year levied, provided that the effective date of the tax has passed and the related bylaws have been approved by the Board.

Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from senior levels of government that are not the result of an exchange transaction, not expected to be repaid in the future and not expected to generate a financial return to the transferor.

- Transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.
- Transfers with eligibility criteria but no stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria are met.
- Transfers with or without eligibility criteria but with stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria are met, except to the extent that the transfer gives rise to an obligation.



1. Significant Accounting Policies (Continued)

Non-Financial Assets

Non-financial assets are held for use in the provision of services and are not normally available to discharge liabilities. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the accumulated surplus for the year, provides the change in net financial assets for the year.

Tangible Capital Assets

Tangible capital assets, including assets held under capital lease, are recorded at cost in the period in which they are acquired or constructed. Cost includes all amounts that are directly attributable to the acquisition, construction, development or improvement of the asset. Costs of repairs and maintenance are charged to operations and expenses that improve or extend the useful life of an existing asset are capitalized.

Contributed Assets

Contributed or donated assets are capitalized and recorded at their estimated fair value upon acquisition, with a corresponding entry to revenue in the period received.

Assets Under Capital Lease

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are recorded as capital leases. At inception, the capital lease is recorded at the lessor of the present value of minimum lease payments and the leased assets fair value at the beginning of the lease. All others are accounted for as operating leases and charged to expense as incurred.

Assets Under Construction

Assets under construction are projects that are currently under planning, development or construction that will result in a tangible capital asset at a future date. These costs are not amortized until the asset is available and ready for productive use. Interest incurred on borrowed funds used during construction is not capitalized.

Intangible Assets

Intangible assets, such right-of-ways, easements, licenses of occupation, works of art and cultural or historical assets are not recorded in these financial statements.

Amortization

Land used for the operation of solid waste landfills is amortized over the life of the landfill and the annual amortization expense is based on the capacity used during the year. The cost of tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land	Not amortized*
Land improvements	15 to 20 years
Buildings	10 to 50 years
Furniture and equipment	5 to 15 years
Vehicles	
Light and medium duty	7 years
Heavy duty	10 years
Fire trucks	15 years
Computer equipment	5 to 7 years
Leasehold improvements	50 years or life of lease
Infrastructure	
Water infrastructure	12 to 50 years
Sewer infrastructure	50 years
Solid waste infrastructure	25 years or life of landfill

*Except land used for solid waste landfills.



2. Portfolio Investments

The Regional District's investments include pooled investment funds, redeemable and non-redeemable guaranteed investment certificates, principal protected notes issued by chartered banks and bonds guaranteed by Canada or a province.

Guaranteed investment certificates earn fixed rates of interest ranging from 1.00% to 3.37% (1.85% to 3.37% in 2019) with various maturity dates. Principal protected notes and pooled investment funds earn interest at rates that are based on the market performance of a basket of securities, with no fixed rate of return. Bonds earn interest ranging from floating to 3.45% (floating to 3.47% in 2019).

	<u>2020</u>		<u>2019</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Pooled investment funds	\$ 13,109,699	\$ 13,142,296	\$ -	\$ -
Guaranteed investment certificates	64,042,005	64,042,005	63,767,721	63,767,721
Principal protected notes	5,455,688	6,146,512	3,455,565	3,733,812
Bonds	8,725,923	8,929,883	9,971,165	9,963,935
	\$ 91,333,315	\$ 92,260,696	\$ 77,194,451	\$ 77,465,468

These investments also include performance and security deposits of \$741,514 (\$827,271 in 2019) with specific terms of various contracts which are held and invested in the course of normal operations.

3. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Government of Canada	\$ 376,358	\$ 272,168
Province of British Columbia	33,841	139,343
Local governments	5,292,012	4,701,871
Trade and other receivables, net of allowance for doubtful accounts	1,894,888	2,296,033
Accrued interest receivable	114,523	163,888
	\$ 7,711,622	\$ 7,573,303

4. Loan Receivable

In April 2011, the Okanagan Regional Library ("ORL") borrowed \$11 million through the Regional District towards construction of its library facility in Vernon, BC, which was completed in May 2012. Pursuant to the loan agreement, the Regional District is reimbursed by the ORL for all principal and interest payments made to the MFA in respect of the borrowing. The repayment terms are the same as member municipalities follow when borrowing funds from the MFA through the Regional District. The loan is secured by a first charge on the library facility located at 2808 - 30th Avenue, Vernon, British Columbia. The term of the loan is 20 years and the interest rate is 4.20%. Principal is paid annually and interest is paid semi-annually.

	<u>2020</u>	<u>2019</u>
Original amount	\$ 11,000,000	\$ 11,000,000
Sinking fund	(3,909,277)	(3,403,728)
	\$ 7,090,723	\$ 7,596,272



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

5. Debt Reserve Fund - Municipal Finance Authority

The Regional District is required to issue its long term debt through the Municipal Finance Authority ("MFA"). As a condition of borrowing, 1% of the gross debenture proceeds are withheld by the MFA as a debt reserve fund. The debt reserve fund is invested by the MFA and interest earned and expenses incurred are reported annually to the Regional District. If at any time the MFA does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments will be made from the debt reserve fund. Details of cash deposits held in the debt reserve fund are as follows:

Debt Reserve Fund - Cash Deposits

	2020	2019
Regional District	\$ 1,240,427	\$ 1,662,850
Member municipalities	490,043	582,283
	\$ 1,730,470	\$ 2,245,133

The Regional District is also required to execute a demand note for each borrowing in the amount of one-half of the average annual principal and interest due, less the amount held back for the debt reserve fund. The demand notes payable to the MFA are only callable in the event that a local government defaults on its loan obligation. As there has never been a default in the history of the MFA, it is unlikely that the demand notes will be called; therefore, the contingent liability has not been recorded in the financial statements. Details of demand notes are as follows:

Demand Notes

	2020	2019
Regional District	\$ 2,343,900	\$ 3,144,666
Member municipalities	760,068	991,566
	\$ 3,103,968	\$ 4,136,232

6. Accounts Payable and Accrued Liabilities

	2020	2019
Trade payables	\$ 1,926,560	\$ 1,395,400
Wages and benefits	194,353	535,131
Banked time	80,616	78,360
Vacation	382,669	343,682
Employee future benefits	682,204	632,131
Holdbacks	728,798	165,334
Accrued interest payable	593,540	743,706
Local governments	1,801,267	2,289,215
Province of British Columbia	21,336	134,996
Government of Canada	63,287	1,155
	\$ 6,474,630	\$ 6,319,110

Employee Future Benefits

The Regional District provides post-employment benefits to employees through the payout of accumulated sick leave upon leaving the employment of the Regional District subject to specific eligibility requirements being met.

	2020	2019
Accrued benefit obligation, beginning of year	\$ 632,131	\$ 674,859
Amortization of net actuarial (gain)/loss	5,000	(3,300)
Current service cost	67,500	62,600
Interest cost	18,800	21,400
Benefits paid	(41,407)	(123,428)
Accrued benefit obligation, end of year	\$ 682,024	\$ 632,131

Sick time is vested after a minimum of five years of service. A detailed actuarial valuation for these employee future benefits is used to determine the accrued benefit obligation as at December 31, 2020. An update to the valuation is undertaken annually. The actuarial assumptions used to determine the District's accrued benefit obligation is based on a 2.0% (2.6% in 2019) discount rate and 2.5% wage inflation.



7. Deferred Revenue

Deferred revenue consists primarily of building inspection surcharges, various fees charged for water system capital improvements and conditional grants received from government and non-government sources. Building inspection surcharges are refundable to the applicant if all conditions of the building permit are completed within 24 months of issuance. After this time, the surcharge is recognized as revenue. Various fees charged in respect of water system capital improvements are deferred when received and recognized as revenue when the capital works have been constructed. Conditional grants are recognized as revenue when all criteria have been met.

	2020	2019
Building inspection surcharges	\$ 78,650	\$ 75,800
Grants	-	67,650
Prepaid recreation services	-	88,943
Prepaid solid waste tipping fees	12,186	10,652
Prepaid dog licenses	58,595	12,676
Future capital works	1,456,922	1,652,603
Other	56,800	28,200
	\$ 1,663,153	\$ 1,936,524

8. Refundable Deposits

Refundable deposits consist primarily of the refundable portion of development permits and building permits, performance security deposits and waterworks guarantees and securities. In addition to refundable deposits, the Regional District holds irrevocable letters of credit and performance bonds in the aggregate amount of \$30,501,794 (\$22,002,843 in 2019) received from developers to ensure the performance of capital works to be undertaken. The letters of credit and performance bonds are not reflected in the financial statements.

	2020	2019
Development and building permits	\$ 316,232	\$ 346,593
Solid waste performance security	33,067	38,643
Waterworks securities and guarantees	392,215	442,035
	\$ 741,514	\$ 827,271

9. Restricted Revenues

Development Cost Charges

Development Cost Charges (DCC's) are imposed by the Regional District for the purposes of providing funds to pay the capital costs of providing, constructing, altering or expanding water infrastructure, as well as acquiring and improving parkland. The funds are recorded as restricted revenues when received and are recognized as revenue when the related expenses are incurred. In accordance with the Local Government Act, these funds and any interested earned on them are deposited into a separate reserve fund for each purpose, each of which is established by bylaw.

	2019	Contributions	Interest	Expenditures	2020
Greater Vernon Parks	\$ 8,132,183	\$ 362,826	\$ 212,153	\$ (289,507)	\$ 8,417,655
White Valley Parks	282,066	1,000	7,339	-	290,405
Fortune Parks	376,191	17,290	9,995	-	403,476
Greater Vernon Water	2,857,345	457,469	80,149	-	3,394,963
Silver Star Water	1,005	-	26	-	1,031
	\$ 11,648,790	\$ 838,585	\$ 309,662	\$ (289,507)	\$ 12,507,530

In accordance with Section 569 of the Local Government Act, no DCC's were waived or reduced for eligible development as defined under Section 563 of the Act.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

10. Long Term Debt

The Regional District incurs long term debt directly as well as on behalf of member municipalities. Loan agreements with the MFA provide that if at any time the payments from member municipalities are not sufficient to meet their obligations in respect of such borrowings, the resulting deficiency becomes a liability of the Regional District.

All long term debt is reported net of sinking fund balances. Sinking fund instalments are invested by the MFA and earn income, which together with principal payments are expected to be sufficient to retire the debt issue at maturity. Where the MFA has determined that sufficient funds exist to retire a debt issue on its maturity date without further instalments, payments are suspended by the MFA and the Regional District's liability is reduced to nil. Should those funds prove to be insufficient at maturity, the resulting deficiency becomes a liability of the Regional District.

Debentures issued mature at various dates ranging from June 2021 to October 2039, with interest rates ranging from 1.75% to 5.10%. The weighted average interest rate on long term debt was 2.46% (2.98% in 2019), and interest expense was \$2,685,630 (\$3,276,643 in 2019).

Principal payments and sinking fund instalments due in the next five years and thereafter are as follows:

	Total Payment	Total Recoverable	Net Payment
2021	\$ 4,230,017	\$ 865,572	\$ 3,364,445
2022	4,167,329	853,087	3,314,242
2023	4,172,542	850,599	3,321,943
2024	4,185,838	850,599	3,335,239
2025	4,202,656	850,599	3,352,057
Thereafter	23,746,767	4,880,500	18,866,267
Total principal payments	44,705,149	9,150,956	35,554,193
Expected actuarial adjustment on sinking fund	28,446,495	8,028,173	20,418,322
Total	\$ 73,151,644	\$ 17,179,129	\$ 55,972,515

Authorized but Unissued Debt

The following debt is the amount unissued at year end:

	2020	2019
Greater Vernon Multi-Purpose Cultural Facility (Bylaw 2786, 2018)	\$ 25,000,000	\$ 25,000,000
Vernon Search and Rescue Building (Bylaw 2779, 2018)	3,500,000	3,500,000
Multi-Use Facility Expansion (Bylaw 2680, 2015)	-	93,305
North Okanagan Wastewater Recovery System (Bylaw 2798, 2019)	5,200,000	5,200,000
	\$ 33,700,000	\$ 33,793,305



11. Landfill Closure and Post-Closure Obligation

The Regional District has three active and four closed landfills within its boundaries and is responsible for the costs of their closure and post-closure activities. The costs related to these activities are provided for over the estimated remaining life of active landfill sites based on usage.

Closure activities include covering, grading and surface water management. Post-closure activities include leachate and environmental monitoring, maintenance and reporting. Post-closure activities are expected to occur for approximately 30 years for open landfills and 25 years for closed landfills.

Key variables used in estimating the value of the closure and post-closure obligation include the cost of capital, inflation rate, timing of closure and post-closure activities and total capacity. In management's opinion, the assumptions used represent the most likely scenario. As the projections are made over a long period of time, the amount of the obligation is very sensitive to changes in the variables, and could range from approximately \$4 million to \$19 million (\$4 million to \$20 million in 2019).

The Regional District has estimated the costs associated with these activities based on engineering studies required by the Ministry of Environment. These studies were updated in 2017 and resulted in changes in the liability as a result of settling of waste, changes in fill rates and changes in regulatory requirements. Changes in the liability as a result of cumulative capacity used are recognized prospectively. In 2020, estimated expenses were calculated as the net present value (NPV) of future cash flows associated with closure and post-closure costs, discounted using the Regional District's weighted average cost of capital of 2.46% (2.98% in 2019) and inflated using an average inflation rate of 1.62% (1.67% in 2019) (annual average BC CPI over the last 20 years). The annual provision is reported as an expense and the accumulated liability is reported on the Statement of Financial Position.

	Total Estimated Capacity (m3)	Cumulative Capacity Used (m3)	Estimated Remaining Life (years)	Years for Post- closure Care	Estimated Future Closure Costs (NPV)	2020 Liability for Closure	Future Closure Liability
Greater Vernon	4,322,857	1,838,884	39	30	\$ 15,157,405	\$ 6,447,753	\$ 8,709,652
Armstrong/Spall	820,360	697,111	7	30	3,062,370	2,602,286	460,084
Lumby	414,313	170,956	51	30	3,502,806	1,445,350	2,057,456
Kingfisher	22,000	22,000	-	8	17,597	17,597	-
Ashton Creek	25,000	25,000	-	2	5,658	5,658	-
Pottery Road	800,000	800,000	-	20	307,698	307,698	-
Cherryville	20,587	20,587	-	13	42,420	42,420	-
					\$ 22,095,954	\$ 10,868,762	\$ 11,227,192
Less: expenses previously recognized						9,362,081	
2020 increase in the liability for landfill closure						\$ 1,506,681	

	Total Estimated Capacity (m3)	Cumulative Capacity Used (m3)	Estimated Remaining Life (years)	Years for Post- closure Care	Estimated Future Closure Costs (NPV)	2019 Liability for Closure	Future Closure Liability
Greater Vernon	4,322,857	1,794,323	40	30	\$ 12,794,253	\$ 5,310,613	\$ 7,483,640
Armstrong/Spall	820,360	675,738	8	30	3,124,967	2,574,065	550,902
Lumby	414,313	167,014	52	30	1,888,056	761,097	1,126,959
Kingfisher	22,000	22,000	-	9	51,474	51,474	-
Ashton Creek	25,000	25,000	-	3	20,095	20,095	-
Pottery Road	800,000	800,000	-	21	541,997	541,997	-
Cherryville	20,587	20,587	-	14	102,740	102,740	-
					\$ 18,523,582	\$ 9,362,081	\$ 9,161,501
Less: expenses previously recognized						9,078,304	
2019 increase in the liability for landfill closure						\$ 283,777	



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

12. Tangible Capital Assets

	2020	2019
Land	\$ 45,905,660	\$ 45,775,606
Land improvements	12,196,088	11,025,880
Buildings	32,264,571	29,549,142
Furniture and equipment	1,332,496	1,314,310
Vehicles	2,326,915	2,499,552
Computer equipment	358,658	397,259
Leasehold improvements	925,804	897,054
Water infrastructure	120,840,944	117,697,984
Sewer infrastructure	68,385	70,272
Solid waste infrastructure	3,987,993	3,876,592
Net Book Value	\$ 220,207,514	\$ 213,103,651

Assets Under Construction

Assets under construction with a cost of \$8,112,220 (\$4,103,521 in 2019) have not been amortized. Amortization will commence when these assets are put into service. No interest was capitalized during 2020 or 2019.

Contributed Tangible Capital Assets

Contributed tangible capital assets of \$248,464 (\$785,555 in 2019) were received from developers and \$190,026 was received from the City of Enderby and have been recorded in the financial statements.

Transfer of Tangible Capital Assets to Member Municipalities

The following assets were transferred at net book value to the member municipality of the City of Vernon in 2020.

	Cost	Accumulated Amortization	Net Book Value
Land	\$ 26,637	\$ -	\$ 26,637
Water infrastructure	108,261	(18,650)	89,611
Capital assets transferred to member municipalities	\$ 134,898	\$ (18,650)	\$ 116,248



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

13. Accumulated Surplus

	2020	2019
<u>Operating Reserve Funds and Surplus</u>		
General government services	3,653,600	3,505,098
Development services	1,803,855	1,421,037
Parks, recreation and culture	7,166,613	6,290,926
Transportation and transit services	1,154,925	992,672
Environmental services	5,609,659	5,657,756
Health, social services and housing	188,699	129,471
Sewer and septage services	2,148,153	2,392,457
Water services	22,334,281	24,501,233
Protective services	3,790,608	3,153,772
	47,850,393	48,044,422
<u>Capital Reserve Funds</u>		
GVPRD Land Acquisition	911,520	934,808
Festival of the Arts Legacy	112,423	110,982
Greater Vernon Cultural Reserve	384,266	157,340
Landfill Closure/Post-Closure	967,744	1,050,993
Greater Vernon Water Capital Works	22,977,483	17,325,961
	25,353,436	19,580,084
<u>Community Works Fund</u>		
Opening balance	4,773,268	3,510,058
Contributions	836,639	1,696,082
Interest earned	124,247	117,834
Expenditures	(815,033)	(550,706)
	4,919,121	4,773,268
<u>COVID-19 Restart Fund</u>		
Contributions	741,000	-
<u>Equity in Tangible Capital Assets</u>		
General government services	1,548,006	1,650,343
Parks, recreation and culture	54,395,050	47,438,909
Transportation and transit services	110,450	-
Environmental services	10,889,641	10,517,330
Sewer and septage services	(529,606)	(806,795)
Water services	101,632,844	96,512,626
Protective services	3,279,337	3,403,015
	171,325,722	158,715,428
Total Accumulated Surplus	\$ 250,189,672	\$ 231,113,202



14. Contractual Obligations

The Regional District has entered into various agreements and contracts for services with periods ranging from one to forty years.

15. Contingent Liabilities

Legal Claims

The Regional District is the defendant in various lawsuits. In the opinion of management, the overall estimation of loss is not determinable at this time. These claims have not been provided for in the financial statements. Settlement, if any, made with respect to these actions will be accounted for as a charge to expenses in the period in which realization is known to the extent not covered by insurance.

Municipal Insurance Association - Liability Insurance

Commencing December 31, 1987, the Regional District entered into a self-insurance program with British Columbia municipalities and regional districts. The Regional District is obliged under the program to pay a percentage of its fellow insureds' losses. The Regional District pays an annual premium, which is anticipated to be adequate to cover any losses incurred.

Municipal Pension Plan

The Regional District and its employees contribute to the Municipal Pension Plan ("the plan"), a jointly trustees 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 provided are based on a formula. The plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2.9 billion funding surplus for basic pension benefits on a going concern basis.

The Regional District paid \$608,131 for employer contributions to the plan in fiscal 2020 (\$585,448 in 2019).

The next valuation will be at December 31, 2021 with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

Credit Facilities

The Regional District has a credit facility in the amount of \$3 million with an interest rate equal to the Bank of Montreal's prime rate. No amounts were drawn against this credit facility during 2020 or 2019.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

16. Tax Revenue

	2020 Budget	2020 Actual	2019 Actual
Property taxes	\$ 19,095,453	\$ 19,095,453	\$ 18,184,621
Parcel taxes	209,687	209,687	434,286
	\$ 19,305,140	\$ 19,305,140	\$ 18,618,907

17. Government Transfers

	2020 Budget	2020 Actual	2019 Actual
Federal government, transfers with stipulations	\$ -	\$ -	\$ 150,033
Provincial government, transfers without stipulations	182,000	183,439	183,439
Provincial government, transfers with stipulations	115,138	886,333	93,610
Grants-in-lieu of taxes from federal/provincial governments	109,050	128,709	127,067
Regional and other external transfers	4,523,586	4,219,553	2,681,193
	\$ 4,929,774	\$ 5,418,034	\$ 3,235,342

18. Other Revenue

	2020 Budget	2020 Actual	2019 Actual
MFA surplus payout from retired debenture issues	\$ -	\$ 456,617	\$ 14,299
Miscellaneous developer contributions	35,000	9,400	291,710
Loan payments received	798,627	752,377	887,737
Gain on disposal of tangible capital assets	-	19,828	24,241
Miscellaneous	202,661	346,639	288,910
	\$ 1,036,288	\$ 1,584,861	\$ 1,506,897



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

19. Budget Reconciliation

The unaudited budget figures presented in these financial statements are compiled from the five-year financial plan approved by the Board of Directors in Bylaw 2860 on March 18, 2020. The Regional District's annual budget is prepared on a cash basis. In order to facilitate comparison to actual results, the budget has been presented in the financial statements on an accrual basis by removing inter-service revenues, debt transactions related to borrowing, principal and actuarial adjustment, loans receivable, capital expenditures and transfers to/from surplus and reserves.

The following is a reconciliation of the approved budget to the budget figures used in these financial statements for presentation purposes:

	Approved Budget	Capital & Amortization	Debt Adjustments	Transfers & Other	Presented Budget
Revenue					
Tax revenue	\$ 19,305,140	\$ -	\$ -	\$ -	\$ 19,305,140
Government transfers (grants)	4,929,774	-	-	-	4,929,774
Sale of services	32,743,793	-	-	(24,000)	32,719,793
Investment income	2,094,965	-	-	-	2,094,965
Developer contributions	-	-	-	4,290,000	4,290,000
Other	1,405,688	-	(369,400)	-	1,036,288
Transfers from accum. surplus	52,416	-	-	(52,416)	-
Transfers from reserves	26,112,046	-	-	(26,112,046)	-
Borrowing	3,500,000	-	(3,500,000)	-	-
	\$ 90,143,822	\$ -	\$ (3,869,400)	\$ (21,898,462)	\$ 64,375,960
Expenses					
General government services	\$ 3,316,785	\$ (156,000)	\$ -	\$ (837,000)	\$ 2,323,785
Development services	2,377,010	-	-	(50,561)	2,326,449
Parks, recreation and culture	24,748,957	(11,552,700)	(3,578,049)	53,000	9,671,208
Transportation and transit services	1,196,645	(120,000)	-	-	1,076,645
Environmental services	9,923,311	(2,727,481)	-	(224,747)	6,971,083
Health, social services and housing	299,070	-	-	-	299,070
Sewer and septage services	389,916	(10,000)	(279,075)	10,000	110,841
Water services	40,011,835	(17,605,351)	(2,049,687)	(4,690,925)	15,665,872
Protective services	7,880,293	(4,166,000)	(105,171)	(335,765)	3,273,357
	\$ 90,143,822	\$ (36,337,532)	\$ (6,011,982)	\$ (6,075,998)	\$ 41,718,310



20. Segment Disclosures

The Regional District is a diversified local government that functions as a partnership of the municipalities and electoral areas within its boundaries. The Regional District provides a number of specific and agreed upon services directly to the public and to its member municipalities, such as planning and development, building inspection and bylaw enforcement, parks, recreation and culture, solid waste management and recycling, water treatment and fire protection. For management reporting purposes, individual services are grouped into the following departments:

General government services

This department is responsible for the overall direction and monitoring of regional initiatives. This includes administration, legislative and corporate services, human resource management, financial services, information services and communications.

Development services

This department is responsible for building inspection and planning services, development services including regional planning and economic development, sustainability and zoning. The department is responsible for planning and building inspection for all electoral areas and for some municipalities through contract.

Parks, recreation and culture

This department is responsible for the management and provision of parks, trails, recreational programs and cultural facilities within the Regional District.

Transportation and transit services

This department is responsible for the regional transit and custom transit services through cooperation with neighbouring jurisdictions.

Environmental services

This department is responsible for regional solid waste management at its landfills and transfer stations and inter-regional partnerships with the Okanagan Basin Water Board and Sterile Insect Release Program.

Health, social services and housing

This department is responsible for the provision of services such as the Victims' Services Program and grants to social service organizations.

Sewer and septage services

This department is responsible for the operation of the wastewater facility as well as short and long term planning in order to accommodate population growth and ensure efficient and reliable service.

Water services

This department is responsible for the safe and efficient supply and distribution of water to residential, commercial, industrial, institutional and agricultural customers in the Regional District through its six water systems.

Protective services

This department protects the citizens of the Regional District through the provision of a variety of services, including Fire Protection, 9-1-1 Emergency Telephone, Fire Dispatch, Search and Rescue, Animal Control, Emergency Management and the Safe Communities program.

**21. Contaminated Sites**

During 2020, the Regional District evaluated all sites for which an environmental standard exists and for which it is directly responsible and has concluded that no contamination exists that exceeds an environmental standard. Accordingly, no amount has been accrued in the financial statements as a liability for contaminated sites.

22. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.



SCHEDULE A - LONG TERM DEBT

For the year ended December 31, 2020

Purpose	Date of Issue	Term	Rate	Amount Borrowed	Sinking Fund	2020 Balance	Interest Paid	Principal	Actuarial	2019 Balance
Community Theatre	2000	20	1.67%	\$ 7,050,000	\$ 7,050,000	\$ -	\$ 117,735	\$ 233,702	\$ 293,525	\$ 527,227
Multi-Use Facility	2000	20	1.67%	14,250,000	14,250,000	-	237,975	472,376	593,295	1,065,671
Silver Star Village Knoll Pipeline	2001	20	1.75%	165,000	152,391	12,609	2,888	4,990	7,019	24,619
Community Theatre	2001	20	1.75%	500,000	461,789	38,211	8,750	15,121	21,270	74,602
Community Theatre	2001	20	1.75%	1,000,000	923,579	76,421	17,500	30,243	42,540	149,204
Silver Star Fire Truck	2001	20	1.75%	100,000	92,358	7,642	1,750	3,024	4,254	14,920
Community Theatre	2001	20	1.75%	470,000	434,082	35,918	8,225	14,214	19,994	70,126
Multi-Use Facility	2002	20	2.25%	135,000	114,858	20,142	3,038	4,083	5,275	29,500
Multi-Use Facility	2002	20	1.75%	200,000	170,159	29,841	3,500	6,049	7,815	43,704
Multi-Use Facility	2003	20	2.85%	165,000	128,944	36,056	4,703	4,990	5,903	46,948
Gunter-Ellison Community Water System	2004	20	2.85%	64,000	45,790	18,210	1,824	1,936	2,088	22,234
Septage Disposal Facility	2005	20	5.10%	2,000,000	1,402,009	597,991	33,324	110,826	-	708,817
GVW Master Water Plan Capital	2005	20	5.10%	10,000,000	7,010,046	2,989,954	166,618	554,131	-	3,544,085
Lumby Fire Truck and Hall Expansion	2005	20	1.80%	204,000	137,902	66,098	3,672	7,499	4,410	78,007
Septage Disposal Facility	2005	20	1.80%	440,000	440,000	-	7,920	158,739	9,511	168,250
GVW Master Water Plan Capital	2005	20	1.80%	3,000,000	2,027,976	972,024	54,000	110,285	64,849	1,147,158
GV Parks Land Acquisition	2006	20	1.75%	813,000	499,405	313,595	14,228	27,302	18,158	359,055
Lumby Fire Truck and Hall Expansion	2006	20	1.75%	486,000	298,537	187,463	8,505	16,320	10,854	214,638
Pat Duke Memorial Arena	2007	20	2.25%	200,000	111,672	88,328	4,500	6,716	4,037	99,081
Kingfisher School Land Acquisition	2008	20	2.65%	175,000	88,304	86,696	4,638	5,877	3,170	95,743
GV Parks Land Acquisition	2008	20	2.65%	1,040,054	524,804	515,250	27,561	34,927	18,841	569,018
Silver Star Water - Vance Creek Reservoir	2009	30	2.25%	7,200,000	1,731,333	5,468,667	162,000	128,377	61,652	5,658,695
GVW - Duteau Water Treatment Plant	2009	20	2.25%	18,000,000	8,152,115	9,847,885	405,000	604,472	290,294	10,742,650
GV Parks Land Acquisition	2010	20	3.73%	5,646,946	2,276,770	3,370,176	210,631	189,634	80,274	3,640,085
GVW Master Water Plan Capital	2010	20	3.73%	4,000,000	1,612,744	2,387,256	149,200	134,327	56,862	2,578,445
Okanagan Regional Library	2011	20	4.20%	11,000,000	3,909,277	7,090,723	462,000	369,399	136,149	7,596,272
Greater Vernon Athletics Park	2015	20	2.20%	7,530,000	1,427,858	6,102,142	165,660	266,269	39,281	6,407,692
GVW - Claremont Utility Upgrade	2015	20	2.75%	700,000	132,736	567,264	19,250	24,753	3,652	595,669
BX-Swan Lake Fire Hall	2016	20	2.60%	1,500,000	223,567	1,276,433	39,000	53,042	5,767	1,335,241
Multi-Use Facility Expansion	2017	20	2.80%	13,156,695	1,513,415	11,643,280	368,385	489,635	29,819	12,162,735
N. Okanagan Shuswap Rail Trail	2018	20	3.10%	2,300,000	173,760	2,126,240	72,450	85,596	2,568	2,214,404
				\$ 113,490,695	\$ 57,518,180	55,972,515	\$ 2,786,430	\$ 4,168,854	\$ 1,843,126	61,984,495
Debt recoverable from municipalities						17,179,129				19,072,327
						\$ 73,151,644				\$ 81,056,822



SCHEDULE B - TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2020

	Cost				Accumulated Amortization				2020	2019
	Opening Balance	Acquisitions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Net Book Value	Net Book Value
<u>Capital Assets</u>										
Land	\$ 47,729,703	\$ 235,794	\$ (26,637)	\$ 47,938,860	\$ (1,990,173)	\$ (52,238)	- \$	(2,042,411)	\$ 45,896,449	\$ 45,739,530
Land improvements	7,317,914	2,463,373	-	9,781,287	(1,995,286)	(480,244)	-	(2,475,530)	7,305,757	5,322,628
Buildings	21,289,409	375,705	-	21,665,114	(3,000,074)	(492,190)	-	(3,492,264)	18,172,850	18,289,335
Furniture and equipment	3,667,273	250,484	(55,857)	3,861,900	(2,352,964)	(214,421)	37,981	(2,529,404)	1,332,496	1,314,309
Vehicles	5,336,468	149,470	(196,558)	5,289,380	(2,836,914)	(320,020)	194,470	(2,962,464)	2,326,916	2,499,554
Computer equipment	905,495	111,702	(10,982)	1,006,215	(508,237)	(150,304)	10,982	(647,559)	358,656	397,258
Leasehold improvements	713,116	271,893	-	985,009	(39,674)	(19,532)	-	(59,206)	925,803	673,442
Water infrastructure	165,652,368	1,625,559	(447,029)	166,830,898	(50,608,926)	(3,339,615)	357,418	(53,591,123)	113,239,775	115,043,442
Sewer infrastructure	94,390	-	-	94,390	(24,117)	(1,888)	-	(26,005)	68,385	70,273
Solid waste infrastructure	5,390,005	542,766	-	5,932,771	(1,872,909)	(237,311)	-	(2,110,220)	3,822,551	3,517,096
	258,096,141	6,026,746	(737,063)	263,385,824	(65,229,274)	(5,307,763)	600,851	(69,936,186)	193,449,638	192,866,867
<u>Assets Under Capital Lease</u>										
Land	9,212	-	-	9,212	-	-	-	-	9,212	9,212
Land improvements	6,872,125	27,994	-	6,900,119	(1,738,871)	(332,027)	-	(2,070,898)	4,829,221	5,133,254
Buildings	19,781,318	3,239,443	(70,857)	22,949,904	(8,790,521)	(423,017)	70,857	(9,142,681)	13,807,223	10,990,797
	26,662,655	3,267,437	(70,857)	29,859,235	(10,529,392)	(755,044)	70,857	(11,213,579)	18,645,656	16,133,263
<u>Assets Under Construction</u>										
Land	26,864	(26,864)	-	-	-	-	-	-	-	26,864
Land improvements	569,997	(508,887)	-	61,110	-	-	-	-	61,110	569,997
Buildings	269,009	15,489	-	284,498	-	-	-	-	284,498	269,009
Leasehold improvements	223,611	(223,611)	-	-	-	-	-	-	-	223,611
Water infrastructure	2,654,544	4,946,626	-	7,601,170	-	-	-	-	7,601,170	2,654,544
Solid waste infrastructure	359,496	(194,054)	-	165,442	-	-	-	-	165,442	359,496
	4,103,521	4,008,699	-	8,112,220	-	-	-	-	8,112,220	4,103,521
	\$ 288,862,317	\$ 13,302,882	\$ (807,920)	\$ 301,357,279	\$ (75,758,666)	\$ (6,062,807)	\$ 671,708	\$ (81,149,765)	\$ 220,207,514	\$ 213,103,651



SCHEDULE C - SEGMENT DISCLOSURES AND EXPENSES BY OBJECT - CURRENT YEAR

For the year ended December 31, 2020

	General government services	Development services	Parks, recreation and culture	Transportation and transit services	Environmental services	Health, social services and housing	Sewer and sewage services	Water services	Protective services	Total
Revenues										
Tax revenue	\$ 1,320,337	\$ 1,110,839	\$ 11,640,130	\$ 751,900	\$ 1,461,624	\$ 201,345	\$ -	\$ 44,003	\$ 2,774,962	\$ 19,305,140
Government transfers	1,774,592	133,432	3,027,173	81,585	12,434	108,495	4,679	145,207	130,437	5,418,034
Sale of services	14,560	1,152,135	210,503	242,957	6,671,759	-	61,291	24,378,910	255,375	32,987,490
Investment income	214,527	41,282	1,513,599	26,055	299,400	4,079	67,718	1,384,406	114,093	3,665,159
Developer contributions	-	-	289,507	-	-	-	-	-	-	289,507
Other	11,557	2,269	1,127,444	-	4,854	75	7,403	408,357	22,902	1,584,861
Contributed capital assets	-	-	190,026	-	-	-	-	248,464	-	438,490
	3,335,573	2,439,957	17,998,382	1,102,497	8,450,071	313,994	141,091	26,609,347	3,297,769	63,688,681
Expenses										
Administrative overhead	165,003	314,468	169,296	30,961	288,043	11,133	11,436	1,086,796	175,656	2,252,792
Administrative recovery	(2,252,792)	-	-	-	-	-	-	-	-	(2,252,792)
Amortization	198,218	-	1,584,049	7,889	423,097	-	1,888	3,425,628	422,038	6,062,807
Board remuneration	341,825	6,147	22,540	-	-	-	-	32,672	-	403,184
Government transfers	-	-	1,275,169	-	-	-	-	89,610	-	1,364,779
Grants and assistance	30,867	131,802	1,117,280	30,492	703,888	19,700	-	-	36,000	2,070,029
Insurance	13,585	20,103	145,056	2,850	43,842	500	(58)	160,214	46,431	432,523
Interest	-	-	1,669,646	-	-	-	38,198	925,252	52,534	2,685,630
Landfill closure obligation	-	-	-	-	1,811,296	-	-	-	-	1,811,296
Loss on disposal	15,821	-	2,055	-	-	-	-	-	-	17,876
Materials	23,028	3,090	2,907	-	-	-	-	838,772	72,425	940,222
Operations and management	109,799	23,576	149,841	1,088	519,114	4,175	516	1,337,728	111,968	2,257,805
Professional fees	63,575	23,441	32,320	-	883	-	-	7,368	3,036	130,623
Rentals and leases	17,010	2,312	-	-	-	-	-	-	37,163	56,485
Repairs and maintenance	541,439	89,284	856,980	4,573	650,549	-	20,539	3,055,145	143,920	5,362,429
Salaries and benefits	2,337,649	1,387,819	451,688	37,784	1,220,258	189,561	15,461	2,651,742	727,895	9,019,857
Subcontracts	40,316	16,372	2,858,045	674,009	2,447,477	27,331	19,743	3,428,440	873,656	10,385,389
Telephone and utilities	85,611	4,993	196,916	40,149	44,022	1,888	484	965,593	66,693	1,406,349
Vehicle	17,153	33,731	9,792	-	26,090	478	-	43,682	74,002	204,928
	1,748,107	2,057,138	10,543,580	829,795	8,178,559	254,766	108,207	18,048,642	2,843,417	44,612,211
Net surplus	\$ 1,587,466	\$ 382,819	\$ 7,454,802	\$ 272,702	\$ 271,512	\$ 59,228	\$ 32,884	\$ 8,560,705	\$ 454,352	\$ 19,076,470



SCHEDULE C - SEGMENT DISCLOSURES AND EXPENSES BY OBJECT - PRIOR YEAR

For the year ended December 31, 2019

	General government services	Development services	Parks, recreation and culture	Transportation and transit services	Environmental services	Health, social services and housing	Sewer and sewage services	Water services	Protective services	Total
Revenues										
Tax revenue	\$ 1,252,723	\$ 939,987	\$ 11,120,831	\$ 697,503	\$ 1,546,820	\$ 196,736	\$ 180,057	\$ 87,003	\$ 2,597,247	\$ 18,618,907
Government transfers	1,898,757	19,740	691,875	5,729	42,098	96,639	4,679	279,120	196,705	3,235,342
Sale of services	15,260	1,171,666	392,729	321,595	6,338,273	-	368,633	23,687,372	226,690	32,522,218
Investment income	215,059	37,233	1,389,421	25,157	307,935	3,573	62,080	1,331,996	122,800	3,495,254
Developer contributions	-	-	163,203	-	-	-	-	-	-	163,203
Other	5,035	21,340	641,020	-	15,634	75	180	806,215	17,398	1,506,897
Contributed capital assets	-	-	-	-	-	-	-	785,555	-	785,555
	3,386,834	2,189,966	14,399,079	1,049,984	8,250,760	297,023	615,629	26,977,261	3,160,840	60,327,376
Expenses										
Administrative overhead	161,765	307,373	161,071	29,735	277,288	10,914	31,170	1,066,280	178,886	2,224,482
Administrative recovery	(2,224,482)	-	-	-	-	-	-	-	-	(2,224,482)
Amortization	186,253	-	1,376,328	-	771,997	-	1,888	3,415,948	430,472	6,182,886
Board remuneration	345,785	12,637	18,156	-	-	-	-	19,524	1,019	397,121
Government transfers	-	-	1,951,771	-	-	-	-	-	-	1,951,771
Grants and assistance	44,113	33,000	1,050,650	34,203	732,346	19,700	-	-	61,000	1,975,012
Insurance	15,016	30,418	122,904	2,650	40,847	450	4,216	138,063	42,951	397,515
Interest	-	-	1,815,542	-	-	-	45,527	1,362,647	52,927	3,276,643
Landfill closure obligation	-	-	-	-	366,594	-	-	-	-	366,594
Loss on disposal	7,167	-	-	6,713	-	-	637,148	-	-	651,028
Materials	22,890	4,824	2,471	-	13,806	-	1,581	620,855	79,810	746,237
Operations and management	158,109	34,699	135,574	1,300	422,500	2,181	9,522	1,124,544	105,128	1,993,557
Professional fees	47,852	58,730	45,546	-	3,696	-	-	30,288	2,642	188,754
Rentals and leases	26,963	2,312	-	-	-	-	315	-	26,992	56,582
Repairs and maintenance	737,141	-	693,020	2,246	387,487	-	133,631	2,106,376	132,818	4,192,719
Salaries and benefits	2,257,097	1,407,506	566,627	37,050	1,101,015	227,124	24,011	2,601,458	796,975	9,018,863
Subcontracts	20,835	41,079	2,968,821	779,651	2,449,214	26,194	78,817	3,169,848	839,019	10,373,478
Telephone and utilities	88,798	4,669	208,500	40,459	46,456	1,716	26,758	997,146	82,338	1,496,840
Vehicle	19,254	32,425	4,238	-	35,313	1,450	-	44,138	81,537	218,355
	1,914,556	1,969,672	11,121,219	934,007	6,648,559	289,729	994,584	16,697,115	2,914,514	43,483,955
Net surplus (deficit)	\$ 1,472,278	\$ 220,294	\$ 3,277,860	\$ 115,977	\$ 1,602,201	\$ 7,294	(\$ 378,955)	\$ 10,280,146	\$ 246,326	\$ 16,843,421