

Regional District of Bulkley-Nechako



Statement of Financial Information Year Ended December 31, 2020

Regional District of Bulkley-Nechako

Statement of Financial Information

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REGIONAL DISTRICT
OF BULKLEY-NECHAKO

"A WORLD OF OPPORTUNITIES WITHIN OUR REGION"

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.

John Illes
Chief Financial Officer
June 24, 2021

Gerry Thiessen
Chair of the Board of Directors
June 24, 2021

MUNICIPALITIES:

SMITHERS FT. ST. JAMES
VANDERHOOF FRASER LAKE
HOUSTON TELKWA
BURNS LAKE GRANBLE

ELECTORAL AREAS:

A-SMITHERS RURAL F-VANDERHOOF RURAL
B-BURNS LAKE RURAL E-FRANCOIS & OOSTA LAKES
C-FORT ST. JAMES RURAL G-HOUSTON RURAL
D-FRASER LAKE RURAL



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VOJ 1E0

REGIONAL DISTRICT
OF BULKLEY-NECHAKO
"A WORLD OF OPPORTUNITIES WITHIN OUR REGION"

REGIONAL DISTRICT OF BULKLEY-NECHAKO MANAGEMENT REPORT 2020

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

These controls include:

- An organizational structure providing for effective segregation of responsibilities, delegation of authority, personal accountability and careful selection and training of personnel;
- The application of financial, accounting, information technology and administrative policies and procedures necessary for internal control over transactions, assets and records; and
- Systematic financial review and analysis of operating results.

The Board of Directors of the Regional District is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through meeting with the external auditors during the annual audit process.

The external auditors, Beswick, Hildebrandt Lund, CPA, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Board of Directors.

On behalf of the Regional District of Bulkley-Nechako

John Illes, CPA, CGA
Chief Financial Officer

June 14, 2021

MUNICIPALITIES:

SMITHERS FT. ST. JAMES
VANDERHOOF FRASER LAKE
HOUSTON TELUKA
BURNS LAKE GRANVILLE

ELECTORAL AREAS:

A-SMITHERS RURAL F-VANDERHOOF RURAL
B-BURNS LAKE RURAL E-FRANCIS & COEPA LAKES
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REGIONAL DISTRICT
 OF BULKLEY-NECHAKO

“A WORLD OF OPPORTUNITIES WITHIN OUR REGION”

Management’s Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management’s responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Beswick Hildebrandt Lund Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Regional District of Bulkley-Nechako and meet when required. The accompanying Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Regional District of Bulkley-Nechako

John Illes
 Chief Financial Officer

Gerry Thiessen
 Chairperson

MUNICIPALITIES:

BENNETT FT. ST. JAMES
 VANCOUVER FRASER LAKE
 HOUSTON TELARA
 BURNS LAKE GRANVILLE

ELECTORAL AREAS:

A-BENNETT RURAL F-VANCOUVER RURAL
 B-BURNS LAKE RURAL E-FRANCOIS & OOSTA LAKES
 C-FORT ST. JAMES RURAL G-HOUSTON RURAL
 D-FRASER LAKE RURAL



CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Regional District of Bulkley-Nechako

Opinion

We have audited the financial statements of Regional District of Bulkley-Nechako (the Entity), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets 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 Entity as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard.

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 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 PSAS, 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.

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Dane Soares CPA
Taylor Turkington CPA

Beswick Hildebrandt Lund CPA
556 North Nechako Road, Suite 10,
Prince George BC, Canada V2K 1A1
T: +1 250 564 2515, F: +1 250 562 8722

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 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 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 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.

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

Beswick Hildebrandt Lund

Chartered Professional Accountants

Prince George, British Columbia

May 13, 2021

REGIONAL DISTRICT OF BULKLEY-NECHAKO


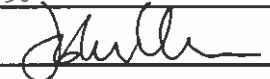
STATEMENT OF FINANCIAL POSITION

December 31, 2020

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents (Note 2) | \$ 19,344,017 | \$ 16,481,561 |
| Accounts receivable | 1,327,815 | 460,733 |
| Grants receivable | 251,685 | 393,671 |
| Investments (Note 3) | 89 | 89 |
| Debt Reserve Fund - Municipal Finance Authority (Note 4) | 146,857 | 168,247 |
| Debentures recoverable from municipalities (Note 5) | <u>8,505,713</u> | <u>9,065,323</u> |
| | <u>29,576,176</u> | <u>26,569,624</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 6, 10 and 11) | 4,761,746 | 4,157,098 |
| Deferred revenue (Note 7) | 10,629,300 | 9,987,829 |
| Debt Reserve Fund - Municipal Finance Authority (Note 4) | 146,857 | 168,247 |
| Debentures issued for municipalities (Note 5) | 8,505,713 | 9,065,323 |
| Debentures issued for the Regional District (Note 9) | <u>385,720</u> | <u>821,397</u> |
| | <u>24,429,336</u> | <u>24,199,894</u> |
| NET FINANCIAL ASSETS | <u>5,146,840</u> | <u>2,369,730</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 3) | 19,062,399 | 18,019,980 |
| Prepaid expenses | <u>90,109</u> | <u>86,877</u> |
| | <u>19,152,508</u> | <u>18,106,857</u> |
| ACCUMULATED SURPLUS (Note 13) | <u>\$ 24,299,348</u> | <u>\$ 20,476,587</u> |

CONTINGENCIES (Note 10)

Approved by the Board:


 _____ Chairperson

 _____ Chief Financial Officer

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

STATEMENT OF OPERATIONS

For the year ended December 31, 2020

| | 2020 | | 2019 |
|--|----------------------------|----------------------|----------------------|
| | <u>Budget</u> (Note 14) | <u>Actual</u> | <u>Actual</u> |
| REVENUE | | | |
| Property tax requisition | | | |
| Electoral area | \$ 6,718,471 | \$ 6,719,252 | \$ 6,422,148 |
| Municipal | 4,154,108 | 4,138,189 | 3,955,250 |
| | <u>10,872,579</u> | <u>10,857,441</u> | <u>10,377,398</u> |
| Grants-in-lieu of taxes | 611,378 | 1,123,533 | 1,081,160 |
| Federal grants - conditional | 1,444,237 | 699,720 | 977,941 |
| Fees and permits | 983,937 | 1,239,094 | 898,553 |
| Municipal debt payments (Note 5) | 872,885 | 782,716 | 813,443 |
| Provincial grants - northern capital | - | 1,780,841 | 803,898 |
| Provincial grants - unconditional | 185,000 | 185,000 | 317,554 |
| Other grants - conditional | 169,584 | 726,021 | 313,117 |
| Emergency expenditure recoveries | 600,000 | (101) | 235,859 |
| Provincial grants - conditional | 188,860 | - | 227,502 |
| Interest | 40,500 | 304,272 | 219,089 |
| Municipal cost sharing | 193,986 | 183,986 | 178,098 |
| Sundry | 83,609 | 1,086,416 | 133,867 |
| Administration recoveries | 42,210 | 16,770 | 18,484 |
| Donations | 40,000 | 260,600 | 54,773 |
| Debt sinking fund actuarial earnings (Note 9) | - | 29,621 | 40,724 |
| Investment income | - | 12,680 | 12,680 |
| | <u>16,328,765</u> | <u>19,288,610</u> | <u>16,704,140</u> |
| EXPENSES (Schedule 1) (Note 16) | | | |
| Environmental services | 4,410,666 | 5,107,855 | 4,282,381 |
| Government - general, rural and local commission | 4,025,687 | 2,906,884 | 3,349,216 |
| Recreation and culture | 2,580,932 | 2,557,440 | 2,442,718 |
| Fire protection and emergency response | 2,814,102 | 2,108,826 | 2,019,249 |
| Building inspection, building numbering, planning and development services | 1,343,966 | 1,188,886 | 1,094,434 |
| Economic development | 629,476 | 374,803 | 560,444 |
| Municipal debt payments (Note 5) | - | 772,885 | 813,443 |
| Street lighting and transportation | 341,685 | 293,409 | 336,222 |
| Sewer and water | 147,185 | 154,861 | 176,830 |
| | <u>16,293,699</u> | <u>15,465,849</u> | <u>15,074,937</u> |
| ANNUAL SURPLUS | 35,066 | 3,822,761 | 1,629,203 |
| ACCUMULATED SURPLUS - BEGINNING OF YEAR | 20,476,587 | 20,476,587 | 18,847,384 |
| ACCUMULATED SURPLUS - END OF YEAR (Note 13) | <u>\$ 20,511,653</u> | <u>\$ 24,299,348</u> | <u>\$ 20,476,587</u> |

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2020

| | 2020 | | 2019 |
|--|--|----------------------|----------------------|
| | <u>Budget</u> (Note 14) | <u>Actual</u> | <u>Actual</u> |
| ANNUAL SURPLUS | \$ 35,066 | \$ 3,822,761 | \$ 1,629,203 |
| Acquisition of tangible capital assets | (1,975,196) | (2,457,417) | (1,543,988) |
| Loss on sale of tangible capital assets | - | 2,832 | (1,660) |
| Proceeds on sale of tangible capital assets | - | 156,708 | 21,000 |
| Amortization of tangible capital assets | 1,180,685 | 1,255,477 | 1,145,967 |
| | (759,445) | 2,780,361 | 1,250,522 |
| Net use of (addition to) prepaid expenses | - | (3,251) | (14,371) |
| CHANGE IN NET FINANCIAL ASSETS | (759,445) | 2,777,110 | 1,236,151 |
| NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR | 2,369,730 | 2,369,730 | 1,133,579 |
| NET FINANCIAL ASSETS AT END OF THE YEAR | <u>\$ 1,610,285</u> | <u>\$ 5,146,840</u> | <u>\$ 2,369,730</u> |

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

| | <u>2020</u> | <u>2019</u> |
|--|------------------------------------|------------------------------------|
| OPERATING ACTIVITIES | | |
| Annual surplus | \$ 3,822,761 | \$ 1,629,203 |
| Add: Non-cash items | | |
| Debt sinking fund actuarial earnings (Note 9) | (29,621) | (40,724) |
| Amortization of tangible capital assets | 1,255,477 | 1,145,967 |
| Loss (gain) on sale of tangible capital assets | 2,832 | (1,660) |
| | <u>5,051,449</u> | <u>2,732,786</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (867,082) | 50,391 |
| Grants receivable | 141,986 | 1,614,731 |
| Accounts payable and accrued liabilities | 604,648 | (330,079) |
| Deferred revenue | 641,471 | 5,912,475 |
| Prepaid expenses | (3,232) | (14,371) |
| | <u>5,569,240</u> | <u>9,965,933</u> |
| FINANCING ACTIVITIES | | |
| Repayments from Debt Reserve Fund - Municipal Finance Authority | - | 21,860 |
| Debt repayments | (406,075) | (431,472) |
| | <u>(406,075)</u> | <u>(409,612)</u> |
| CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | (2,457,417) | (1,543,988) |
| Proceeds on disposal of tangible capital assets | 156,708 | 21,000 |
| | <u>(2,300,709)</u> | <u>(1,522,988)</u> |
| INCREASE (DECREASE) DURING THE YEAR | 2,862,456 | 8,033,333 |
| CASH AT BEGINNING OF THE YEAR | <u>16,481,561</u> | <u>8,448,228</u> |
| CASH AT END OF THE YEAR | <u><u>\$ 19,344,017</u></u> | <u><u>\$ 16,481,561</u></u> |

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

The Regional District of Bulkley-Nechako ("the Regional District") was incorporated as a Regional District on February 1, 1966 under the Municipal Act (replaced by the Local Government Act) of British Columbia. The Regional District provides a political and administrative framework for region-wide, inter-municipal and sub-regional services and acts as the local government for electoral areas.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Funds and reserves

Certain amounts, as approved by the Board of Directors, through a bylaw, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development improvement or betterment of the asset. Costs include overhead directly attributable to construction and development but exclude interest costs directly attributable to the acquisition or construction of the asset.

Contributed tangible capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where there are stipulations on their use or where fair value cannot be reasonably determined, in which case they are recognized at a nominal value.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful life of the asset.

| | |
|-------------------------|-------------|
| Buildings | 40-50 years |
| Water and waste systems | 50 years |
| Heavy vehicles | 10-20 years |
| Passenger vehicles | 6-10 years |
| Other equipment | 5-10 years |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Regional District's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Assets under construction are not amortized until the asset is available for productive use.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis

Tax revenue from local government requisitions are recognized in the year levied, provided that the effective date of tax has passed and the related bylaws have been approved by the Board of Directors.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable and are presented as non-financial assets in the statement of financial position.

Grants received from the Federal Gas Tax Agreement and Northern Capital Planning Grant Agreement are each contributed to a designated reserve and recorded as revenue in the year amounts are expended on qualifying projects.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Unfunded landfill liability

The landfill for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated for inflation and the usage of the sites capacity during the year. The change in this liability during the year is recorded as a charge to operations. These estimates are reviewed and adjusted annually.

Measurement uncertainty

The preparation of the financial statements in accordance with Canadian PSAS 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 amount of revenues and expenses during the year. These estimates and assumptions are based on management's judgement and the best information available at the time of preparation and may differ significantly from actual results. Estimates are reviewed periodically or as new information becomes available, by management, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates include the determination of the useful life of tangible capital assets, valuation of the landfill closure and post-closure obligation, and provisions for contingencies.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Financial instruments

Measurement of financial instruments

The Regional District initially measures its financial assets and financial liabilities at fair value. The Regional District subsequently measures all its financial assets and financial liabilities at cost.

Financial assets measured at cost include cash and cash equivalents, accounts receivable, cash deposits included in the debt reserve fund – Municipal Finance Authority, investments, and debentures recoverable from municipalities.

Financial liabilities measured at cost include accounts payable and accrued liabilities, debentures issued for municipalities, debentures issued for the Regional District, and financial liabilities included in the debt reserve fund –Municipal Finance Authority.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Regional District recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

Investments

Investments are reported at cost or amortized cost less any write-downs associated with a loss in value that is other than a temporary decline.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

2. CASH AND CASH EQUIVALENTS

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|----------------------|----------------------|
| Bank accounts | \$ 8,930,982 | \$ 8,706,458 |
| Petty cash | 400 | 650 |
| Guaranteed investment certificates | <u>10,412,635</u> | <u>7,774,453</u> |
| | <u>\$ 19,344,017</u> | <u>\$ 16,481,561</u> |

Cash and cash equivalents consist unrestricted cash and fixed income guaranteed investment certificates, which have a maturity of one year or less, and are carried at market value which approximates cost. For the year ended December 31, 2020, the guaranteed investment certificate interest rates ranged between 1.15% to 2.54% (2019 – ranged between 2.45% to 2.71%).

3. INVESTMENTS

The Regional District has a 9% interest in the Chinook Comfor Limited Partnership and Chinook Comfor Ltd.

4. DEBT RESERVE FUND – MUNICIPAL FINANCE AUTHORITY

The Regional District issues debt instruments through the Municipal Finance Authority of British Columbia ("MFA"), and as a condition of borrowing, one percent of the debenture proceeds is withheld as a debt reserve fund. The Regional District also executes demand notes in connection with each debenture whereby the Regional District could be required to pay certain amounts to MFA in excess of the debt borrowed. The demand notes are contingent in nature, and it is unlikely that they will be called; therefore, a liability has not been reported in the financial statements (see note 10).

The Regional District reports the debt reserve fund balances for both debts issued on its behalf, and on behalf of member municipalities, as a financial asset. Because all debt reserve fund refunds received on behalf of Municipal borrowing are repayable to those Municipalities, the Municipal portion of the Debt Reserve Fund balances are also reported as a financial liability.

5. DEBT RECOVERABLE FROM MUNICIPALITIES

When a member Municipality within the Regional District wishes to issue debenture debt through the Municipal Finance Authority of British Columbia ("MFA"), the borrowing is done through the Regional District. The Regional District is therefore responsible for repayment of the debt to MFA. When payments (interest and sinking fund or principal) are made on this debt, the Regional District pays MFA and is in turn reimbursed by the Municipality.

The Regional District therefore reports the net outstanding debt borrowed on behalf of Municipalities as both a financial liability and a financial asset.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

5. DEBT RECOVERABLE FROM MUNICIPALITIES, continued

| Service borrowing was incurred for: | Originally Borrowed | | Year of Maturity | Current Rate of Interest | Net Debt Outstanding | |
|--|------------------------|----------------------|---------------------|--------------------------------|-------------------------|---------------------|
| | Year | Amount | | | 2020 | 2019 |
| Vanderhoof Issue 145 | 2018 | 1,000,000 | 2038 | 3.15% | 924,452 | 962,784 |
| Smithers Issue 142 | 2017 | 3,000,000 | 2037 | 3.15% | 2,654,910 | 2,773,356 |
| Vanderhoof Issue 142 | 2017 | 2,000,000 | 2037 | 3.15% | 1,769,940 | 1,848,904 |
| Smithers Issue 127 | 2013 | 650,000 | 2034 | 3.30% | 505,215 | 531,772 |
| Fort St. James Issue 124 | 2013 | 304,879 | 2033 | 3.15% | 224,013 | 236,968 |
| Smithers Issue 124 | 2012 | 147,639 | 2033 | 3.15% | 108,480 | 114,753 |
| Fort St. James Issue 124 | 2013 | 121,952 | 2028 | 3.15% | 73,848 | 81,554 |
| Smithers Issue 116 | 2011 | 800,000 | 2026 | 4.20% | 377,187 | 431,865 |
| Smithers Issue 110 | 2010 | 17,172 | 2020 | 4.50% | - | 2,036 |
| Houston Issue 99 | 2006 | 2,407,125 | 2032 | 1.75% | 1,349,856 | 1,446,097 |
| Smithers Issue 81 | 2004 | 500,000 | 2024 | 2.40% | 142,268 | 173,704 |
| Smithers Issue 79 | 2003 | 500,000 | 2023 | 2.10% | 109,260 | 142,268 |
| Smithers Issue 77 | 2002 | 500,000 | 2022 | 1.75% | 74,602 | 109,260 |
| Granisle 149 | 2019 | 210,000 | 2029 | 2.24% | 191,682 | 210,000 |
| | | <u>\$ 12,158,767</u> | | | <u>\$ 8,505,713</u> | <u>\$ 9,065,323</u> |

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Trade payables | \$ 812,797 | \$ 633,178 |
| Vacation accrual | 175,355 | 200,123 |
| Sick leave accrual (Note 10) | 316,353 | 303,254 |
| Retirement accrual (Note 10) | 184,245 | 164,624 |
| Accrued debenture interest | 2,384 | 8,884 |
| Landfill closure cost accrual (Note 12) | <u>3,270,612</u> | <u>2,847,035</u> |
| | <u>\$ 4,761,746</u> | <u>\$ 4,157,098</u> |

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

7. DEFERRED REVENUE

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|---------------------|
| Government transfers - Northern Capital Planning Grant | \$ 4,888,510 | \$ 4,996,102 |
| Government transfers - Federal Gas Tax Reserve | 5,229,104 | 4,969,789 |
| Government transfers - COVID Restart Grant | 482,628 | - |
| Government transfers - Provincial | 1,989 | 1,989 |
| Government transfers - Municipal | 17,069 | 9,949 |
| Other | 10,000 | 10,000 |
| | <u>\$ 10,629,300</u> | <u>\$ 9,987,829</u> |

Government transfers – Federal Gas Tax Reserve

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by funding agreement between the Regional District and the Union of British Columbia Municipalities. Gas Tax funding may be used towards qualifying expenditures as specified in the funding agreement. The Regional District maintains the amounts in a statutory reserve.

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|---------------------|---------------------|
| Opening balance | \$ 4,969,789 | \$ 4,058,894 |
| Add: Amounts received in the year | 858,116 | 1,780,558 |
| Interest earned | 100,919 | 108,278 |
| | <u>959,035</u> | <u>1,888,836</u> |
| Less: Amounts spent in the year | <u>(699,720)</u> | <u>(977,941)</u> |
| Closing balance | <u>\$ 5,229,104</u> | <u>\$ 4,969,789</u> |

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

7. DEFERRED REVENUE, continued

Government transfers – Northern Capital Planning Grant

Northern Capital and Planning funding is provided by the Province of British Columbia. The Northern Capital and Planning funding may be used towards infrastructure and eligible projects include engineering, infrastructure planning, pipes, wells, treatment facilities, building, roads, machinery, equipment, vehicles, and other associated capital that are owned and controlled by the Regional District. This can also include the cost of land associated with developing the above capital investment.

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|---------------------|---------------------|
| Opening balance | \$ 4,996,102 | \$ - |
| Add: Amounts received in the year | 1,565,000 | 5,800,000 |
| Interest earned | 108,249 | - |
| | <u>1,673,249</u> | <u>5,800,000</u> |
| Less: Amounts spent in the year | <u>(1,780,841)</u> | <u>(803,898)</u> |
| Closing balance | <u>\$ 4,888,510</u> | <u>\$ 4,996,102</u> |

The Northern Capital Planning Grant is broken into the following reserves:

| <u>Reserve</u> | <u>Initial Allocation</u> | <u>Planning Expenses</u> | <u>Capital Expenses</u> | <u>Total Interest</u> | <u>December 31, 2020 Balance</u> |
|---------------------------------------|---------------------------|--------------------------|-------------------------|-----------------------|----------------------------------|
| General Administration | \$ 1,019,248 | \$ 338,122 | \$ 107,943 | \$ 15,328 | \$ 588,511 |
| Clucluz Lake Fire Service | 623,068 | 31,008 | | 6999 | 599,059 |
| Protective Services | 1,375,000 | 20,663 | 189,127 | 27573 | 1,192,783 |
| Glacier Gulch Water Diversion | 30,000 | - | - | 664 | 30,664 |
| Round Lake Fires Service | 10,000 | - | - | 221 | 10,221 |
| Luck Bay Fire Service | 60,000 | - | - | 664 | 60,664 |
| Fort Fraser Fire | 186,595 | - | - | 2066 | 188,661 |
| Economic Development | 185,273 | - | - | 4103 | 189,376 |
| Regional Parks and Trails | 1,055,345 | - | 500,575 | 10240 | 565,010 |
| Environmental Service | 2,394,843 | | 1,397,302 | 30966 | 1,028,507 |
| Fort Fraser Water and Sewer Utilities | 425,628 | - | - | 9426 | 435,054 |
| | <u>\$ 7,365,000</u> | <u>\$ 389,793</u> | <u>\$ 2,194,947</u> | <u>\$ 108,250</u> | <u>\$ 4,888,510</u> |

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

7. DEFERRED REVENUE, continued

Government transfers – COVID Restart Grant

COVID Restart funding is provided by the Government of Canada. The use of the funding is established by funding agreement between the Regional District and the Union of British Columbia Municipalities. COVID Restart funding may be used towards qualifying expenditures as specified in the funding agreement.

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|-------------------|-------------|
| Opening balance | \$ - | \$ - |
| Add: Amounts received in the year | 583,000 | - |
| Interest earned | - | - |
| | <u>583,000</u> | <u>-</u> |
| Less: Amounts spent in the year | <u>(100,372)</u> | <u>-</u> |
| Closing balance | <u>\$ 482,628</u> | <u>\$ -</u> |

8. CREDIT FACILITY

The Regional District has available on an authorized operating line of credit to a maximum of \$400,000. This facility bears interest at prime rate (December 31, 2020 - 2.45%, December 31, 2019 – 2.45%) and is secured by the current borrowing resolution. The facility remained unused at year end.

REGIONAL DISTRICT OF BULKLEY-NECHAKO
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

9. DEBENTURES ISSUED FOR THE REGIONAL DISTRICT

The Regional District issues debt instruments through the Municipal Finance Authority of British Columbia ("MFA"), pursuant to security issuing bylaws, under authority of the Community Charter, to finance certain capital expenditures. The debt is issued on a sinking fund basis, whereby MFA invests the Regional District's principal payments so that the payments plus investment income, will equal the original outstanding debt amount at the end of the repayment period. Actuarial earnings on debt represent the repayment and/or forgiveness of debt by the MFA using surplus investment income generated by the principal payments. Gross amount of debt and the repayment and actuarial earnings to retire the debt are as follows:

| Service borrowing was incurred for: | Originally Borrowed Year | Amount | Year of Maturity | Current Rate of Interest | Repayment & Actuarial Earnings | 2020 | | Net Debt | |
|--|--------------------------------|---------------------|---------------------|--------------------------------|--------------------------------------|------------------------|-------------------|-------------------|-------------------|
| | | | | | | Principal Repayment | Outstanding | 2020 | 2019 |
| Environmental Services | 2010 | 729,517 | 2020 | 3.73% | 668,755 | 60,762 | - | 86,483 | - |
| Round Lake Fire Protection | 2017 | 14,909 | 2037 | 3.15% | 1,160 | 555 | 13,194 | 13,765 | 13,765 |
| Luck Bay Fire Protection | 2006 | 125,000 | 2026 | 1.75% | 72,586 | 4,198 | 48,216 | 55,205 | 55,205 |
| Luck Bay Fire Protection | 2010 | 10,000 | 2030 | 3.73% | 3,696 | 6,304 | - | 6,446 | 6,446 |
| Environmental Services | 2015 | 1,547,000 | 2020 | 2.55% | 1,289,842 | 257,158 | - | 257,158 | 257,158 |
| Baker Airport | 2016 | 167,625 | 2021 | 2.58% | 100,575 | 67,050 | - | 67,050 | 67,050 |
| Topley Rural Fire Protection | 2016 | 366,348 | 2041 | 2.10% | 31,990 | 10,048 | 324,310 | 335,290 | 335,290 |
| | | <u>\$ 2,960,399</u> | | | <u>\$ 2,168,604</u> | <u>\$ 406,075</u> | <u>\$ 385,720</u> | <u>\$ 821,397</u> | <u>\$ 821,397</u> |

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

9. DEBENTURES ISSUED FOR THE REGIONAL DISTRICT, continued

Scheduled debt repayments may be suspended in the event of excess sinking fund earnings within the MFA.

Principal paid during 2020 was \$406,075 (2019 - \$431,471). Interest paid during 2020 was \$40,659 (2019 - \$67,167).

The MFA performs a rate reset on long-term loans each 5 year period beginning after the first 10 year term; therefore, interest rates on long-term debt are subject to change.

Actuarial earnings received during 2020 was \$29,621 (2019 - \$40,724). Future principal payments, including sinking fund additions, on existing debt are as follows:

| | | |
|------------|-----------|----------------|
| 2021 | \$ | 14,801 |
| 2022 | | 14,801 |
| 2023 | | 14,801 |
| 2024 | | 14,801 |
| 2025 | | 14,801 |
| Thereafter | | 311,715 |
| | \$ | 385,720 |

10. CONTINGENCIES

Municipal Finance Authority Demand Notes

The Regional District is contingently liable to the Municipal Finance Authority of British Columbia ("MFA") in excess of the amounts borrowed under the terms of demand notes issued to MFA.

Member municipalities have signed offsetting demand notes to the Regional District for borrowing made on their behalf. The amounts are as follows:

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Demand Notes Outstanding: | | |
| Borrowing on behalf of member municipalities | \$ 320,379 | \$ 321,309 |
| Borrowing for Regional District purposes | 9,332 | 46,278 |
| | \$ 329,711 | \$ 367,587 |

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

10. CONTINGENCIES, continued

Employee Sick Leave

The Regional District is contingently liable to pay its employees sick leave. The total maximum value of the accumulated sick time is \$435,344 at December 31, 2020 (2019 - \$487,075). As at year end an amount of \$316,353 (2019 - \$303,254) has been recognized as a liability, representing the estimated future usage of accumulated sick days.

Employee Retiring Allowance

The Regional District is contingently liable to pay employees one week salary for every year of employment to a maximum of 13 weeks upon normal retirement from the Regional District. The total value of this retiring allowance is \$225,770 at December 31, 2020 (2019 - \$225,770). As at year end an amount of \$184,245 (2019 - \$164,264) has been accrued as an estimate of the liability.

11. MUNICIPAL PENSION PLAN

The Regional District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2019, 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 actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial 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 Regional District paid \$333,867 (2019 - \$309,682) for employer contributions to the plan in fiscal 2020.

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

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

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

12. UNDERFUNDED LIABILITY FOR LANDFILL CLOSURE COSTS

British Columbia environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post closure activities for 30 years after closure using a discount rate of 3.0% which is net of projected annual inflation.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. Management had a closure cost evaluation completed in the year which resulted in updated information for management's landfill closure cost estimate.

The Knockholt landfill has been divided into six phases with only the first three phases being utilized. The total capacity of the Knockholt landfill is estimated at 1,998,500 cubic metres, with a total usage of 263,162 cubic metres of the first three phases. Phase one and two are at 90% and 93% capacity respectively and are expected to reach capacity by 2021. The capacity of Knockholt landfill was remeasured during the year ended December 31, 2019 and was increased from 420,000 to 469,898 cubic meters. The total capacity of phase three of the Knockholt landfill is estimated at 469,898 cubic meters with a total usage of 78,997 cubic metres. Phase 3B and 3C remain undeveloped. Phase three is expected to reach capacity in 2038. The existing landfill site was originally expected to reach capacity approximately in the year 2076 and has been estimated to last past 2096 because of refined estimates for utilization based on current landfill rates.

The Clearview landfill has been divided into four phases with only the first phase being utilized. The total capacity of the Clearview landfill is estimated at 1,157,600 cubic meters with a total usage of 128,686 cubic metres of the first phase. Phase one has a developed capacity of 238,000 and is expected to reach capacity in 2030. The existing landfill site is expected to reach capacity approximately in the year 2106.

Considerable uncertainty exists with these estimations. The long time span for full site utilization combined with predicting costs that will be paid in far future years relies on a large number of assumptions including the certainty of current environmental legislation, a predictable rate of inflation for costs associated with landfill work and engineering, and an even flow of waste landfilled each year. Landfilling estimates do not include allowances for population change, change in landfilling from industrial sites (such as industrial camps), the possible diversion from recycling programs currently increasing and those being developed, and the diversion potential from composting programs.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

12. UNDERFUNDED LIABILITY FOR LANDFILL CLOSURE COSTS, continued

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Knockholt Landfill Phase One, Two, and Three | | |
| Estimated closure costs | \$ 764,439 | \$ 568,152 |
| Estimated post-closure costs | <u>1,923,865</u> | <u>1,157,717</u> |
| | 2,688,304 | 1,725,869 |
| Estimated capacity used | <u>16%</u> | <u>12%</u> |
| Accrued liability for Knockholt landfill | <u>424,701</u> | <u>204,597</u> |
| Clearview Landfill Phase One | | |
| Estimated closure costs | 612,833 | 602,707 |
| Estimated post-closure costs | <u>1,923,865</u> | <u>1,157,717</u> |
| | 2,536,698 | 1,760,424 |
| Estimated capacity used | <u>21%</u> | <u>21%</u> |
| Accrued liability for Clearview landfill | <u>544,479</u> | <u>369,386</u> |
| Inactive sites closure estimates | <u>2,301,432</u> | <u>2,273,052</u> |
| Total closure and post-closure liability | <u>\$ 3,270,612</u> | <u>\$ 2,847,035</u> |

The liability expense of \$3,270,612 is unfunded as at December 31, 2020. The Regional District has established Landfill Closure and Post-Closure Reserve Funds that is restricted for purposes of funding landfill closure and post-closure costs. As at December 31, 2020, the Landfill Closure and Post-Closure Reserve Funds have a balance of \$394,253 (2019 - \$390,841).

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

13. ALLOCATION OF ACCUMULATED SURPLUS

The accumulated surplus at the end of the year is comprised of the following Funds:

| | <u>2020</u> | <u>2019</u> |
|-----------|----------------------|----------------------|
| Operating | \$ 19,610,051 | \$ 16,169,323 |
| Reserves | <u>4,689,297</u> | <u>4,307,264</u> |
| | <u>\$ 24,299,348</u> | <u>\$ 20,476,587</u> |

14. BUDGET

The budget figures included in these financial statements represent the Financial Plan adopted by the Board of Directors on March 19, 2020. Subsequent amendments to the budget bylaw are not reflected in the budget figures.

The Financial Plan adopted by the Board of Directors was prepared on a modified accrual basis while the financial statements are prepared on a full accrual basis as required by PSAS. The Financial Plan anticipated the use of surpluses accumulated in prior years to supplement current year revenues. In addition, the Financial Plan expensed tangible capital asset expenditures, debt re-payments and reserve transfers.

The following is a reconciliation between the budgeted amounts approved in the Financial Plan and presented in the financial statements:

| | <u>2020</u> |
|--|--------------------|
| Budgeted surplus per statement of financial activities | <u>\$ 35,066</u> |
| Less: Capital expenditures | (1,975,196) |
| Debt principal repayments | (1,315,774) |
| Amortization | (1,180,685) |
| Prior year net deficits | <u>(399)</u> |
| | <u>(4,436,988)</u> |
| Add: Prior year net surplus | 2,475,964 |
| Withdrawals from capital reserves | 777,351 |
| Transfer from equity in tangible capital assets | <u>1,183,673</u> |
| | <u>4,436,988</u> |
| | <u>\$ -</u> |

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

15. FINANCIAL INSTRUMENTS

The Regional District's financial instruments are comprised of cash, temporary investments, accounts receivable, debt reserve funds –Municipal Finance Authority, debentures recoverable from municipalities, accounts payable and accrued liabilities, debentures issued for municipalities, and debentures issued for the Regional District.

Liquidity risk

Liquidity risk is the risk that the Regional District will encounter difficulty in meeting obligations associated with financial liabilities. The Regional District is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, debentures issued for municipalities and debentures issued for the Regional District. The Regional District manages this risk by holding a sufficient amount of funds in highly liquid investments, and closely monitoring cash flows.

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 debenture recoverable from municipalities and accounts receivable. Risk in respect to the debentures recoverable from municipalities is managed primarily by the policies put in place by the Municipal Finance Authority of British Columbia ("MFA"). The maximum exposure to credit risk in respect to accounts receivable is limited to the carrying amount of accounts receivable, which is managed by credit policies such as limiting the amount of credit extended and obtaining security deposits where appropriate.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Regional District is mainly exposed to interest rate 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 debentures are fixed rate and is usually refinanced every five to ten years as that is when most underlying debentures issued by the MFA mature. Investments subject to interest rate risk include guaranteed investment certificates (Note 3). The amount of risk is minimal due to the short terms of the investments.

16. SEGMENT REPORTING

The Regional District provides services to its members, that have been grouped into related departmental functions or service areas for segment reporting purposes. The various segments are as follows:

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

16. SEGMENT REPORTING, continued

Environmental Services

This segment administers services including solid and liquid waste management, recycling, invasive plant control and developing the Regional District's Corporate Energy and Emissions Plan.

Government – general, rural and local commission

This segment administers services that relate to the legislative function as well as the administrative and financial management of the Regional District.

Recreation and culture

This segment administers services that relate to recreational and cultural, activities and organizations within the Regional District.

Fire protection and emergency response

This segment administers services related to rural fire protection and rescue services, 9-1-1 services, emergency preparedness and support services, and health and safety planning.

Building inspection, building numbering, planning and development services

This segment administers services related to long range and current community planning, geographical information services, building inspections, and bylaw enforcement.

Economic Development

This segment provides economic and community development services including assisting local community groups in accessing funding opportunities for community and economic initiatives.

Municipal Debt Payments

This segment is comprised of debenture debt payments to the Municipal Finance Authority on behalf of other Regional District members.

Street Lighting and Transportation

This segment is comprised of services for street lighting and transportation within the Regional District.

Sewer and Water

This segment is comprised of services for sewer and water treatment within the Regional District.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

17. RELATED PARTY TRANSACTIONS

The Regional District of Bulkley-Nechako and the Regional Hospital District share the same management team but operate under the governance of a different board of directors.

During the year, the Regional District of Bulkley-Nechako provided administration and accounting services of \$15,900 (2019 - \$18,600) to the Regional Hospital District.

As of December 31, 2020, there was an account receivable of \$23,475 (2019 - \$27,625) from the Regional Hospital District to the Regional District of Bulkley-Nechako.

This amount is unsecured, non-interest bearing, with no specific terms of repayment.

18. COMPARATIVE FIGURES

Certain prior year figures, presented for comparative purposes, have been reclassified to conform to the current year's financial statement presentation.

REGIONAL DISTRICT OF BULKLEY-NECHAKO

SCHEDULE OF EXPENSES BY OBJECT

For the year ended December 31, 2020

| | 2020 | | 2019 |
|---|----------------------------|----------------------|----------------------|
| | <u>Budget</u> (Note 14) | <u>Actual</u> | <u>Actual</u> |
| Staff remuneration and benefits | \$ 5,386,656 | \$ 5,251,626 | \$ 4,575,966 |
| Purchased services and supplies | 5,708,148 | 3,780,775 | 3,991,725 |
| Payments to societies | 2,711,942 | 2,777,015 | 2,621,823 |
| Municipal debt payments | - | 772,885 | 813,443 |
| Payments to municipalities | 778,860 | 722,639 | 774,371 |
| Directors' remuneration | 450,802 | 367,108 | 421,624 |
| Insurance and permits | 204,982 | 205,608 | 201,578 |
| Electoral area grants-in-aid | 456,272 | 100,749 | 156,589 |
| Staff travel, upgrading and conferences | 132,250 | 92,916 | 121,144 |
| Directors' travel and expenses | 158,577 | 38,315 | 107,236 |
| Interest on debentures | - | 40,970 | 66,878 |
| Memberships and dues | 45,350 | 41,336 | 40,141 |
| Interest | 11,000 | 1,649 | 28,308 |
| Elections, referenda and studies | 33,600 | 1,431 | - |
| Bad debts | - | 1,805 | 4,189 |
| Volunteer benefits | 3,765 | 3,977 | 3,300 |
| First nations dialogue | 211,495 | - | - |
| Rebate program | - | 9,568 | - |
| Amortization | - | 1,255,477 | 1,146,622 |
| | <u>\$ 16,293,699</u> | <u>\$ 15,465,849</u> | <u>\$ 15,074,937</u> |

See notes to the consolidated financial statements.

REGIONAL DISTRICT OF BULKLEY-NECHAKO
SCHEDULE OF CONTINUITY OF RESERVE FUNDS

For the year ended December 31, 2020

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|----------------------------|
| BALANCE AT BEGINNING OF THE YEAR | \$ 14,273,155 | \$ 7,655,814 |
| Contribution to funds | 1,357,348 | 8,257,049 |
| Interest earned on funds | 185,199 | 211,313 |
| Withdrawals from funds | <u>(1,008,791)</u> | <u>(1,851,021)</u> |
| BALANCE AT END OF THE YEAR | <u>14,806,911</u> | <u>14,273,155</u> |
| Less reserves recorded as deferred revenue (Note 7): | | |
| Federal Gas Tax | 5,229,104 | 4,969,789 |
| Northern Capital Planning Grant | <u>4,888,510</u> | <u>4,996,102</u> |
| | <u>10,117,614</u> | <u>9,965,891</u> |
| | <u>\$ 4,689,297</u> | <u>\$ 4,307,264</u> |
| REPRESENTED BY THE FOLLOWING RESERVE FUNDS | | |
| 911 Capital | \$ 621,788 | \$ 609,930 |
| 911 Vehicle | 7,698 | 5,997 |
| Administrative Equipment | 29,341 | 29,701 |
| Administration/Planning Vehicle | 82,695 | 75,612 |
| Building | 149,806 | 122,272 |
| Building Inspection Vehicle | 22,375 | 40,395 |
| Bulkley Valley Pool | 2,016,991 | 1,758,007 |
| Burns Lake Arena | - | 137 |
| Burns Lake Rural Fire Protection | - | 190 |
| Burns Lake TV Rebroadcasting | 51,911 | 41,050 |
| Election | 47,704 | 46,229 |
| Emergency Prep | 64,418 | 52,617 |
| Environmental Services Vehicle | 24,497 | 24,030 |
| Federal Gas Tax | 5,229,104 | 4,969,789 |
| Fort Fraser Sewer | 272,246 | 241,377 |
| Fort Fraser Rural Fire Protection | 120,791 | 100,720 |
| Fort Fraser Water | 115,351 | 63,788 |
| Fort St. James Rural Fire Protection | 65,544 | 54,423 |
| Glacier Gulch Water Diversion | 12,606 | 7,424 |
| Houston Rural Fire Protection | 1,230 | 16,171 |
| Insurance | 65,340 | 49,242 |
| Lakes District Airport | 86,468 | 84,819 |
| Landfill Capital | 394,253 | 390,841 |
| Luck Bay Rural Fire Protection | 51,237 | 28,544 |
| Northern Capital Planning Grant | 4,888,510 | 4,996,102 |
| Planning Plotter | 29,130 | 25,614 |
| Round Lake Rural Fire Protection | 3,055 | 1,516 |
| Smithers Rural Fire Protection | 169,863 | 156,752 |
| Southside Rural Fire Protection | 6,067 | 127,078 |
| Topley Fire Department | 10,007 | 9,816 |
| Telkwa Rural Fire Protection | 59,853 | 52,789 |
| Vanderhoof Pool | 61,872 | 45,885 |
| Vanderhoof Rural Fire Protection | 38,974 | 38,231 |
| Weed Control Vehicle | <u>6,186</u> | <u>6,067</u> |
| | <u>14,806,911</u> | <u>14,273,155</u> |
| Less reserves recorded as deferred revenue (Note 13): | | |
| Federal Gas Tax | 5,229,104 | 4,969,789 |
| Northern Capital Planning Grant | <u>4,888,510</u> | <u>4,996,102</u> |
| | <u>10,117,614</u> | <u>9,965,891</u> |
| | <u>\$ 4,689,297</u> | <u>\$ 4,307,264</u> |

See notes to the consolidated financial statements.

Regional District of Bulkley-Nechako
STATEMENT OF TANGIBLE CAPITAL ASSETS
For the year ended December 31, 2020

| | Land | Building | Equipment / | | Engineered Structures | | | | 2020 Total | 2019 Total |
|--------------------------------------|------------|--------------|--------------|--------------|-----------------------|--------------|----------------------|---------------|---------------|---------------|
| | | | Vehicles | Water | Sewer | Landfills | Transfer Stations | | | |
| COST | | | | | | | | | | |
| Opening Balance | \$ 294,595 | \$ 7,058,236 | \$ 7,138,073 | \$ 4,824,319 | \$ 718,501 | \$ 4,731,750 | \$ 5,192,690 | \$ 29,958,164 | \$ 28,470,879 | |
| Add: Additions | 425,613 | 485,191 | 1,172,247 | - | - | 234,734 | 139,632 | 2,457,417 | 1,543,988 | |
| Less: Disposals | - | - | 326,086 | - | - | - | 30,000 | 356,086 | 56,703 | |
| Less: Write-downs | - | - | - | - | - | - | - | - | - | |
| Closing Balance | 720,208 | 7,543,427 | 7,984,234 | 4,824,319 | 718,501 | 4,966,484 | 5,302,322 | 32,059,495 | 29,958,164 | |
| ACCUMULATED AMORTIZATION | | | | | | | | | | |
| Opening Balance | - | 2,854,288 | 3,851,652 | 925,578 | 409,410 | 1,982,783 | 1,915,126 | 11,938,837 | 10,829,580 | |
| Add: Amortization | - | 185,034 | 651,530 | 90,317 | 11,065 | 180,904 | 136,627 | 1,255,477 | 1,145,967 | |
| Less: Acc. Amortization on Disposals | - | - | 196,018 | - | - | - | 1,200 | 197,218 | 37,363 | |
| Closing Balance | - | 3,039,322 | 4,307,164 | 1,015,895 | 420,475 | 2,163,687 | 2,050,553 | 12,997,096 | 11,938,184 | |
| Net Book Value for year ended | | | | | | | | | | |
| December 31, 2020 | \$ 720,208 | \$ 4,504,105 | \$ 3,677,070 | \$ 3,808,424 | \$ 298,026 | \$ 2,802,797 | \$ 3,251,769 | \$ 19,062,399 | \$ 18,019,980 | |
| Net Book Value for year ended | | | | | | | | | | |
| December 31, 2019 | \$ 294,595 | \$ 4,204,599 | \$ 3,286,424 | \$ 3,898,738 | \$ 309,094 | \$ 2,748,969 | \$ 3,277,561 | \$ 18,019,980 | \$ 18,019,980 | |

See notes to the consolidated financial statements.

Regional District of Bulkley-Nechako

Schedule of Guarantee & Indemnity Agreements For the Year Ended December 31, 2020

NIL

The Regional District of Bulkley-Nechako has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

Statement of Severance Agreements For the Year Ended December 31, 2020

There was one severance agreement made between the Regional District of Bulkley-Nechako and its non-unionized employees during fiscal year 2020.

This severance agreement represented one month of compensation, and was based on salary.

Regional District of Bulkley-Nechako

**Schedule of Remuneration & Expenses: Employees
For the Year Ended December 31, 2020**

| Name | Position | Remuneration | Expenses | Total |
|--|--|------------------------|---------------------|------------------------|
| Anderson, Cheryl | Manager of Administrative Services | 119,098.15 | 2,206.45 | 120,768.46 |
| Berlin, Jason | Chief Building Inspector | 93,361.01 | 2,028.31 | 93,361.01 |
| Blackwell, Jason | Regional Fire Chief | 77,324.33 | 3,465.22 | 77,426.36 |
| Demarce, Lenard | Landfill Operator 2 | 91,560.52 | 0.00 | 91,560.52 |
| Derksen, Janette | Deputy Director of Environmental Service | 82,666.54 | 1,916.42 | 86,131.76 |
| Ericksen, Alex | Director of Environmental Services | 87,870.40 | 1,125.46 | 88,507.91 |
| Helgesen, Curtis | Chief Administrative Officer | 163,631.95 | 1,828.56 | 166,057.34 |
| Illes, John | Chief Financial Officer | 125,977.20 | 7,267.14 | 125,977.20 |
| Jones-Middleton, Deborah | Director of Protective Services | 111,987.69 | 2,425.39 | 111,987.69 |
| Llewellyn, Jason | Director of Planning | 123,822.46 | 727.93 | 123,822.46 |
| McKenzie, Rory | Director of Environmental Services | 81,560.69 | 209.53 | 81,888.74 |
| Peters, Philip | Operations Foreman | 80,146.81 | 3,499.06 | 80,146.81 |
| Sandberg, Maria | Planner | 78,224.84 | 240.52 | 78,224.84 |
| Sherwood, Charlie | Operations Foreman | 81,446.56 | 637.51 | 83,530.11 |
| Wainwright, Richard | Chief Building Inspector | 106,890.82 | 3,152.58 | 107,100.35 |
| Total for Employees > \$75,000 | | \$ 1,505,569.97 | \$ 30,730.08 | \$ 1,516,491.56 |
| Total of Employees with remuneration of \$75,000 or less | | \$ 2,885,452.92 | \$ 62,185.92 | \$ 2,874,531.33 |
| Total Employee Remuneration | | \$ 4,391,022.89 | \$ 92,916.00 | \$ 4,391,022.89 |

**Schedule of Remuneration & Expenses: Directors
For the Year Ended December 31, 2020**

| Name | Position | Remuneration | Expenses | Total |
|------------------------------------|---------------------------------|----------------------|---------------------|----------------------|
| Atrill, Gladys | Board Member | 11,243.17 | 642.80 | 11,885.97 |
| Brienen, Shane | Board Member | 19,429.00 | 1,566.55 | 20,995.55 |
| Bysouth, Doug | Alternate Board Member | 240.00 | - | 240.00 |
| Fisher, Mark | Board Member | 32,292.00 | 4,632.83 | 36,924.83 |
| Funk, Delores | Board Member | 16,398.00 | - | 16,398.00 |
| Greenaway, Judith | Board Member | 12,560.34 | 603.48 | 13,163.82 |
| Greenaway, Tom | Board Member | 29,254.50 | 7,355.52 | 36,610.02 |
| Hughes, Bob | Alternate Board Member | 668.50 | 423.68 | 1,092.18 |
| Lambert, Clint | Board Member | 28,230.50 | 7,986.38 | 36,216.88 |
| Layton, Brad | Board Member | 19,347.50 | 1,759.67 | 21,107.17 |
| McGuire, Linda | Board Member | 15,742.00 | 1,910.46 | 17,652.46 |
| Newell, Andrea | Alternate Board Member | 4,351.00 | 89.90 | 4,440.90 |
| Newell, Chris | Board Member | 18,958.00 | 4,438.05 | 23,396.05 |
| Parker, Mark | Vice-Chairman | 37,840.00 | 5,365.72 | 43,205.72 |
| Petersen, Jerry | Board Member - Chairman (SNRHD) | 35,249.75 | 7,442.31 | 42,692.06 |
| Playfair, Beverly | Board Member | 3,399.67 | 795.65 | 4,195.32 |
| Riis-Christianson, Michael | Board Member | 27,673.00 | 361.18 | 28,034.18 |
| Storey, Sarah | Alternate Board Member | 10,987.97 | 551.36 | 11,539.33 |
| Thiessen, Gerry | Chairman | 35,368.00 | 2,760.14 | 38,128.14 |
| Thomas, Casda | Alternate Board Member | 2,830.00 | 485.49 | 3,315.49 |
| Watt-Senner, Kimberly | Board Member | 3,724.34 | 393.34 | 4,117.68 |
| Wray, Frank | Alternate Board Member | 1,149.33 | 319.16 | 1,468.49 |
| Total Director Remuneration | | \$ 366,936.57 | \$ 49,883.67 | \$ 416,820.24 |

Regional District of Bulkley-Nechako

**Schedule of Payments to Suppliers for Goods and Services
For the Year Ended December 31, 2020**

| Vendor | Total |
|---|-----------------------|
| AVISON MANAGEMENT SERVICES LTD | 41,113.43 |
| 8 V AQUATIC CENTRE | 659,580.00 |
| BC HYDRO | 107,182.34 |
| BLACK PRESS GROUP LTD | 36,339.57 |
| BLAIR WILSON CONTRACTING | 34,429.50 |
| BULKLEY AUTOMOTIVE LTD | 74,605.34 |
| BURNS LAKE AUTOMOTIVE SUPPLY | 52,023.21 |
| BV JET CONTROLS CO | 73,069.26 |
| CapriCMW Insurance | 133,159.00 |
| CARO ANALYTICAL SERVICES | 34,668.27 |
| CASCADES RECOVERY INC. | 55,327.20 |
| COLLABRIA | 175,746.39 |
| DYNAMIC COMMUNITY PLANNING | 61,863.57 |
| FINNING INTERNATIONAL INC. | 32,444.43 |
| FORT GARRY FIRE TRUCKS LTD | 363,520.00 |
| FRASER LAKE BOTTLE DEPOT | 55,477.39 |
| HEAVY METAL CO | 25,665.15 |
| HOUSTON BOTTLE DEPOT | 41,462.88 |
| HR SYSTEMS STRATEGIES INC | 30,066.75 |
| HUBER EQUIPMENT | 71,733.24 |
| IMMERSIVE EXPLORERS | 32,589.90 |
| INDUSTRIAL FORESTRY SERVICE LTD | 52,292.32 |
| INDUSTRIAL TRANSFORMERS | 220,003.78 |
| KAL TIRE - BURNS LAKE | 40,152.98 |
| M 4 ENTERPRISES | 25,053.76 |
| MCELHANNEY LTD | 25,243.65 |
| MICROSERVE | 127,743.32 |
| MILLS.CA OFFICE PRODUCTIVITY | 43,832.59 |
| MONSTER INDUSTRIES | 34,728.92 |
| MUNICIPAL INSURANCE ASS. OF BC | 92,372.00 |
| Municipal Pension Plan (Employer Portion Only) | 332,053.93 |
| NORTHERN MAT & BRIDGE | 66,126.20 |
| PARKLAND CORPORATION | 58,916.38 |
| PIDHERNY CONTRACTING LTD. | 77,931.88 |
| PROVINCE OF BC | 96,427.73 |
| QM LP | 45,920.52 |
| RECEIVER GENERAL (Employer Portion Only) | 237,225.23 |
| REG DIST OF KITIMAT-STIKINE | 39,893.00 |
| REG. DIST.OF FRASER-FORT GEORGE | 390,668.97 |
| SCHOOL DIST. 91 | 42,120.00 |
| SUN LIFE ASSURANCE COMPANY OF CANADA | 285,511.29 |
| SWEEPING BEAUTIES JANITORIAL | 28,701.23 |
| TELUS COMMUNICATIONS INC. | 26,880.00 |
| TELUS COMMUNICATIONS INC. | 37,352.60 |
| TOWER COMMUNICATIONS | 62,338.49 |
| URBAN FOOD STRATEGIES | 59,237.87 |
| VALLEY DIESEL | 39,760.33 |
| VANDERHOOF & DISTRICTS CO-OP | 206,990.83 |
| WASTE MANAGEMENT OF CANADA COR | 37,930.70 |
| WILLIAMS MACHINERY | 201,786.12 |
| XCG CONSULTANTS LTD. | 27,118.43 |
| XEROX CANADA LTD. | 25,650.85 |
| Total of aggregate payments exceeding \$25,000 | \$5,316,697.49 |
| Consolidated total for suppliers paid \$25,000 or less | \$1,263,993.96 |
| Consolidated total of grants and contributions exceeding \$25,000 | \$3,119,520.40 |
| Total Payments | \$9,700,211.85 |