

THOMPSON-NICOLA REGIONAL DISTRICT

Consolidated Financial Statements

December 31, 2015



Consolidated Financial Statements of

**THOMPSON-NICOLA
REGIONAL DISTRICT**

Year ended December 31, 2015

Thompson-Nicola Regional District

Index to Consolidated Financial Statements

Year ended December 31, 2015

Consolidated Financial Statements	
Management's Responsibility for the Consolidated Financial Statements	Page 2
Independent Auditors' Report	Page 3
Consolidated Statement of Financial Position	Page 4
Consolidated Statement of Operations	Page 5
Consolidated Statement of Change in Net Financial Assets	Page 6
Consolidated Statement of Cash Flows	Page 7
Notes to Consolidated Financial Statements	Page 8



Thompson-Nicola Regional District

Department: Finance

300 – 465 Victoria Street
Kamloops, British Columbia
V2C 2A9
Tel. (250) 377-8673
Fax (250) 372-5048
Toll Free in BC: 1-877-377-8673
Email: admin@tnrd.bc.ca
Website: www.tnrd.bc.ca

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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

On behalf of the Thompson-Nicola Regional District:



Douglas Rae, CA
Director of Finance



Sukh Gill, BBA, CA
Chief Administrative Officer



KPMG LLP
Chartered Accountants
200-206 Seymour Street
Kamloops BC V2C 6P5
Canada

Telephone (250) 372-5581
Fax (250) 828-2928
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Thompson-Nicola Regional District ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Thompson-Nicola Regional District as at December 31, 2015, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

Kamloops, Canada
March 24, 2016

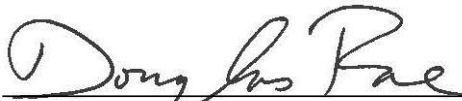
Thompson-Nicola Regional District
Consolidated Statement of Financial Position

December 31, 2015, with comparative figures for 2014

	2015	2014
Financial assets:		
Cash and cash equivalents (note 3)	\$ 31,545,630	\$ 27,143,507
Accounts receivable (note 4)	1,326,417	2,606,936
Total financial assets	32,872,047	29,750,443
Liabilities:		
Accounts payable and accrued liabilities	2,670,141	3,709,032
Deferred revenue (note 5)	4,486,970	4,469,947
Short-term debt (note 6)	1,561,187	1,858,277
Long-term debt (note 7)	755,849	587,590
Obligations under capital lease (note 8)	173,623	207,692
Landfill remediation liability (note 9)	3,870,880	3,939,938
Total liabilities	13,518,650	14,772,476
Net financial assets	19,353,397	14,977,967
Non-financial assets:		
Tangible capital assets (note 10)	48,650,812	49,534,711
Prepaid expenses	201,294	100,967
Total non-financial assets	48,852,106	49,635,678
Accumulated surplus (note 11)	\$ 68,205,503	\$ 64,613,645

Commitments and contingencies (note 12)
The accompanying notes are integral to these financial statements.

Approved:



Douglas Rae, CPA, CA
Director of Finance

Thompson-Nicola Regional District
Consolidated Statement of Operations

Year ended December 31, 2015, with comparative figures for 2014

	Budget (note 16)	2015	2014
Revenue:			
Tax requisition	\$ 24,366,765	\$ 24,370,145	\$ 24,220,020
Government transfers and other grants (note 13)	3,264,936	2,371,066	2,233,739
Grants in lieu of taxes	110,225	176,809	170,476
Sale of services	2,362,500	2,602,194	2,398,369
Water and sewer tolls	734,310	784,074	769,985
Interest	100,000	250,208	251,916
Other revenue	588,722	670,321	790,662
Gain on sale of assets	-	5,850	-
Actuarial adjustment of long-term debt	-	41,140	37,126
Total revenue	31,527,458	31,271,807	30,872,293
Expenses:			
General government services	5,347,386	4,930,962	4,382,040
Protective services	4,283,920	2,617,526	3,128,221
Transportation services	123,602	105,976	97,847
Environmental health services	10,964,922	8,814,688	8,640,081
Public health and welfare	90,045	93,037	95,788
Environmental development	2,036,055	1,565,609	1,602,183
Recreational and cultural services	9,136,204	8,217,160	8,797,158
Waterworks	640,464	764,852	765,867
Sewerage	675,506	567,821	1,212,819
Utilities	2,318	2,318	2,318
Total expenses	33,300,422	27,679,949	28,724,322
Annual surplus (deficit)	(1,772,964)	3,591,858	2,147,971
Accumulated surplus, beginning of year	64,613,645	64,613,645	62,465,674
Accumulated surplus, end of year	\$ 62,840,681	\$ 68,205,503	\$ 64,613,645

The accompanying notes are integral to these financial statements.

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

Year ended December 31, 2015, with comparative figures for 2014

	Budget (note 16)	2015	2014
Annual surplus (deficit)	\$ (1,772,964)	\$ 3,591,858	\$ 2,147,971
Acquisition of tangible capital assets	(5,807,365)	(2,189,025)	(3,393,003)
Amortization on tangible capital assets	-	3,057,924	3,051,251
Loss (gain) on sale of tangible capital assets	-	(5,850)	7,989
Proceeds on sale of tangible capital assets	-	20,850	10,200
Write down of tangible capital assets	-	-	24,492
	(7,580,329)	4,475,757	1,848,900
Acquisition of prepaid expenses	-	(201,294)	(100,967)
Use of prepaid expenses	-	100,967	34,934
	-	(100,327)	(66,033)
Change in net financial assets	(7,580,329)	4,375,430	1,782,867
Net financial assets, beginning of year	14,977,967	14,977,967	13,195,100
Net financial assets, end of year	\$ 7,397,638	\$ 19,353,397	\$ 14,977,967

The accompanying notes are integral to these financial statements.

Thompson-Nicola Regional District
Consolidated Statement of Cash Flows

Year ended December 31, 2015, with comparative figures for 2014

	2015	2014
Cash provided (used) by:		
Operating activities:		
Annual surplus	\$ 3,591,858	\$ 2,147,971
Items not involving cash:		
Actuarial adjustment of long-term debt	(41,140)	(37,126)
Amortization	3,057,924	3,051,251
Landfill remediation liability	(69,058)	5,065
Loss (gain) on sale of tangible capital assets	(5,850)	7,989
Write down of tangible capital assets	-	24,492
Change in non-cash assets and liabilities:		
Accounts receivable	1,280,519	1,083,988
Accounts payable and accrued liabilities	(1,038,891)	883,322
Deferred revenue	17,023	698,396
Prepaid expenses	(100,327)	(66,033)
Total operating activities	6,692,058	7,799,315
Capital activities:		
Acquisition of tangible capital assets ¹	(2,189,025)	(3,393,003)
Proceeds on sale of tangible capital assets	20,850	10,200
Total capital activities	(2,168,175)	(3,382,803)
Financing activities:		
Proceeds on short-term debt	-	356,146
Proceeds on long-term debt	260,000	-
Repayment of short-term debt	(297,090)	-
Repayment of long-term debt	(50,601)	(50,601)
Repayment of obligations under capital lease	(34,069)	(33,015)
Total financing activities	(121,760)	272,530
Increase in cash and cash equivalents	4,402,123	4,689,042
Cash and cash equivalents, beginning of year	27,143,507	22,454,465
Cash and cash equivalents, end of year	\$ 31,545,630	\$ 27,143,507
Cash paid for interest	\$ 78,679	\$ 78,679
Cash received from interest	250,208	251,916

¹ Acquisition of tangible capital assets is presented net of assets acquired by capital lease.

The accompanying notes are integral to these financial statements.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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

1. Significant accounting policies:

(a) Basis of presentation:

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

(b) Basis of accounting:

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

(c) Principles of consolidation:

Consolidated financial statements include the assets, liabilities, revenues, expenses and accumulated surpluses of all funds of the TNRD. In accordance with the principles of consolidation set out for the public sector, inter-fund balances and transactions have been eliminated. In addition, financial transactions of all entities under financial control of the TNRD are included in the consolidated financial statements. These entities include the Blue River Water System, Savona Water System, Blackpool Fire Department, Pritchard Fire Department and Vavenby Fire Department.

Consolidated financial statements further include, on a proportionate consolidation basis, the TNRD's share (75%) of the assets, liabilities, revenues, expenses and net equity of Strata Corporation KAS 2093, a business corporation controlled by the Regional District. Strata Corporation KAS 2093 is owned by the TNRD and the City of Kamloops and manages the activities of the Civic Building located at 465 Victoria Street, Kamloops, BC.

(d) Taxation:

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

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

(e) Government transfers:

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

(f) Interest:

Interest earned is allocated on the basis of actual earnings from the specific instruments. Excess funds or temporary borrowings of all functions and capital projects are pooled and interest income or expense is allocated to the individual functions and capital projects on a monthly basis.

(g) Deferred revenue:

Deferred revenues represent monies received from outside funding sources in anticipation of specific future project expenditures. These amounts are recognized as revenues in the periods that the related expenditures are incurred and eligibility criteria met.

(h) Cash equivalents:

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

(i) Long-term debt:

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

(j) Landfill liability:

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

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

(k) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

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

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

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

(ii) Contributions of tangible capital assets

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

(iii) Tangible capital assets disclosed at nominal values

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

(iv) Interest capitalization

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

(v) Leased tangible capital assets

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

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

- (vi) Works of art and cultural and historical assets

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

- (l) Budget:

Budget figures shown represent the Annual Budget By-Law adopted by the Board of Directors on March 27, 2015. In accordance with public sector reporting standards, these figures do not reflect subsequent amendments made by the Board of Directors to reflect changes in the budget throughout the year as required by law.

- (m) Employee future benefits:

The costs of multi-employer defined contribution pension plan benefits, such as the Municipal Pension Plan pensions, are the employer's contributions due to the plan in the period.

- (n) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions based on current conditions and laws that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The carrying value of the landfill remediation liability, measurement of contaminated site liabilities (if identified) and useful lives of tangible capital assets are significant items subject to such estimates and assumptions.

Actual results could differ from these estimates.

2. Adoption of PS 3260 Liability For Contaminated Sites:

Effective January 1, 2015, the TNRD adopted new accounting standard PS 3260 Liability for Contaminated Sites. Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The adoption of this standard requires the TNRD to recognize a liability when and where a contaminated site is identified and the TNRD is directly responsible or accepts responsibility for the damage, it is expected that future costs will be incurred to clean up the contamination and a reasonable estimate of those costs can be made. The TNRD has reviewed sites for which it is responsible for evidence of contamination and environmental standards that might apply. As no contamination or resulting liabilities have been identified, the adoption of this new standard has been applied prospectively, with no restatement of prior years required.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

3. Cash and cash equivalents:

	Cost 2015	Cost 2014
Bank	\$ 15,955,568	\$ 13,374,883
Short-term investments	15,590,062	13,768,624
Cash and cash equivalents	\$ 31,545,630	\$ 27,143,507

Cash and cash equivalents reported on the consolidated statement of financial position have a cost that approximates market value. Short-term investments are held in MFA pooled money market funds with an annual rate of return of approximately 0.85% (2014 - 1.08%).

4. Accounts receivable:

Accounts receivable are reported net of a valuation allowance of \$67,283 (2014 - \$63,501).

5. Deferred revenue:

Deferred revenue is comprised of funds for the following entities or purposes:

Source/purpose:	Deferred balance 2014	Contributions /Interest	Revenues recognized	Deferred balance 2015
Thompson-Nicola Film Commission	\$ 30,000	\$ 30,000	\$ (30,000)	\$ 30,000
Federal Gas Tax - Community Works Funds	4,135,839	1,052,400	(1,325,831)	3,862,408
Vavenby Share of Clearwater Taxes	56,362	11,699	-	68,061
Friends of the Library	27,087	16,224	(13,900)	29,411
NTEDS Economic Development proceeds - Areas A, B, O	125,196	1,035	(9,000)	117,231
Telus grant proceeds	12,460	-	-	12,460
Digitalization Grant	22,261	23,000	(19,077)	26,184
Other unexpended grant proceeds	55,173	32,322	(57,159)	30,336
Other	5,569	305,310		310,879
	\$ 4,469,947	\$ 1,471,990	\$(1,454,967)	\$ 4,486,970

Gas tax funding is provided by the Government of Canada through the Community Works Fund. The use of the funding is established by a funding agreement between the TNRD and the Union of British Columbia Municipalities ("UBCM"). Gas tax funds may be used towards designated public transit, community energy, drinking water, wastewater, solid waste, sport/recreation/cultural/tourism infrastructure, disaster mitigation, broadband connectivity, brownfield redevelopment and capacity building projects, as specified in the funding agreement. Gas tax revenues are recognized as the funds are expended for the intended eligible purposes and thus earned by the TNRD.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

6. Short-term debt:

As at December 31, 2015, short-term debt consists of the following

	Loan Authorization Bylaw No.	Temporary Debt Bylaw No.	Balance Outstanding Dec 31, 2014	Issued	Principal Repayment	Balance Outstanding Dec 31, 2015
Savona Water	2084	2338	\$ 409,709	\$ -	\$ -	\$ 409,709
Loon Lake Water	2122	2339	18,177	-	-	18,177
Spences Bridge Water	2088	2340	400,000	-	255,840	144,160
Spences Bridge Water	2227	2368	755,391	-	-	755,391
Walhachin Water	2350	2395	275,000	-	41,250	233,750
			\$ 1,858,277	\$ -	\$ 297,090	\$ 1,561,187

The weighted average interest rate for 2015 was 1.42% (2014 - 1.74%). Interest paid during the year was \$25,468 (2014 - \$29,960).

Certain of the above bylaws still have amounts authorized but not yet drawn upon. These represent amounts that the TNRD may still borrow against in future. These are detailed in note 7(b) to these financial statements.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

7. Long-term debt:

The TNRD issues debt instruments through the Municipal Finance Authority ("MFA") to finance certain capital expenditures. Under the terms of the debt, the TNRD is required to make principal payments once annually while interest is calculated semi-annually and is based on the original debt principal borrowed. Associated with these principal payments, the MFA provides an 'actuarial adjustment', which is a non-cash reduction in the loan balance representing the investment earnings the MFA expects to realize on each principal payment.

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

(a) As at December 31, 2015, long-term debt consists of the following:

MFA Issue No.	Bylaw No.	Term in Years	Maturity Date	Interest Rate	Balance Outstanding Dec 31, 2014	Issued	Principal Repayment	Actuarial Adjustment	Balance Outstanding Dec 31, 2015
63	1511	20	2016	3.000 %	\$ 14,922	\$ -	\$ 3,024	\$ 4,256	\$ 7,642
63	1510	20	2016	3.000 %	4,923	-	998	1,403	2,522
63	1509	20	2016	3.000 %	52,969	-	10,736	15,103	27,130
65	1589	20	2017	4.550 %	4,696	-	651	837	3,208
70	1702	20	2019	3.150 %	18,918	-	1,823	1,634	15,461
72	1762	20	2020	3.150 %	190,771	-	15,689	12,711	162,371
95	2054	20	2025	1.800 %	25,784	-	1,343	568	23,873
95	2054	20	2025	1.800 %	30,297	-	1,578	669	28,050
102	2180	20	2027	4.820 %	18,367	-	840	263	17,264
103	2205	20	2028	4.650 %	98,140	-	4,241	1,126	92,773
103	2205	20	2028	4.650 %	43,916	-	1,897	505	41,514
103	2205	20	2028	4.650 %	54,798	-	2,367	630	51,801
103	2204	10	2018	4.650 %	8,950	-	1,666	441	6,843
104	2226	10	2018	5.150 %	20,139	-	3,748	994	15,397
131	2498	20	2035	2.200 %	-	260,000	-	-	260,000
Total long-term debt					\$ 587,590	\$ 260,000	\$ 50,601	\$ 41,140	\$ 755,849

The weighted average interest rate for 2015 was 3.23% (2014 - 3.36%). Interest paid during the year was \$49,429. (2014 - \$49,343)

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

2016	\$ 60,071
2017	45,313
2018	44,663
2019	39,249
2020	37,426
	\$ 226,722

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

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

7. Long-term debt (continued):

(b) Unissued debt:

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

Service:	Loan Authorization Bylaw Number	Adoption Date	Amount Authorized	Amount Unissued
Loon Lake Water	2122	January 2007	\$ 150,000	\$ 131,823
Savona Water	2084	December 2006	1,200,000	790,291
Spences Bridge Water	2088	December 2006	400,000	255,840
Spences Bridge Water	2227	February 2009	800,000	44,609
Walhachin Water	2350	June 2011	275,000	41,250
Total			\$ 2,825,000	\$ 1,263,813

8. Obligations under capital lease:

The TNRD holds certain assets under capital leases with maturities in 2016 (interest rate - 2.00%). Future minimum lease payments on these obligations are as follows:

	2015	2014
Year ending December 31:		
2015	\$ -	\$ 37,527
2016	174,585	175,146
	174,585	212,673
Less amounts representing interest	962	4,981
Present value of net minimum capital lease payments	\$ 173,623	\$ 207,692

Interest of \$3,458 (2014 - \$4,512) relating to capital lease obligations has been included in expenses on the Consolidated Statement of Operations.

9. Landfill remediation liability:

In accordance with the approved Regional Solid Waste Management Plan ("RSWMP"), in 2012 the TNRD closed three of the five landfills it operates. The Clearwater, Barriere and Chase landfills were closed, leaving the Heffley Creek and Lower Nicola landfills still in operation. The TNRD is responsible for closure and post closure care of all five landfills under the Waste Management Act of British Columbia.

The TNRD has recognized a liability of \$3,870,880 (2014 - \$3,939,938) related to these costs at December 31, 2015. The liability is recognized as the landfill sites' capacity is used and represents management's best estimate of the present value of the expected future cash flows as at December 31, 2015, prorated based on the ratio of currently utilized capacity to estimated total capacity (see table below). Present value of future cash flows for total landfill closure and post-closure care costs is estimated to be \$9,132,781.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

9. Landfill remediation liability (continued):

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

	Clearwater, Barriere and Chase	Heffley Creek	Lower Nicola
Closure date	closed	2073	2083
Future costs	\$ 4,591,943	\$ 17,230,360	\$ 21,813,829
Present value of future costs	\$ 2,795,248	\$ 2,862,644	\$ 3,474,889
Total capacity (m3)	n/a	1,992,082	1,504,318
Deposited to date (m3)	n/a	491,757	159,732
Utilization of total capacity to date	100%	25%	11%

Once the landfills are closed, post closure care is expected to occur annually over 25 years. For Clearwater, Barriere and Chase this began in 2014. Estimated closure and post-closure care costs have been adjusted for inflation using a rate of 2% per year, and the present value has been calculated using a 4% discount rate.

The reported liability is based on estimates and assumptions with respect to anticipated events over the expected remaining service life of the landfills of 58 to 68 years, using the best information available to management. Changes in the liability could result from new technology, settling of waste or changes in fill rates, changes in regulatory requirements, inflation rates and/or interest rates. The RSWMP and other future events may result in significant changes to the estimated timelines, total expenditures, capacity usage or total capacity and the resulting estimated landfill remediation liability. Any change in the liability for cumulative capacity used to date, which could be material, would be recognized prospectively as a change in estimate, when applicable. Management periodically performs an assessment of the underlying assumptions related to the reported liability and utilizes the expertise of a qualified firm of engineers external to the Regional District in forming the above estimates.

10. Tangible capital assets:

(a) Assets Under Construction

Assets under construction having a value of \$528,016 (2014 - \$490,391) have not been amortized. Amortization of these assets will commence when the asset is available for service.

(b) Write-down of Tangible Capital Assets

The write-down of tangible capital assets, net of accumulated amortization, during the year was \$NIL (2014 - \$24,492).

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2015

10. Tangible capital assets (continued):

(c) Schedule of Tangible Capital Assets

	Land	Land Improvements and Roads	Buildings & Building Improvements	Vehicles, Machinery & Equipment	Water Infrastructure	Sewer Infrastructure	Leased Assets and Improvements	Assets Under Construction	Total
2015									
Cost									
Balance, beginning of year	\$ 3,817,722	\$ 2,993,260	\$ 30,507,958	\$ 20,253,963	\$ 13,505,987	\$ 3,590,796	\$ 447,799	\$ 490,391	\$ 75,607,876
Additions	-	57,039	100,162	1,512,449	132,475	82,520	-	304,380	2,189,025
Disposals and write-downs	-	-	-	(82,848)	-	-	-	-	(82,848)
Transfer of assets	-	390	247,484	3,618	4,579	10,684	-	(266,755)	-
Balance, end of year	3,817,722	3,050,689	30,855,604	21,687,182	13,643,041	3,684,000	447,799	528,016	77,714,053
Accumulated Amortization									
Balance, beginning of year	-	257,352	8,130,099	11,599,077	4,244,341	1,708,955	133,341	-	26,073,165
Disposals and write-downs	-	-	-	(67,848)	-	-	-	-	(67,848)
Amortization expense	-	164,909	980,670	1,446,899	344,319	108,333	12,794	-	3,057,924
Balance, end of year	-	422,261	9,110,769	12,978,128	4,588,660	1,817,288	146,135	-	29,063,241
Net book value, end of year	\$ 3,817,722	\$ 2,628,428	\$ 21,744,835	\$ 8,709,054	\$ 9,054,381	\$ 1,866,712	\$ 301,664	\$ 528,016	\$ 48,650,812

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2015

10. Tangible capital assets (continued):

	Land	Land Improvements and Roads	Buildings & Building Improvements	Vehicles, Machinery & Equipment	Water Infrastructure	Sewer Infrastructure	Leased Assets and Improvements	Assets Under Construction	Total
2014									
Cost									
Balance, beginning of year	\$ 3,596,273	\$ 2,869,553	\$ 29,156,032	\$ 18,743,365	\$ 12,018,113	\$ 3,590,796	\$ 447,799	\$ 1,908,211	\$ 72,330,142
Additions	121,449	123,707	1,085,088	1,463,813	407,986	-	-	190,960	3,393,003
Disposals	-	-	-	(90,777)	-	-	-	(24,492)	(115,269)
Transfer of assets	100,000	-	266,838	137,562	1,079,888	-	-	(1,584,288)	-
Balance, end of year	3,817,722	2,993,260	30,507,958	20,253,963	13,505,987	3,590,796	447,799	490,391	75,607,876
Accumulated Amortization									
Balance, beginning of year	-	99,273	7,196,223	10,153,842	3,923,767	1,600,850	120,547	-	23,094,502
Disposals	-	-	-	(72,588)	-	-	-	-	(72,588)
Amortization expense	-	158,079	933,876	1,517,823	320,574	108,105	12,794	-	3,051,251
Balance, end of year	-	257,352	8,130,099	11,599,077	4,244,341	1,708,955	133,341	-	26,073,165
Net book value, end of year	\$ 3,817,722	\$ 2,735,908	\$ 22,377,859	\$ 8,654,886	\$ 9,261,646	\$ 1,881,841	\$ 314,458	\$ 490,391	\$ 49,534,711

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

11. Accumulated Surplus:

Accumulated surplus is comprised of unrestricted surplus, operating reserves, and capital reserves. Unrestricted surplus includes amounts invested in tangible capital assets, net of related debt and amortization, other unrestricted surplus carried forward, and the unfunded portion of the landfill remediation liability. Operating reserves are surpluses set aside to fund future operating requirements of the specific service areas listed. Capital reserves are set aside by the Board for future capital requirements and use of these reserves must be approved by Board resolution.

Total surplus and reserves at December 31, 2015 are as follows:

	2015	2014
Unrestricted surplus	\$ 55,011,462	\$ 53,605,145
Operating reserves	8,503,047	6,771,426
Capital reserves	4,690,994	4,237,074
Total accumulated surplus	\$ 68,205,503	\$ 64,613,645

Individual fund surpluses and reserves at December 31, 2015 are as follows:

	2015	2014
Unrestricted surplus:		
Investment in tangible capital assets	\$ 47,721,340	\$ 48,739,429
External committee cash balances	100,902	296,604
Investment in Strata Corp (KAS2093)	585,972	639,604
Other	6,603,248	3,929,508
Total surplus	\$ 55,011,462	\$ 53,605,145

	2015	2014
Operating Reserves:		
Insurance Deductible Reserve	\$ 11,359	\$ 11,263
Proposed Function Reserve	138,955	128,911
General Administration	2,149,523	1,838,876
Solid Waste Management	4,139,373	2,993,843
E911	216,882	215,052
Building Department	1,812,595	1,549,411
Library System	34,360	34,070
Total operating reserves	\$ 8,503,047	\$ 6,771,426

Interest income and contributions to operating reserves for 2015 were \$1,738,431 (2014 - \$189,437) and transfers out of reserves were \$6,810 (2014 - \$4,353).

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

11. Accumulated Surplus (continued):

	2015	2014
Capital Reserves:		
General Fund:		
E911	\$ 1,783,968	\$ 1,397,080
Ashcroft Fire Protection	87,828	78,362
Barriere Fire Protection	74,652	70,949
Blackpool Fire Protection	137,500	136,340
Pritchard Fire Protection	127,753	98,654
Vavenby Fire Protection	134,836	113,371
AWC - Area B	143,770	122,726
AWC - Area J	205,293	173,814
Community Halls - Area B	17,735	17,585
Parks - Area A	2,599	2,577
Parks - Area B	129,416	128,324
Parks - Area E	15,662	15,530
Parks - Area M	88,756	88,007
TNRD Library Service	1,077,012	1,067,925
TV - Area B	1,996	91,220
TV - Areas O & P	6,200	6,148
	<u>4,034,976</u>	<u>3,608,612</u>
Sewer Fund:		
Paul Lake	171,000	169,557
Pritchard	90,027	79,352
	<u>261,027</u>	<u>248,909</u>
Water Fund:		
Black Pines	22,732	22,540
Blue River	16,644	16,504
Del Oro	14,393	14,272
Evergreen	1,000	-
Loon Lake	31,057	30,795
Maple Mission	75,833	75,193
Pritchard	38,213	37,891
Savona	146,084	134,936
Spences Bridge	33,187	32,907
Vavenby	1,236	1,226
Walhachin	11,991	10,898
	<u>392,370</u>	<u>377,162</u>
Perpetual Care Fund:		
Blue River Cemetery	2,324	2,225
Avola Cemetery	297	166
	<u>2,621</u>	<u>2,391</u>
Total capital reserves	<u>\$ 4,690,994</u>	<u>\$ 4,237,074</u>

Interest income and contributions to capital reserves for 2015 were \$543,920 (2014 - \$1,013,328) and transfers out of reserves were \$90,000 (2014 - \$77,000).

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

12. Commitments and contingencies:

(a) Contracted Services:

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

The TNRD is committed to total minimum future payments under operating leases and contract commitments as follows:

Year	Land & Buildings	Vehicles & Equipment	Service Agreements	Total
2016	\$ 28,250	\$ 58,096	\$ 1,604,739	\$ 1,691,085
2017	28,250	52,731	1,251,958	1,332,939
2018	28,250	54,320	1,013,846	1,096,416
2019	28,250	-	605,033	633,283
2020	28,250	-	-	28,250
	\$ 141,250	\$ 165,147	\$ 4,475,576	\$ 4,781,973

(b) Landfill, Transfer Station and Eco-Depot:

The TNRD has contracts for the operation and management of landfills, transfer stations and eco-depots for each calendar year through to 2017. The expected annual cost of executing these contracts over the next two years ranges from \$4,300,000 to \$4,500,000.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

12. Commitments and contingencies (continued):

(c) Pension Liability:

The Thompson-Nicola Regional District (TNRD) 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 the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2014, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local government.

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

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The TNRD paid \$712,688 (2014 - \$674,159) for employer contributions to the plan in fiscal 2015, which represents 54 per cent of the total plan contributions. The TNRD expects to pay \$755,449 for employer contributions next fiscal year.

The next valuation will be as at December 31, 2015, with results available in 2016.

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.

(d) Municipal Insurance:

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

(e) Legal:

In the normal course of a year, the TNRD is faced with lawsuits for damages of diverse natures. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and is estimable. At December 31, 2015, the TNRD's estimated exposure to each such liability is either not determinable or is not considered to be significant.

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

12. Commitments and contingencies (continued):

(f) Debt Reserve Funds:

The TNRD issues debt instruments through the MFA. Under borrowing arrangements with the MFA, the TNRD is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As the debt principal is retired, demand notes are released and the cash deposits are refunded and recorded as operating income in the period received. As a condition of these borrowings, a portion of the proceeds is withheld by the MFA as a debt reserve fund. These demand notes are contingent in nature and are not recorded in the financial statements. Details of the cash deposits and contingent demand notes at December 31, 2015 are as follows:

	TNRD	Member Municipalities	2015 Totals	2014 Totals
Cash deposits	\$ 31,333	\$ 2,145,941	\$ 2,177,274	\$ 2,218,379
Contingent demand notes	61,169	5,399,313	5,460,482	5,519,938
Debt reserve fund	\$ 92,502	\$ 7,545,254	\$ 7,637,756	\$ 7,738,317

(g) Member municipality debt:

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

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

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

	MFA Debt 2015	MFA Debt 2014	Payments 2015	Payments 2014
Barriere	\$ -	\$ 48,146	\$ 37,953	\$ 37,953
Chase	2,266,623	2,332,089	145,150	145,150
Clearwater	208,570	245,597	48,751	48,751
Clinton	32,231	34,528	3,894	3,894
Kamloops	95,290,817	90,757,299	11,941,941	11,307,185
Logan Lake	2,540,650	-	27,947	-
Lytton	155,587	171,105	16,273	16,273
Merritt	7,946,775	8,473,178	863,607	732,515
Total	\$108,441,253	\$102,061,942	\$ 13,085,516	\$ 12,291,721

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2015

13. Government transfers and other grants:

The TNRD recognizes the transfer of government funding and other grants as revenues in the periods that the events giving rise to the transfers occurred. Government funding sources are primarily Provincial, Federal or a combination of both. The Government transfers reported on the Statement of Operations are:

	2015	2014
Transfers recognized in revenue:		
Government transfers:		
UBCM Federal Gas Tax - Community Works Fund	\$ 1,325,831	\$ 375,345
Provincial Funding Library Services	389,095	389,761
UBCM Federal Gas Tax - Innovations Fund	249,774	965,671
Provincial Funding Basic Grants	156,061	92,651
Building Canada Fund	56,739	66,179
UBCM Operational Fuel Management Program	25,133	154,448
Provincial Emergency Program	18,144	53,015
Other	29,459	31,726
	<u>2,250,236</u>	<u>2,128,796</u>
Grants from sources other than government	120,830	104,943
Total	\$ 2,371,066	\$ 2,233,739

14. Related party transactions:

The TNRD provides accounting and management services to the Thompson Regional Hospital District ("TRHD") and the Thompson-Nicola Regional Hospital District ("TNRHD"), entities related by way of overlap of Board Directors. The TNRD received a payment of \$11,000 (2014 - \$5,000) from the TRHD for these services, which was recorded as a reduction of General Government Services.

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

15. Segmented information:

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

(a) General Government Services

Includes finance, corporate services and legislative functions

(b) Protective Services

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

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Segmented information (continued):

(c) Transportation Services

Street lighting and transit services

(d) Environmental Health Services

Solid waste management, mosquito control, and noxious weed control

(e) Public Health and Welfare

Cemeteries

(f) Environmental Development

Planning, film commission, and economic development

(g) Recreational and Cultural Services

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

(h) Waterworks

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

(i) Sewerage

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

(j) Utilities

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

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

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

Not all areas of the regional district pay towards nor receive all listed services.

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Segmented information (continued):

	2015							
	General government services	Protective services	Transportation services	Environmental health services	Public health and welfare	Environmental development		Subtotal
Revenue								
Taxation	\$ 3,095,292	\$ 3,030,232	\$ 112,815	\$ 8,693,301	\$ 92,788	\$ 1,541,147		\$ 16,565,575
Grants in lieu	53,697	725	755	1	4	18,306		73,488
User charges	-	440,186	-	2,049,808	-	82,020		2,572,014
Government transfer	902,492	41,727	153	57,002	-	91,619		1,092,993
Investment income	225,985	19,749	-	24,659	-	-		270,393
Gain/loss on disposal of TCA	-	4,850	-	1,000	-	-		5,850
Other revenue	193,145	47,082	-	109,177	1,099	6,593		357,096
	4,470,611	3,584,551	113,723	10,934,948	93,891	1,739,685		20,937,409
Expenses								
Wages, salaries, indemnities and benefits	2,939,709	752,256	1,620	808,162	2,738	927,737		5,432,222
Operating costs	1,595,650	1,005,830	101,609	7,033,349	64,414	466,375		10,267,227
External transfers to others	-	744,867	2,747	-	25,885	149,592		923,091
Debt services	-	-	-	-	-	-		-
Amortization	395,603	114,573	-	973,177	-	21,905		1,505,258
	4,930,962	2,617,526	105,976	8,814,688	93,037	1,565,609		18,127,798
Annual surplus (deficit)	\$ (460,351)	\$ 967,025	\$ 7,747	\$ 2,120,260	\$ 854	\$ 174,076		\$ 2,809,611

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Segmented information (continued):

2015						
	Subtotal	Recreational and cultural services	Waterworks	Sewerage	Utilities	2015
Revenue						
Taxation	\$ 16,565,575	\$ 7,436,052	\$ 222,079	\$ 140,191	\$ 6,248	\$ 24,370,145
Grants in lieu	73,488	103,305	-	16	-	176,809
User charges	2,572,014	-	634,956	179,298	-	3,386,268
Government transfer	1,092,993	595,541	254,819	427,713	-	2,371,066
Investment income	270,393	14,440	3,257	3,258	-	291,348
Gain/loss on disposal of TCA	5,850	-	-	-	-	5,850
Other revenue	357,096	168,631	44,594	100,000	-	670,321
	20,937,409	8,317,969	1,159,705	850,476	6,248	31,271,807
Expenses						
Wages, salaries, indemnities and benefits	5,432,222	4,650,644	-	-	-	10,082,866
Operating costs	10,267,227	1,678,974	389,329	445,571	-	12,781,101
External transfers to others	923,091	787,527	-	-	-	1,710,618
Debt services	-	-	31,205	13,917	2,318	47,440
Amortization	1,505,258	1,100,015	344,318	108,333	-	3,057,924
	18,127,798	8,217,160	764,852	567,821	2,318	27,679,949
Annual surplus (deficit)	\$ 2,809,611	\$ 100,809	\$ 394,853	\$ 282,655	\$ 3,930	\$ 3,591,858

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Segmented information (continued):

	2014							
	General government services	Protective services	Transportation services	Environmental health services	Public health and welfare	Environmental development		Subtotal
Revenue								
Taxation	\$ 2,929,025	\$ 3,306,886	\$ 95,918	\$ 8,561,031	\$ 91,853	\$ 1,370,795	\$	\$ 16,355,508
Grants in lieu	53,380	1,597	344	7	6	17,153		72,487
User charges	-	587,724	-	1,724,490	-	52,075		2,364,289
Government transfer	248,912	264,139	185	88,996	-	107,753		709,985
Investment income	219,900	15,968	-	27,163	24	-		263,055
Other revenue	181,932	261,405	-	173,170	439	13,892		630,838
	3,633,149	4,437,719	96,447	10,574,857	92,322	1,561,668		20,396,162
Expenses								
Wages, salaries, indemnities and benefits	2,886,981	740,984	434	877,722	3,061	925,792		5,434,974
Operating costs	1,119,448	1,353,285	94,839	6,832,927	64,842	491,303		9,956,644
External transfers to others	-	933,742	2,574	-	27,885	144,442		1,108,643
Amortization	375,611	100,210	-	929,432	-	40,646		1,445,899
	4,382,040	3,128,221	97,847	8,640,081	95,788	1,602,183		17,946,160
Annual surplus (deficit)	\$ (748,891)	\$ 1,309,498	\$ (1,400)	\$ 1,934,776	\$ (3,466)	\$ (40,515)	\$	\$ 2,450,002

Thompson-Nicola Regional District

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Segmented information (continued):

2014						
	Subtotal	Recreational and cultural services	Waterworks	Sewerage	Utilities	2014
Revenue						
Taxation	\$ 16,355,508	\$ 7,488,962	\$ 194,323	\$ 174,979	\$ 6,248	\$ 24,220,020
Grants in lieu	72,487	97,150	804	35	-	170,476
User charges	2,364,289	-	618,374	185,691	-	3,168,354
Government transfer	709,985	405,661	152,422	965,671	-	2,233,739
Investment income	263,055	17,442	5,104	3,441	-	289,042
Other revenue	630,838	147,417	12,407	-	-	790,662
	20,396,162	8,156,632	983,434	1,329,817	6,248	30,872,293
Expenses						
Wages, salaries, indemnities and benefits	5,434,974	4,678,956	2	-	-	10,113,932
Operating costs	9,956,644	2,143,082	414,715	1,088,721	-	13,603,162
External transfers to others	1,108,643	798,445	-	-	-	1,907,088
Debt services	-	-	30,576	15,993	2,318	48,887
Amortization	1,445,899	1,176,675	320,574	108,105	-	3,051,253
	17,946,160	8,797,158	765,867	1,212,819	2,318	28,724,322
Annual surplus (deficit)	\$ 2,450,002	\$ (640,526)	\$ 217,567	\$ 116,998	\$ 3,930	\$ 2,147,971

Thompson-Nicola Regional District
Notes to Consolidated Financial Statements

Year ended December 31, 2015

16. Budget information:

The budget data presented in these consolidated financial statements is based upon the 2015 Financial Plan approved by the Board of Directors on March 27, 2015. The legislative requirements for the Financial Plan are that the cash inflows for the period must equal cash outflows.

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

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

Amortization was not contemplated on development of the approved 2015 Financial Plan and, as such, has not been included. The chart below demonstrates how the legislative requirement for a balanced Financial Plan has been met.

	Budget Amount
Deficit - Statement of Operations	\$ (1,772,964)
Adjust for budgeted cash items, not included in Statement of Operations	
Proceeds on debt issue	(1,175,221)
Transfer from reserves	(281,214)
Acquisition of tangible capital assets	5,807,365
Principal payments	59,390
Transfer from operating surplus	(6,183,284)
Total adjustments	(1,772,964)
Financial Plan Balance	\$ -

17. Comparative figures:

Certain 2014 amounts have been reclassified to conform with the current year's presentation.