



Grant Thornton

Financial Statements

December 31, 2022

The Corporation of the District of Peachland

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Independent Auditor's Report

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To the Mayor and Council of the
Corporation of the District of Peachland

Opinion

We have audited the financial statements of The Corporation of the District of Peachland ("the District"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the District of Peachland as at December 31, 2022, and the results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Kelowna, Canada
May 9, 2023

Chartered Professional Accountants

The Corporation of the District of Peachland Statement of Financial Position

December 31	2022	2021
Financial assets		
Cash	\$ 9,928,468	\$ 11,004,315
Investments (Note 3)	17,234,284	12,936,121
Accounts receivable (Note 3)	<u>1,513,544</u>	<u>2,330,716</u>
	<u>28,676,296</u>	<u>26,271,152</u>
Liabilities		
Accounts payable and accrued liabilities (Note 3)	5,648,013	6,425,079
Deferred revenue (Note 3)	2,030,925	2,014,553
Deferred development cost charges (Note 3)	2,100,610	1,838,124
Long term debt (Note 3)	<u>13,119,058</u>	<u>13,511,371</u>
	<u>22,898,606</u>	<u>23,789,127</u>
Net financial assets	5,777,690	2,482,025
Non-financial assets		
Tangible capital assets (Schedule 1)	<u>96,049,226</u>	<u>98,021,370</u>
Accumulated surplus (Schedule 2)	<u>\$ 101,826,916</u>	<u>\$ 100,503,395</u>

Trust funds (Note 7)
Contingent liabilities and commitment (Notes 8 and 9)

On behalf of the District

_____ Director of Finance _____ Mayor

The Corporation of the District of Peachland

Statement of Operations and Accumulated Surplus

Year ended December 31

	2022 Actual	2022 Budget (Note 14)	2021 Actual
Revenue			
Property taxation – net (Note 4)	\$ 5,373,363	\$ 5,472,482	\$ 5,282,442
Parcel taxes	2,248,252	2,250,576	2,240,803
Concessions and franchise	144,580	138,844	134,513
Sale of services	686,132	521,087	765,606
User fees	1,951,261	2,034,062	1,970,755
Other revenue from own services (Note 5)	1,337,450	819,128	1,083,821
Government transfers (Note 6)	1,287,564	1,587,017	4,184,849
Contributions from developers and other	245,878	-	978,100
Gain on disposal of tangible capital assets	723,131	-	-
	13,997,611	12,823,196	16,640,889
Expenses (Schedule 3)			
General government services	1,614,694	2,093,223	1,413,463
Protective services	1,747,646	1,435,353	1,428,956
Recreation services	506,146	538,257	531,458
Parks and cultural services	696,501	817,354	733,373
Environmental development services	998,206	785,457	651,340
Transportation services and public works	1,068,399	1,060,566	956,994
Environmental health services	530,593	717,676	428,670
Public health services	35,870	47,845	42,133
Facilities services	436,923	478,451	421,996
Water services	1,538,704	1,817,912	1,369,741
Sewer services	662,412	700,697	642,697
Civic grants	255,963	259,752	242,981
Interest and bank charges (Note 3)	420,871	254,866	157,145
Amortization of tangible capital assets	2,161,162	1,590,000	1,880,548
	12,674,090	12,597,409	10,901,495
Annual surplus	1,323,521	225,787	5,739,394
Accumulated surplus, beginning of year	100,503,395	100,503,395	94,764,001
Accumulated surplus, end of year	\$ 101,826,916	\$ 100,729,282	\$ 100,503,395

The Corporation of the District of Peachland Statement of Changes in Net Financial Assets

Year ended December 31	2022 Actual	2022 Budget (Note 14)	2021 Actual
Annual surplus	\$ 1,323,521	\$ 225,787	\$ 5,739,394
Usage of inventory	-	-	34,335
Acquisition of tangible capital assets, net of transfers	(1,207,211)	(3,429,650)	(10,631,882)
Amortization of tangible capital assets	2,161,162	1,590,000	1,880,548
Proceeds on disposal of tangible capital assets	1,741,324	-	-
Gain on disposal of tangible capital assets	(723,131)	-	-
Increase (decrease) in net financial assets	<u>3,295,665</u>	(1,613,863)	(2,997,605)
Net financial assets, beginning of year	<u>2,482,025</u>	<u>2,482,025</u>	<u>5,459,630</u>
Net financial assets, end of year	<u>\$ 5,777,690</u>	<u>\$ 868,162</u>	<u>\$ 2,482,025</u>

The Corporation of the District of Peachland

Statement of Cash Flows

Year ended December 31

2022

2021

Cash provided by (used for)

Operating activities

Annual surplus	\$ 1,323,521	\$ 5,739,394
Adjustments for non-cash items		
Amortization of tangible capital assets	2,161,162	1,880,548
Gain on disposal of tangible capital assets	(723,131)	-
Actuarial adjustment on long term debt	(239,899)	(218,599)
Increase (decrease) in		
Accounts receivable	817,172	4,676,683
Inventory	-	34,335
Accounts payable and accrued liabilities	(777,066)	(1,743,634)
Deferred revenue	16,372	676,935
Deferred development cost charges	262,486	(129,611)
	<u>2,840,617</u>	<u>10,916,051</u>

Capital activities

Acquisition of tangible capital assets net of transfers	(1,207,211)	(10,631,881)
Proceeds on disposal of tangible capital assets	1,741,324	-
	<u>534,113</u>	<u>(10,631,881)</u>

Investing activities

Proceeds on disposal of investments	2,000,000	6,147,858
Purchases of investments	(6,298,163)	(5,505,891)
	<u>(4,298,163)</u>	<u>641,967</u>

Financing activities

Proceeds from issuance of long term debt	9,285,456	4,240,014
Repayment of long term debt	(9,437,870)	(302,660)
	<u>(152,414)</u>	<u>3,937,354</u>

Net (decrease) increase in cash (1,075,847) 4,863,491

Cash, beginning of year 11,004,315 6,140,824

Cash, end of year \$ 9,928,468 \$ 11,004,315

Supplementary cash flow information

Interest paid	\$ 420,871	\$ 157,145
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The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

Notes to the financial statements are an integral part of the statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently explained in the financial statements.

The financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. 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.

1. Nature of business

The District is incorporated under the laws of British Columbia and is engaged in the operation of a Municipality.

2. Summary of significant accounting policies

Basis of presentation

The District's resources and operations are segregated into General, Water and Sewer funds and Statutory and Non-statutory reserve funds and Reserve for future capital expenditures for accounting and financial reporting purposes. The financial statements include all of the accounts of these funds. All inter-fund transactions and balances have been eliminated.

Basis of accounting

The District's financial statements are prepared using the accrual basis of accounting.

Municipal pension plan

The District's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The 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.

Budget figures

The budget figures are from the 5-Year Financial Plan Bylaw and are adopted before May 15th of each year. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

Work in progress

Work in progress is valued at cost and represents capital projects under construction but not yet completed. Amortization commences once the individual projects are completed.

(continued)

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies *(continued)*

Tangible capital assets and amortization

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The costs, less residual values, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives according to an estimated useful life on the following table.

General capital fund	Estimated useful life
Land	Indefinite
Buildings	30-60 years
Equipment	5-18 years
Engineering structures	30-80 years
Water system capital fund	
Land	Indefinite
Buildings	50-60 years
Equipment	5-18 years
Engineering structures	25-80 years
Sewer system capital fund	
Land	Indefinite
Equipment	5-18 years
Engineering structures	35-80 years

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

The District has numerous works of art located throughout the District which are not reflected in these financial statements.

Deferred revenue

Deferred revenue relates to restricted grants and other amounts that have been received in advance of services being rendered.

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the District is directly responsible and accepts responsibility; and
- a reasonable estimate of the amount of can be made.

The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

(continued)

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Long term debt

Outstanding debenture debt is reported net of applicable sinking fund balances.

Interest on debt is charged to current operations. Interest charges are accrued for the period from the date of the latest interest payment to the end of the year.

Municipal Finance Authority debt reserve deposits

The District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The District also executes demand notes in connection with each debenture whereby the District may be required to loan certain amounts to the Municipal Finance Authority. The details of the cash deposits and demand notes at year end are as follows:

	Demand notes	Cash deposits	2022	2021
General Fund	\$ 1,976	\$ 1,733	\$ 3,709	\$ 3,671
Water Funds	199,061	94,560	293,621	10,414
Sewer Fund	185,340	152,153	337,493	334,169
	<u>\$ 386,377</u>	<u>\$ 248,446</u>	<u>\$ 634,823</u>	<u>\$ 348,254</u>

Reserve funds

Non-statutory reserves represent an appropriation of surplus for specific purposes. Reserves for future capital expenditures represent funds to finance incomplete capital projects. Statutory reserves are restricted by the Community Charter and the associated municipal bylaws that established the reserves.

Revenue recognition

Taxation revenues are recorded on the accrual basis and recognized when earned. Sale of services and user fee revenues are recognized when the service or product is provided by the District. Concession and franchise and other revenue is recorded as it is earned and measurable. Transfers from other governments are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the District, and a reasonable estimate of the amount to be received can be made. Contributions from developers and other are recognized as revenue during the period in which the related costs are incurred. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the District discharges the obligation that led to the collection of funds.

Expenses

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of management estimates relate to the determination of employee benefit accrual, allowance for doubtful accounts receivable, landfill post closure costs, provision for contingencies, the determination of tangible capital asset estimated useful lives and related amortization expenses and settlement costs associated with outstanding legal actions.

Actual results could differ from management's best estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as the period of settlement if the amount is different.

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

3. Financial assets and liabilities

Operating line of credit

The District has an operating line of credit with VantageOne Credit Union for an authorized amount of \$1,000,000, bearing interest at the credit union prime rate. At December 31, 2022, the balance outstanding on the operating line of credit was \$nil (2021 – \$nil).

Investments

Investments in GICs are carried at cost and are comprised of term deposits with maturity dates ranging from February 2023 through August 2023 and earning interest at rates between 1.50% and 4.30% (2021 – 1.25% and 3.10%).

Accounts receivable

Accounts receivable are recorded net of allowance and are comprised of the following:

	<u>2022</u>	<u>2021</u>
Due from Provincial government	\$ 72,086	\$ 775,440
Due from Federal government	143,785	161,704
Property tax	559,791	586,464
Utilities	523,849	532,240
Trade receivables	214,033	274,868
	<u>\$ 1,513,544</u>	<u>\$ 2,330,716</u>

Accounts payable and accrued liabilities

Accounts payable are comprised of the following:

	<u>2022</u>	<u>2021</u>
Security deposits	\$ 2,206,493	\$ 2,153,050
Accounts payable	1,305,398	1,048,749
Project holdbacks	234,890	867,806
Prepayments	968,431	916,904
Wages and benefits	617,135	586,659
Due to other governments	125,689	648,953
Landfill closure accrual	189,977	202,958
	<u>\$ 5,648,013</u>	<u>\$ 6,425,079</u>

(continued)

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

3. Financial assets and liabilities (continued)

Deferred revenue

The District records deferred revenue for funds received for services not yet rendered and recognizes the revenue during the period in which the services are provided. The District records deferred revenue when a contract specifies how the resources are to be used, and therefore funds received in advance are deferred until the period in which the requirements are met. Because these funds are restricted in nature, they are shown as liabilities.

	<u>2022</u>	<u>2021</u>
Community works fund grant	\$ 1,077,153	\$ 1,014,850
Flood mitigation grant	101,199	175,602
Left turn lane grant	65,867	65,867
Recreation programs	60,324	55,253
Rural dividend fund	28,484	28,484
School acc plaza trust	29,812	27,566
Donations for future capital projects	3,407	3,407
Heritage fund project	544,097	569,034
Local government climate action program	79,082	-
External process review grant	41,500	60,997
Bike path grant	-	13,493
	<u>\$ 2,030,925</u>	<u>\$ 2,014,553</u>

Deferred development cost charges ("DCC")

Pursuant to the provisions of the Local Government Act, DCC's are held in separate reserve funds for the purpose for which the charges have been imposed. When the related costs are incurred, the DCC's are recognized as revenue. Because these funds are restricted in nature they are shown as a liability.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,838,124	\$ 1,967,735
Contributions from developers	257,632	249,574
Interest on investments	29,854	38,690
Bylaw expenditures	(25,000)	(417,875)
Balance, end of year	<u>\$ 2,100,610</u>	<u>\$ 1,838,124</u>

The balance of DCC's can be itemized as follows:

Water system DCC	\$ 784,347	\$ 700,443
Roads DCC	670,006	621,208
Sewer DCC	370,995	331,751
Park DCC	112,032	104,519
Water treatment plant DCC	163,230	80,203
	<u>\$ 2,100,610</u>	<u>\$ 1,838,124</u>

(continued)

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

3. Financial assets and liabilities (continued)

Long term debt

	Balance, beginning of year	Additions	Sinking fund payments	Actuarial adjustment	Balance, end of year	Current interest rate (%)
General capital fund						
MFA equipment loan	\$ 131,357	\$ -	\$ (47,305)	\$ -	\$ 84,052	Variable
MFA equipment loan	111,199	-	(37,781)	-	73,418	Variable
MFA equipment loan	4,802	-	(4,802)	-	-	N/A
MFA issue #68	9,234	-	(1,468)	(3,036)	4,730	2.650
MFA Turner Park loan	2,350,000	-	(289,200)	-	2,060,800	Variable
	<u>2,606,592</u>	<u>-</u>	<u>(380,556)</u>	<u>(3,036)</u>	<u>2,223,000</u>	
Water system capital fund						
MFA WTP loan	8,877,645	-	(8,877,645)	-	-	N/A
MFA issue #66	12,772	-	-	(12,772)	-	N/A
MFA issue #157	-	9,285,456	-	-	9,285,456	3.360
	<u>8,890,417</u>	<u>9,285,456</u>	<u>(8,877,645)</u>	<u>(12,772)</u>	<u>9,285,456</u>	
Sewer system capital fund						
MFA issue #95	1,486,643	-	(95,859)	(50,477)	1,486,643	1.800
MFA issue #68	357,540	-	(56,783)	(117,627)	357,540	2.650
MFA issue #68	170,179	-	(27,027)	(50,477)	170,179	2.650
	<u>2,014,362</u>	<u>-</u>	<u>(179,669)</u>	<u>(224,091)</u>	<u>2,014,362</u>	
Total long term debt	\$13,511,371	\$ 9,285,456	\$ (9,437,870)	\$ (239,899)	\$13,119,058	

The requirements for future repayments of principal on existing debt for the next five years are as follows:

	2023	2024	2025	2026	2027
General Fund	\$ 91,545	\$ 67,391	\$ -	\$ -	\$ -
Water Fund	271,840	271,840	271,840	271,840	271,840
Sewer Fund	179,669	95,859	95,859	95,859	95,859
	<u>\$ 536,247</u>	<u>\$ 435,090</u>	<u>\$ 367,699</u>	<u>\$ 367,699</u>	<u>\$ 367,699</u>

Interest and bank charges expensed comprises the following amounts related to obligations under capital lease and long term debt:

	2022	2021
Interest on long term debt	\$ 365,158	\$ 134,855
Interest on short term debt and bank charges	3,838	19,682
Interest on equipment loans	51,875	2,608
	<u>\$ 420,871</u>	<u>\$ 157,145</u>

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

4. Property taxation – net

Taxation revenue comprises the following amounts raised less transfers to other governments:

	<u>2022</u>	<u>2021</u>
General municipal purposes	\$ 5,350,856	\$ 5,282,384
Collections for other governments		
School District #23 (Central Okanagan)	3,175,654	2,856,185
Regional District of Central Okanagan	733,415	664,425
Central Okanagan Regional Hospital District	538,488	499,373
Central Okanagan Regional Library District	265,989	261,513
British Columbia Assessment Authority	92,695	82,127
Municipal Finance Authority	512	382
	<u>10,157,609</u>	<u>9,646,389</u>
Transfers to other governments		
School District #23 (Central Okanagan)	(3,175,654)	(2,856,187)
Regional District of Central Okanagan	(712,346)	(664,416)
Central Okanagan Regional Hospital District	(538,522)	(499,374)
Central Okanagan Regional Library District	(265,992)	(261,460)
British Columbia Assessment Authority	(91,220)	(82,128)
Municipal Finance Authority	(512)	(382)
	<u>(4,784,246)</u>	<u>(4,363,947)</u>
	<u>\$ 5,373,363</u>	<u>\$ 5,282,442</u>

5. Other revenue from own services

	<u>2022</u>	<u>2021</u>
Interest earned	\$ 366,901	\$ 303,313
Development permits	527,721	397,940
Rentals	145,748	119,055
Penalties and interest on taxes	122,289	116,490
Cost recoveries	94,187	72,564
Licences and permits	46,147	49,656
Miscellaneous	34,457	24,803
	<u>\$ 1,337,450</u>	<u>\$ 1,083,821</u>

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

6. Government transfers

	<u>2022</u>	<u>2021</u>
Federal		
HRDC employment program	\$ -	\$ 20,921
Canada Day grant	<u>5,000</u>	<u>5,000</u>
	<u>5,000</u>	<u>25,921</u>
Provincial		
Water grants	-	2,807,864
Small communities protection grant	633,000	501,000
Provincial gas tax program	255,416	552,256
Provincial traffic fine revenue sharing	25,786	31,714
UBCM planning grant	<u>32,990</u>	<u>10,503</u>
	<u>947,192</u>	<u>3,903,337</u>
Other		
Emergency recoveries	103,125	62,985
Okanagan Basin Water Board grant	135,511	135,511
Parks and recreation improvements	84,397	44,841
Regional District – parks grant	12,000	12,000
Cost sharing – highways	<u>339</u>	<u>254</u>
	<u>335,372</u>	<u>255,591</u>
Total	<u>\$ 1,287,564</u>	<u>\$ 4,184,849</u>

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

7. Trust funds

Funds held in trust and administered by the District, which are not included in these financial statements, are as follows:

	<u>2022</u>	<u>2021</u>
Assets		
Cash and short term deposits	\$ 165,000	\$ 155,494
Due from the Corporation of the District of Peachland	170	1,663
	<u>\$ 165,170</u>	<u>\$ 157,157</u>
Fund balances		
Trusts – cemetery care	\$ 159,343	\$ 151,447
– historical society	5,827	5,710
	<u>\$ 165,170</u>	<u>\$ 157,157</u>

Transactions for the year ended December 31, 2022:

	Balance, beginning of year	Interest earned	Contributions	Balance, end of year
Cemetery Care	\$ 151,447	\$ 3,170	\$ 4,726	\$ 159,343
Historical Society	5,710	117	-	5,827
Total	<u>\$ 157,157</u>	<u>\$ 3,287</u>	<u>\$ 4,726</u>	<u>\$ 165,170</u>

8. Contingent liabilities

Regional District of Central Okanagan

Regional District debt is, under the provisions of the Local Government Act, a direct, joint and several liability of the District and each member municipality within the Regional District, including the District of Peachland. The loan agreements between the Regional District of Central Okanagan and the Municipal Finance Authority provide that if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligation with respect to such borrowing, the resulting deficiency becomes a liability of the member municipalities.

Legal actions

The District is currently engaged in certain legal actions, the outcomes of which are not determinable at this time. Accordingly, no provision has been made in the accounts for these actions. The amount of loss, if any, arising from these actions will be recorded in the accounts in the period in which the loss is realized.

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

9. Commitment

Landfill closure and post closure costs

As required by PSAB and regulated by the Ministry of Water, Land and Air Protection, the District has recorded obligations related to closure and post closure costs associated with the landfill. The estimate of post closure costs was re-estimated in 2022 as the original estimated annual cost was less than annual costs incurred. The reported liability of \$189,977 (2021 – \$202,958) represents the portion of the estimated total expenditure recognized as at December 31, 2022. The liability and annual expenditure is calculated using discounted estimated future cash flows associated with closure and post-closure activities. During the 1997 fiscal year, the District's landfill site reached its capacity. The estimated length of time for post-closure care is to 2035.

10. Pension liability

The District and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly trusted pension plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2021, the Plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the 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 as at December 31, 2021 indicated a surplus of \$3,761 million for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2024, with results available in 2025.

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.

The District paid \$237,202 (2021 – \$236,242) for employer contributions to the Plan and the employees contributed \$216,347 (2021 – \$207,275) to the Plan in fiscal 2022.

11. Letters of credit

The District is holding letters of credit in the amount of \$1,393,649 (2021 – \$698,169), which were received as security related to performance deposits. These amounts are not reflected in the financial statements, but are available to satisfy any liabilities arising from non-performance by the depositors.

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

12. Expenses by object

Total expenses by object are itemized in Schedule 3.

13. Segmented information

The District of Peachland is a diversified municipal government that provides a wide range of services to its citizens. The District's operations and activities are organized and reported by funds and departments. The General Fund reports on operations, funded primarily by property taxes, which include services provided by the District such as general government services, protective services, recreation and park and cultural services, environmental development services, transportation services and public works, environmental health and public health services and facilities services. The utility operations are comprised of the water and sewer system, each accounting for its own operations and programs within its own fund. Operating results reported by the following segments are included in Schedule 3.

General government services

General government operations are primarily funded by property taxation and business tax revenues. The expenses within the department are for legislative, general administration and finance functions within the District. The general revenue reported under the department includes revenues associated with taxation, business tax revenues and payments in lieu of taxes. These revenues have not been apportioned to other departments supported by the General Fund.

Protective services

Protective services are comprised of police services provided by the Royal Canadian Mounted Police and fire services. The mandate of the police is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders, and enforce the law. The fire department is responsible for providing effective fire protection and public safety services to the District. This includes fire prevention, fire safety inspections, fire control and/or suppression.

Recreation and parks and cultural services

The Peachland recreation and parks and cultural services departments contribute to the quality of life and personal wellness of the community through the provision of a variety of programs, services and facilities. These departments administer facility, park and playing field reservations, special events applications, programs, Awards night, Canada Day celebrations and the Community Christmas celebration.

Environmental development services

The planning and development services department is responsible for land use and sustainable planning, general development services, building inspection and bylaw enforcement. This department addresses community and assists with infrastructure planning, zoning, inspection services, building permits, business licenses, development permits and subdivision.

(continued)

The Corporation of the District of Peachland

Notes to the Financial Statements

December 31, 2022

13. Segmented information *(continued)*

Transportation services and public works

The transportation services and public works department is responsible for the operation, maintenance and repairs of town streets, sidewalks, water system, sewer system, storm system, parks and open spaces, cemetery, public facilities and the vehicle fleet, as well as providing waste collection from parks, snow removal and ice control services.

Environmental health and public health services

Environmental and public health services are comprised of transit, solid waste, yard waste and recycling services.

Facilities services

Facilities services are responsible for the repairs and maintenance of all District facilities.

Water

The water department provides safe drinking water to citizens of Peachland. Revenues and expenses represent the amounts that are directly attributable to the function of the water department.

Sewer

The sewer system is operated by the Regional District of Central Okanagan.

14. Budget reconciliation

The following reconciles the budgeted surplus as shown on the statement of operations to the budget as presented in bylaw #2341 adopted May 10, 2022.

Annual surplus per statement of operations	\$	225,787
Capital expenditures		(3,429,650)
Amortization of tangible capital assets		1,590,000
Debt principal repayments		(773,871)
Transfers to reserve funds		(955,296)
Transfers from surplus and reserve funds		<u>3,343,030</u>
	\$	<u>-</u>

15. Comparative figures

Certain comparative figures have been adjusted to conform to changes in the current year presentation.

The Corporation of the District of Peachland

Schedule 1 – Tangible Capital Assets

December 31

	Cost				Accumulated Amortization				2021 Net Book Value	2021 Net Book Value
	Opening Balance	Add: Additions	Less: Disposals/Transfers	Closing Balance	Opening Balance	Less: Disposals	Add: Amortization	Closing Balance		
General capital fund										
Land	\$ 18,833,180	\$ -	\$ 1,018,192	\$ 17,814,988	\$ -	\$ -	\$ -	\$ -	\$ 17,814,988	\$ 18,833,180
Buildings	5,330,309	281,333	-	5,611,642	2,634,123	-	107,425	2,741,548	\$ 2,870,094	2,696,186
Equipment	4,165,544	207,782	-	4,373,326	3,011,643	-	196,585	3,208,228	\$ 1,165,098	1,153,901
Engineering Structures	29,798,105	176,428	-	29,974,533	15,278,626	-	614,252	15,892,878	\$ 14,081,655	14,519,479
Work in Progress	1,164,413	324,139	-	1,488,552	-	-	-	-	\$ 1,488,552	1,164,413
	59,291,551	989,682	1,018,192	59,263,041	20,924,392	-	918,262	21,842,654	37,420,387	38,367,159
Water system capital fund										
Land	623,291	-	-	623,291	-	-	-	-	623,291	623,291
Buildings	80,000	-	-	80,000	38,965	-	1,379	40,344	39,656	41,035
Equipment	588,076	29,334	-	617,410	425,173	-	27,753	452,926	164,484	162,903
Engineering Structures	53,830,455	-	-	53,830,455	9,776,369	-	925,377	10,701,746	43,128,709	44,054,086
Work in Progress	-	180,862	-	180,862	-	-	-	-	180,862	-
	55,121,822	210,196	-	55,332,018	10,240,507	-	954,509	11,195,016	44,137,002	44,881,315
Sewer system capital fund										
Land	198,000	-	-	198,000	-	-	-	-	198,000	198,000
Equipment	147,020	7,333	-	154,353	106,294	-	6,938	113,232	41,120	40,725
Engineering Structures	19,282,517	-	-	19,282,517	4,748,346	-	281,453	5,029,799	14,252,718	14,534,171
	19,627,537	7,333	-	19,634,870	4,854,640	-	288,391	5,143,031	14,491,838	14,772,896
Total Tangible capital assets - all funds	\$ 134,040,910	\$ 1,207,211	\$ 1,018,192	\$ 134,229,929	\$ 36,019,539	\$ -	\$ 2,161,162	\$ 38,180,701	\$ 96,049,226	\$ 98,021,370

The net book value of work in progress, which are tangible capital assets not being amortized is \$1,669,414 (2021 - \$1,164,413).

The Corporation of the District of Peachland

Schedule 2 – Accumulated Surplus

December 31	2022	2021
Reserve for future capital expenditures		
Specified	\$ 335,345	\$ 335,345
Unspecified	<u>66,814</u>	<u>66,814</u>
	<u>402,159</u>	<u>402,159</u>
Non-statutory reserves		
Amenity	250,858	172,708
Computer replacement	3,119	3,056
COVID safe restart grant (schedule 4)	-	880,158
Fire department equipment	424,572	447,412
General capital asset renewal	2,005,366	1,637,682
Municipal buildings	24,508	24,012
Non-development cost charge – roads	460,075	442,026
Parks and recreation equipment	165,334	161,991
Policing	142,306	258,962
Public works equipment	20,125	19,718
Sewer capital asset renewal	545,932	455,731
Sewer improvement	1,541,178	1,451,707
Transit	28,560	27,983
Water capital asset renewal	1,354,914	1,143,662
Water system #1 – improvements	<u>5,960,508</u>	<u>5,925,174</u>
	<u>12,927,355</u>	<u>13,051,982</u>
Statutory reserves		
Municipal park land acquisition	16,222	15,894
Cemetery maintenance	23,892	23,409
Parking	<u>5,035</u>	<u>3</u>
	<u>45,149</u>	<u>39,306</u>
Surplus of general, sewer and water funds		
Surplus of general, sewer and water funds	<u>5,522,085</u>	<u>2,499,948</u>
Investment in non-financial assets		
Investment in tangible capital assets	<u>82,930,168</u>	<u>84,510,000</u>
Total	<u>\$ 101,826,916</u>	<u>\$ 100,503,395</u>

The Corporation of the District of Peachland

Schedule 3 – Segment Disclosure

December 31, 2022

	General Fund												2022 Total	2021 Total
	General government services	Protective services	Recreation services	Parks and culture services	Environmental development services	Transportation services and public works	Environmental health services	Public health services	Facilities services	Sub Total	Water funds	Sewer funds		
Revenue														
Taxation	\$ 1,410,507	\$ 967,205	\$ 362,702	\$ 550,770	\$ 529,276	\$ 714,657	\$ 483,803	\$ 32,240	\$ 322,403	\$ 5,373,363	\$ -	\$ -	\$ 5,373,363	\$ 5,282,442
Parcel Taxes	191,316	131,188	49,195	74,704	71,789	96,933	65,504	4,373	43,730	728,822	1,182,856	336,574	2,248,252	2,240,803
Concessions and franchise	37,952	26,024	9,759	14,819	14,241	19,229	13,012	867	8,677	144,580	-	-	144,580	134,513
Sale of services	180,110	123,504	46,314	70,329	67,584	91,256	61,752	4,117	41,166	686,132	-	-	686,132	765,606
User fees	-	-	-	-	-	-	-	-	-	-	1,376,085	575,176	1,951,261	1,970,755
Other revenue from own sources	500,058	342,897	128,566	195,261	187,641	253,383	171,449	11,430	114,297	1,904,982	70,873	84,726	2,060,581	1,083,821
Government transfers	302,414	207,370	77,764	118,085	113,477	156,223	103,685	6,912	69,123	1,152,053	-	135,511	1,287,564	4,184,849
Contributions	64,543	44,258	16,597	25,203	24,219	32,702	22,129	1,475	14,752	245,878	-	-	245,878	978,100
Total	\$ 2,686,900	\$ 1,842,446	\$ 690,917	\$ 1,049,171	\$ 1,008,227	\$ 1,361,383	\$ 921,224	\$ 61,414	\$ 614,148	\$ 10,235,811	\$ 2,629,814	\$ 1,131,988	\$ 13,997,611	\$ 16,640,889
Expenses														
Salaries and benefits	\$ 944,886	\$ 564,830	\$ 418,682	\$ 485,922	\$ 633,937	\$ 584,205	\$ 5,134	\$ 21,335	\$ 42,191	\$ 3,701,122	\$ 696,636	\$ 28,696	\$ 4,425,453	\$ 4,227,732
Equipment	-	90	-	71,190	10,293	156,407	3,408	9,360	3,837	254,585	36,477	743	291,804	242,101
Contract services	224,382	985,351	42,204	56,004	334,326	150,517	522,051	-	220,748	2,535,583	172,060	43,045	2,750,689	1,960,661
Insurance	63,170	12,488	-	2,169	-	1,992	-	-	35,225	115,043	45,064	6,721	166,829	124,814
Supplies	69,192	100,265	14,143	67,005	4,477	102,547	-	5,175	67,058	429,861	451,969	1,710	883,541	802,317
Leases	12,526	-	-	-	-	-	-	-	-	12,526	10,815	-	23,341	23,111
Telephone and utilities	13,091	7,642	4,159	11,299	2,752	72,189	-	-	67,864	178,995	122,228	225	301,448	376,161
Professional services	263,791	11,900	5,034	-	12,421	-	-	-	-	293,147	4,207	-	297,353	196,150
Advertising	23,656	65,080	21,925	2,912	-	542	-	-	-	114,116	248	-	114,364	107,628
Civic grants	255,963	-	-	-	-	-	-	-	-	255,963	-	-	255,963	242,981
Contributions	-	-	-	-	-	-	-	-	-	-	-	581,272	581,272	560,146
Interest	57,589	-	-	-	-	-	-	-	-	57,589	228,443	134,840	420,871	157,145
Amortization of tangible capital assets	918,262	-	-	-	-	-	-	-	-	918,262	954,509	288,391	2,161,162	1,880,548
Total	\$ 2,846,507	\$ 1,747,646	\$ 506,146	\$ 696,501	\$ 998,206	\$ 1,068,399	\$ 530,593	\$ 35,870	\$ 436,923	\$ 8,866,791	\$ 2,721,656	\$ 1,085,643	\$ 12,674,090	\$ 10,901,495
Annual surplus	\$ (159,607)	\$ 94,800	\$ 184,771	\$ 352,670	\$ 10,021	\$ 292,964	\$ 390,631	\$ 25,544	\$ 177,225	\$ 1,369,020	\$ (91,842)	\$ 46,344	\$ 1,323,521	\$ 5,739,394

**The Corporation of the District of Peachland
Schedule 4 – COVID-19 Safe Restart Grant**

(unaudited)

December 31	2022	2021
Opening balance of unspent funds	\$ 880,158	\$ 1,306,794
Less: Amounts spent		
Computer and technology	81,020	45,447
Facility reopening and operating	503,570	219,586
Revenue shortfall	278,005	135,596
Sanitation/PPE	17,563	26,007
Closing balance of unspent funds	<u>\$ -</u>	<u>\$ 880,158</u>

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