



Sun PeaksTM

MOUNTAIN RESORT MUNICIPALITY

Consolidated Financial Statements of

**SUN PEAKS MOUNTAIN
RESORT MUNICIPALITY**

And Independent Auditors' Report thereon

Year ended December 31, 2021

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Consolidated Financial Statements

Year ended December 31, 2021

Financial Statements

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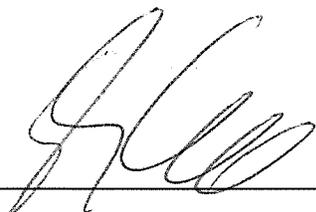
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Sun Peaks Mountain Resort Municipality (the "Municipality") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated 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.

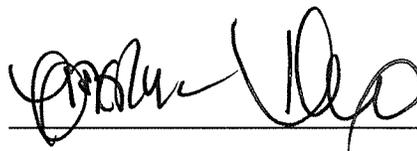
The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Chief Administrative Officer



Director of Finance



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Sun Peaks Mountain Resort Municipality

Opinion

We have audited the consolidated financial statements of Sun Peaks Mountain Resort Municipality (the "Municipality"), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2021, and its results of operations, its changes in net debt 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient, appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity, to express an opinion on the consolidated financial statements. We will remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Kamloops, Canada

April 7, 2022

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and short-term investments (note 3)	\$ 4,684,392	\$ 6,587,534
Accounts receivable (note 4)	1,723,148	2,371,273
	6,407,540	8,958,807
Liabilities:		
Accounts payable and accrued liabilities	1,632,189	3,512,128
Deferred revenue (note 5)	2,463,488	1,229,652
Term debt (note 6)	11,831,148	12,496,273
	15,926,825	17,238,053
Net debt	(9,519,285)	(8,279,246)
Non-financial assets:		
Tangible capital assets (note 7)	57,097,775	55,895,816
Prepaid expenses	140,318	82,208
	57,238,093	55,978,024
Commitments and contingencies (note 12)		
Accumulated surplus (note 8)	\$ 47,718,808	\$ 47,698,778

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

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Consolidated Statement of Operations

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

	Budget (note 13)	2021	2020
Revenue:			
Taxation (note 9)	\$ 2,322,700	\$ 2,328,026	\$ 2,216,277
Interest and penalties on property taxes	41,000	87,669	46,728
Government transfers (note 10)	1,417,900	1,685,196	1,804,986
Fees, donations and other income	919,930	1,061,824	767,791
Utility revenue (note 11)	2,082,450	2,354,469	2,067,249
Total revenue	6,783,980	7,517,184	6,903,031
Expenses:			
Administration	1,150,870	1,026,575	1,089,706
Fire protection	1,110,650	867,224	806,710
Health Centre	1,198,470	1,018,181	788,747
Public works	894,620	817,478	837,719
Sun Peaks Centre	699,550	746,799	502,617
Utilities	3,062,580	3,020,897	3,112,426
Total expenses	8,116,740	7,497,154	7,137,925
Annual surplus (deficiency)	(1,332,760)	20,030	(234,894)
Accumulated surplus, beginning of year	47,698,778	47,698,778	47,933,672
Accumulated surplus, end of year	\$ 46,366,018	\$ 47,718,808	\$ 47,698,778

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

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Consolidated Statement of Changes in Net Debt

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

	Budget (note 13)	2021	2020
Annual surplus (deficiency)	\$ (1,332,760)	\$ 20,030	\$ (234,894)
Acquisition of tangible capital assets	(5,120,150)	(3,308,138)	(7,889,799)
Disposal of tangible capital assets	-	6,163	250,870
Amortization of tangible capital assets	2,077,700	2,100,016	1,964,443
	(3,042,450)	(1,201,959)	(5,674,486)
Acquisition of prepaid expenses	-	(140,318)	(82,208)
Use of prepaid expenses	-	82,208	73,903
	-	(58,110)	(8,305)
Change in net debt	(4,375,210)	(1,240,039)	(5,917,685)
Net debt, beginning of year	(8,279,246)	(8,279,246)	(2,361,561)
Net debt, end of year	\$ (12,654,456)	\$ (9,519,285)	\$ (8,279,246)

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

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Consolidated Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficiency)	\$ 20,030	\$ (234,894)
Items not involving cash:		
Amortization of tangible capital assets	2,100,016	1,964,443
(Gain) loss on disposal of tangible capital assets	6,163	(250,870)
Change in non-cash operating assets and liabilities:		
Accounts receivable	648,125	969,804
Accounts payable and accrued liabilities	(1,879,939)	1,436,777
Deferred revenue	1,233,836	460,009
Prepaid expenses	(58,110)	(8,305)
	<u>2,070,121</u>	<u>4,838,704</u>
Capital activities:		
Acquisition of tangible capital assets	(3,308,138)	(7,889,799)
	<u>(3,308,138)</u>	<u>(7,889,799)</u>
Financing activities:		
Repayments on term debt	(665,125)	(315,451)
Proceeds on term debt acquired	-	8,060,000
	<u>(665,125)</u>	<u>7,744,549</u>
Increase (decrease) in cash	(1,903,142)	4,693,454
Cash, beginning of year	6,587,534	1,894,080
Cash, end of year	<u>\$ 4,684,392</u>	<u>\$ 6,587,534</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 186,466	\$ 116,863
Cash received for interest	48,594	16,070

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

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements

Year ended December 31, 2021

Sun Peaks Mountain Resort Municipality ("the Municipality") is incorporated under the Local Government Act of British Columbia.

The Municipality provides municipal services to residents of the incorporated area. These include fire protection, administration, public works, utilities, health centre and recreational facilities.

1. Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality.

The consolidated entity includes the Sun Peaks Housing Authority Ltd., which is a 100% owned subsidiary with limited activity in the year.

Interdepartmental and inter-organizational transactions and balances between these entities have been eliminated.

2. Significant accounting policies:

The financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA"). Significant accounting policies adopted by the Municipality are as follows:

(a) Basis of accounting:

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which 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.

(b) Revenue recognition:

Property taxes and grants in lieu of taxes are recognized as revenue in the year in which they are assessable. Interest and penalties assessed on taxes are recognized as revenue in the year the related service is provided and when collection is reasonably assured.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Government transfers received or receivable are recognized in the financial statements as revenue in the year that the event giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Investment income is reported as other income in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Utility revenue is recognized as the utilities are used within the Municipality. The revenue is recognized once the monthly meter reads are performed, submitted for tabulation and returned with the appropriate billing amount for each residential or commercial property.

User charges, fees and other amounts collected for services rendered are recognized as the service is provided.

(c) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

(d) Cash and short-term investments:

Cash and short-term investments include cash and highly liquid investments with a term maturity of 90 days or less at acquisition and that are readily convertible to cash.

(e) Reserves:

Reserves for operating and capital purposes represent amounts within accumulated surplus reserved either internally or by statute for specific purposes.

(f) Employee future benefits:

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

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(g) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Rate
Facilities	15-70 years
Vehicles	15 years
General equipment	5 years
Office equipment	3-5 years
Site improvements	10 years
Roads	20-50 years
Water and Wastewater infrastructure	10-80 years

Assets under construction are not amortized until the asset is available for productive 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) Natural resources:

Natural resources that have not been purchased are not recorded as assets in these financial statements.

(iv) Works of art and cultural and historic assets:

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

(v) Interest capitalization:

The Municipality does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements in conformity with PSAB requires management to make estimates and assumptions based on the 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. Actual results could differ from those estimates.

(i) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- a) an environmental standard exists
- b) contamination exceeds the environmental standard
- c) the organization is directly responsible or accepts responsibility for the liability
- d) future economic benefits will be given up, and
- e) a reasonable estimate of the liability can be made.

3. Cash and short-term investments:

Cash and short-term investments reported on the statement of financial position have costs that approximate market value. Cash and short-term investments consist of the following:

	2021	2020
Cash	\$ 4,556,150	\$ 6,461,437
Municipal Finance Authority debt reserve fund	128,242	126,097
	<u>\$ 4,684,392</u>	<u>\$ 6,587,534</u>

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Accounts receivable:

	2021	2020
Grants receivable	\$ 456,548	\$ 925,000
Utility billings	851,369	772,230
GST recoverable	132,691	326,965
Other	114,603	123,132
Property taxes	97,092	103,650
Operational Fuel Treatment Project	55,398	86,384
Motor fuel tax receivable	15,447	33,912
	\$ 1,723,148	\$ 2,371,273

5. Deferred revenue:

Deferred revenue is comprised of funds from the following sources:

Source:	Deferred balance 2020	Contributions received	Revenues recognized	Deferred balance 2021
Community Works Fund Gas Tax	\$ 284,376	\$ 168,202	\$ (126,268)	\$ 326,310
Donations: Health Centre equipment	275,984	-	(30,472)	245,512
Resort Municipality Initiative	-	351,277	(351,277)	-
Development cost charges	361,338	955,172	(298,187)	1,018,323
Taxes and permits paid in advance	220,574	280,961	(220,574)	280,961
Donations: Sun Peaks Helps	43,858	1,395	(6,695)	38,558
Tourism Dependent Community Fund- Arts and Culture Presentation Stage	-	700,000	(214,262)	485,738
2018 BC Winter Games Society	15,000	-	-	15,000
Community RCME Program	5,949	5,477	(10,340)	1,086
Ministry of Health Grant	22,573	-	(22,573)	-
Tennis Court project donation	-	50,000	-	50,000
Miscellaneous donation	-	2,000	-	2,000
	\$ 1,229,652	\$ 2,514,484	\$ (1,280,648)	\$ 2,463,488

Gas tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Union of British Columbia Municipalities ("UBCM"). Gas tax funds may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. Gas tax revenues are recognized as the funds are expended for the intended purposes and thus earned by the Municipality.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

6. Term debt:

The balance of term debt reported on the statement of financial position consists of the following:

	2021	2020
Municipal Finance Authority, water upgrade loan (#152), payment terms as described below	\$ 6,225,757	\$ 6,500,000
Municipal Finance Authority, Sun Peaks Centre loan (#149), payment terms as described below	1,848,904	1,925,568
Municipal Finance Authority, sewer upgrade loan (#152), payment terms as described below	1,494,182	1,560,000
Municipal Finance Authority, surface water treatment loan (#149), payment terms as described below	1,312,722	1,367,154
Municipal Finance Authority, sewage treatment plant ("STP") expansion loan (#145), payment terms as described below	486,733	508,449
Municipal Finance Authority, compost facility loan (#145), payment terms as described below	353,988	369,781
Province of BC, firehall extension loan, repayable in blended annual repayments of \$13,077, including interest at 4.35% per annum, due July 2027	67,779	77,485
Municipal Finance Authority, equipment financing loan, repayable in blended monthly repayments of \$1,508, including annual interest at the Municipal Finance Authority's floating rate (2.46% - December 31, 2021), due May 2024	41,083	58,704
Sun Peaks Resort LLP, rapid infiltration trench loan and water well loan, repaid in the year	-	67,460
Province of BC, fire truck loan, repaid in the year	-	61,672
	\$ 11,831,148	\$ 12,496,273

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

6. Term debt (continued):

Municipal Finance Authority ("MFA") sewer upgrade loan (#152) is repayable in semi-annual instalments, the first in the amount of \$72,916, including interest of 0.91% per annum, and the second semi-annual instalment being interest only. The debt is amortized over 20 years, due October 2040 with the interest rate being reset in October 2025.

Municipal Finance Authority ("MFA") water upgrade loan (#152) is repayable in semi-annual instalments, the first in the amount of \$303,818 including interest of 0.91% per annum, and the second semi-annual instalment being interest only. The debt is for a term of 20 years, due October 2040 with the interest rate being reset in October 2025.

Municipal Finance Authority ("MFA") Sun Peaks Centre loan (#149) is repayable in semi-annual instalments, the first in the amount of \$96,831, including interest of 2.24% per annum, and the second semi-annual instalment being interest only. The debt is for a term of 20 years, due October 2039 with the interest rate being reset in October 2024.

Municipal Finance Authority ("MFA") surface water treatment loan (#149) is repayable in semi-annual instalments, the first in the amount of \$68,750, including interest of 2.24% per annum, and the second semi-annual instalment being interest only. The debt is for a term of 20 years, due October 2039 with the interest rate being reset in October 2024.

Municipal Finance Authority ("MFA") STP expansion loan (#145) is repayable in semi-annual instalments, the first in the amount of \$29,131, including interest of 3.15% per annum, and the second semi-annual instalment being interest only. The debt is for a term of 20 years, due April 2038 with the interest rate being reset in April 2023 .

Municipal Finance Authority ("MFA") compost facility loan (#145) is repayable in semi-annual instalments, the first in the amount of \$21,186, including interest of 3.15% per annum, and the second semi-annual instalment being interest only. The debt is for a term of 20 years, due April 2038 with the interest rate being reset in April 2023.

Total interest on term debt reported in the statement of operations amounted to \$192,748 (2020 - \$134,902).

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

6. Term debt (continued):

Principal repayments due within the next five years and thereafter are approximately as follows:

2022	\$	530,614
2023		531,222
2024		519,057
2025		513,843
2026		514,343
Thereafter		9,222,069
		<hr/>
	\$	11,831,148

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

7. Tangible capital assets:

a) Continuity schedule

2021	Land	Facilities	Vehicles	General and office equipment	Water and Waste infrastructure	Roads and site improvements	Total 2021
Cost:							
Balance, beginning of year	\$ 6,386,624	\$ 14,733,306	\$ 1,029,146	\$ 876,478	\$ 35,257,325	\$ 4,913,035	\$ 63,195,914
Additions	-	357,400	62,841	97,600	2,738,880	51,417	3,308,138
Disposals	-	-	-	(6,848)	-	-	(6,848)
Balance, end of year	6,386,624	15,090,706	1,091,987	967,230	37,996,205	4,964,452	66,497,204
Accumulated amortization:							
Balance, beginning of year	-	1,187,338	388,887	622,204	3,320,750	1,780,919	7,300,098
Amortization expense	-	516,881	74,282	93,336	1,202,569	212,948	2,100,016
Disposals	-	-	-	(685)	-	-	(685)
Balance, end of year	-	1,704,219	463,169	714,855	4,523,319	1,993,867	9,399,429
Net book value, end of year	\$ 6,386,624	\$ 13,386,487	\$ 628,818	\$ 252,375	\$ 33,472,886	\$ 2,970,585	\$ 57,097,775

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

7. Tangible capital assets (continued):

2020	Land	Facilities	Vehicles	General and office equipment	Water and Waste Infrastructure	Roads and site improvements	Total 2020
Cost:							
Balance, beginning of year	\$ 6,386,624	\$ 11,820,853	\$ 1,075,549	\$ 834,572	\$ 30,582,512	\$ 4,887,567	\$ 55,587,677
Additions	-	2,912,453	-	41,906	4,909,972	25,468	7,889,799
Disposals	-	-	(46,403)	-	(235,159)	-	(281,562)
Balance, end of year	6,386,624	14,733,306	1,029,146	876,478	35,257,325	4,913,035	63,195,914
Accumulated amortization:							
Balance, beginning of year	\$ -	\$ 825,015	\$ 345,730	\$ 517,020	\$ 2,108,382	\$ 1,570,200	\$ 5,366,347
Amortization expense	-	362,323	73,849	105,184	1,212,368	210,719	1,964,443
Disposals	-	-	(30,692)	-	-	-	(30,692)
Balance, end of year	-	1,187,338	388,887	622,204	3,320,750	1,780,919	7,300,098
Net book value, end of year	\$ 6,386,624	\$ 13,545,968	\$ 640,259	\$ 254,274	\$ 31,936,575	\$ 3,132,116	\$ 55,895,816

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

7. Tangible capital assets (continued):

b) Assets under construction

Assets under construction have not been amortized. Amortization of these assets will commence when the asset is put into service. Where projects have been completed during the year, accumulated costs are reclassified to the appropriate category of asset and included in related additions in the current year. At December 31, 2021, assets under construction of \$7,754,288 (2020 - \$4,680,229) have not been amortized.

8. Accumulated surplus:

The Municipality segregates its accumulated surplus into the following categories:

	2021	2020
Accumulated Surplus:		
Invested in tangible capital assets	\$ 45,266,627	\$ 43,399,543
Unrestricted surplus	1,998,295	3,933,027
	<u>47,264,922</u>	<u>47,332,570</u>
Reserves set aside by Council for specific purposes:		
Roads	160,540	199,193
Fire apparatus	143,663	68,105
Snow removal	149,683	98,910
	<u>453,886</u>	<u>366,208</u>
Total accumulated surplus	<u>\$ 47,718,808</u>	<u>\$ 47,698,778</u>

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

9. Taxation:

Taxation revenue, reported on the statement of operations, is made up of the following:

	2021	2020
Municipal and school property taxes levied	\$ 5,683,125	\$ 5,294,070
Payments-in-lieu of property and business taxes	66,600	66,546
	<u>5,749,725</u>	<u>5,360,616</u>
Less transfers to other governments:		
Thompson-Nicola Regional District	847,374	846,619
Thompson Regional Hospital District	445,579	431,213
Province of B.C. - School taxes	1,925,937	1,669,104
Province of B.C. - Police taxes	157,568	154,115
B.C. Assessment Authority	45,025	43,087
Municipal Finance Authority	216	201
	<u>3,421,699</u>	<u>3,144,339</u>
Net taxes available for municipal purposes	<u>\$ 2,328,026</u>	<u>\$ 2,216,277</u>

10. Government transfers:

The Municipality recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the statement of operations are:

	2021	2020
Tourism Dependent Community Fund	\$ 214,262	\$ -
Covid-19 Safe Restart	-	387,000
Emergency Operations Centre & Training Program	-	25,000
Federal gas tax fund - Sun Peaks Centre	126,268	524,522
Ministry of Health	369,461	72,427
Operational Fuel Treatment Fund	57,599	86,384
Other miscellaneous grants	37,305	42,923
Resort Municipality Initiative	351,277	420,408
Small Communities	264,000	246,322
BC Wildfire	175,239	-
Emergency Management BC	45,498	-
FCABC Road Rescue	14,287	-
Infrastructure - water	30,000	-
Total government transfers	<u>\$ 1,685,196</u>	<u>\$ 1,804,986</u>

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

11. Utility revenue:

Utility revenue, reported on the statement of operations, consists of the following:

	2021	2020
Water utilities	\$ 1,359,593	\$ 1,041,043
Sewer utilities	994,876	1,026,206
Gas utilities	1,818,476	1,796,936
	4,172,945	3,864,185
Less:		
Operating expenses and Resort Gas Ltd. profit	1,807,725	\$ 1,787,533
Municipality service fee, included in fees, donations and other income	10,751	9,403
	1,818,476	1,796,936
	\$ 2,354,469	\$ 2,067,249

12. Commitments and contingencies:

In the normal course of business, the Municipality enters into commitments. These commitments have been budgeted for within the appropriate annual budget and have been approved by Council.

(a) Operating leases

2022	\$ 74,612
2023	24,995
2024	13,390
2025	10,167
	\$ 123,164

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

12. Commitments and contingencies (continued):

(b) Pension liability

The Municipality and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 220,000 active members and approximately 112,000 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 adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Municipality paid \$159,978 (2020 - \$156,042) for employer contributions to the plan in fiscal 2021.

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

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the 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.

(c) Operating deficits or term debt

As a member of the Thompson-Nicola Regional District, the Municipality is liable for its proportion of any operating deficits or long-term debt related to functions in which it participates.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

12. Commitments and contingencies (continued):

(d) Legal

From time to time, the Municipality is brought forth as a defendant in various lawsuits. The Municipality reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim would materially affect the financial statements of the Municipality. The Municipality is currently not aware of any material claims brought against it.

13. Budget data:

The Municipality prepares a balanced budget, in accordance with municipality regulations. The budget reflected in the statement of operations is not balanced due to differences between the accounting standards used by the Municipality, and the basis the budget has been prepared upon.

Budget figures shown represent the Annual Budget By-law adopted by Council on May 10, 2021. In accordance with PSAB, these figures do not reflect subsequent amendments made by the Council to reflect changes in the budget throughout the year as required by law.

Cash inflows and outflows include such items as transfers to and from reserves and surplus and capital expenditures. These items are not recognized as revenues and expenses in the statement of operations and accumulated surplus as they do not meet the public sector accounting standards requirements. PSAB requires the budget figures to be presented on the same basis of accounting as actual and comparative figures.

Amortization was not contemplated on development of the Financial Plan and , as such, has not been included in the budget figures presented. The chart below reconciles the budget figures reported in these financial statements to the approved Financial Plan.

	Budget amount
Deficit - statement of operations	\$ (1,332,760)
Adjust for budgeted cash items, not included in statement of operations:	
Debt repayments less DCC for Debt payments & projects	(314,930)
Transfers to and from reserves	2,950,500
Acquisition of tangible capital assets	(5,120,150)
Proceeds on debt issue and capital grants	1,739,640
Adjust for budgeted non-cash items, included in statement of operations:	
Amortization	2,077,700
Financial plan balance	\$ -

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

14. Segmented information:

The Municipality has 6 major operating functions and also a specific economic development function shown as Resort Municipality Initiative, as described below:

(a) Utilities:

The utilities department is responsible for the management and operations of the potable water system and wastewater treatment plant. It also manages and operates the propane gas grid on behalf of Resort Gas Ltd. and collects a 4% fee on all expenses, excluding the cost of gas.

(b) Health Centre:

The Health Centre department is responsible for providing community health services.

(c) Sun Peaks Centre:

Sun Peaks Centre is the operation of the sports centre/ice rink complex and Conference Centre.

(d) Public works:

The public works department is responsible for maintaining and operating public works within the Municipality.

(e) Fire protection:

The fire department is responsible for providing critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies.

(f) Administration:

The administration department is responsible for general government services, overseeing municipal activity, finance and planning.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation is allocated to the segments based on the segment's budgeted net expenditures. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 2.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

14. Segmented information (continued):

2021	Administration	Fire protection	Public works	Administration, Fire protection, and Public works Subtotal	Utilities	Health Centre	Sun Peaks Centre	Total
Revenue:								
Taxation	\$ 2,328,026	\$ -	\$ -	\$ 2,328,026	\$ -	\$ -	\$ -	\$ 2,328,026
Interest and penalties on property taxes	87,321	-	-	87,321	-	-	348	87,669
Government transfers	618,890	287,169	11,329	917,388	51,640	392,533	323,635	1,685,196
Services and other	287,159	30,683	30,419	348,261	-	583,004	130,559	1,061,824
Sun Peaks utilities	-	-	-	-	2,354,469	-	-	2,354,469
Total revenue	3,321,396	317,852	41,748	3,680,996	2,406,109	975,537	454,542	7,517,184
Expenses:								
Amortization	35,331	103,126	252,380	390,837	1,214,901	82,528	411,750	2,100,016
Interest	9,288	3,159	472	12,919	135,029	-	44,800	192,748
Operating expenses	326,168	441,077	322,565	1,089,810	1,016,114	678,958	191,702	2,976,584
Salaries and wages	655,788	319,862	242,061	1,217,711	654,853	256,695	98,547	2,227,806
Total expenses	1,026,575	867,224	817,478	2,711,277	3,020,897	1,018,181	746,799	7,497,154
Annual surplus (deficit)	\$ 2,294,821	\$ (549,372)	\$ (775,730)	\$ 969,719	\$ (614,788)	\$ (42,644)	\$ (292,257)	\$ 20,030

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

14. Segmented information (continued):

2020	Administration	Fire protection	Public works	Administration, Fire Protection and Public works Subtotal	Utilities	Health Centre	Sun Peaks Centre	Total
Revenue:								
Taxation	\$ 2,216,277	\$ -	\$ -	\$ 2,216,277	\$ -	\$ -	\$ -	\$ 2,216,277
Interest and penalties on property taxes	46,728	-	-	46,728	-	-	-	46,728
Government transfers	637,347	115,232	(16,905)	735,674	-	107,478	961,834	1,804,986
Services and other	183,530	33,597	77,790	294,917	-	443,738	29,136	767,791
Sun Peaks Utilities	-	-	-	-	2,067,249	-	-	2,067,249
Total revenue	3,083,882	148,829	60,885	3,293,596	2,067,249	551,216	990,970	6,903,031
Expenses:								
Amortization	30,838	95,067	257,549	383,454	1,222,368	89,618	269,003	1,964,443
Interest	-	9,003	1,183	10,186	79,888	-	44,828	134,902
Operating expenses	283,689	387,601	386,079	1,057,369	1,126,105	507,075	155,647	2,846,196
Salaries and wages	775,179	315,039	192,908	1,283,126	684,065	192,054	33,139	2,192,384
Total expenses	1,089,706	806,710	837,719	2,734,135	3,112,426	788,747	502,617	7,137,925
Annual surplus (deficit)	\$ 1,994,176	\$ (657,881)	\$ (776,834)	\$ 559,461	\$ (1,045,177)	\$ (237,531)	\$ 488,353	\$ (234,894)

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

15. Related to party transactions:

The Municipality provides accounting and management services to the Sun Peaks Health Association ("SPHA"). 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.

16. Covid-19 pandemic:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations are not known at this time; however they could be material.

The Municipality continues to manage liquidity risk by forecasting and assessing cash requirements on an ongoing basis. As at April 7, 2022, the Municipality continues to meet its contractual obligations within normal payment terms.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Schedule 1

COVID-19 Safe Restart Grant

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

	2021	2020
Balance, beginning of the year	\$ 318,035	\$ -
Provincial COVID-19 Safe Restart Grant	-	387,000
Recreation, Parks & Cultural	-	(68,965)
	\$ 318,035	\$ 318,035