



Financial Statements
Year ended December 31, 2023

Consolidated Financial Statements of

**SUN PEAKS MOUNTAIN
RESORT MUNICIPALITY**

And Independent Auditor's Report thereon

Year ended December 31, 2023

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Consolidated Financial Statements

Year ended December 31, 2023

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 is 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 Auditor's 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 AUDITOR'S 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, 2023
- 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

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 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 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 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.

KPMG LLP

Chartered Professional Accountants

Kamloops, Canada

April 16, 2024

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash and short-term investments (note 4)	\$ 7,547,878	\$ 5,766,080
Accounts receivable (note 5)	3,203,461	3,024,316
	10,751,339	8,790,396
Liabilities:		
Accounts payable and accrued liabilities (note 6)	2,151,190	2,753,636
Deferred revenue (note 7)	4,179,972	3,506,960
Term debt (note 8)	13,861,397	14,526,305
	20,192,559	20,786,901
Net debt	(9,441,220)	(11,996,505)
Non-financial assets:		
Tangible capital assets (note 9)	62,719,317	60,909,363
Prepaid expenses	42,906	616,543
	62,762,223	61,525,906
Commitments and contingencies (note 14)		
Accumulated surplus (note 10)	\$ 53,321,003	\$ 49,529,401

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, 2023, with comparative information for 2022

	Budget (note 15)	2023	2022
Revenue:			
Taxation (note 11)	\$ 2,654,590	\$ 2,648,757	\$ 2,422,139
Interest and penalties	205,900	352,998	161,050
Government transfers (note 12)	767,775	5,056,700	2,749,244
Fees, donations and other income	816,971	1,950,303	2,623,682
Utility revenue (note 13)	2,723,985	2,914,074	2,185,041
Total revenue	7,169,221	12,922,832	10,141,156
Expenses:			
Administration	1,517,774	1,703,856	1,323,039
Fire protection	922,909	925,116	859,405
Health Centre	517,380	762,563	1,209,787
Public works	766,900	1,058,099	855,777
Daycare	159,960	165,233	-
Sun Peaks Centre	403,410	983,929	816,292
Utilities	2,104,321	3,532,434	3,266,263
Total expenses	6,392,654	9,131,230	8,330,563
Annual surplus	776,567	3,791,602	1,810,593
Accumulated surplus, beginning of year	49,529,401	49,529,401	47,718,808
Accumulated surplus, end of year	\$ 50,305,968	\$ 53,321,003	\$ 49,529,401

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, 2023, with comparative information for 2022

	Budget (note 15)	2023	2022
Annual surplus	\$ 776,567	\$ 3,791,602	\$ 1,810,593
Acquisition of tangible capital assets	(6,822,125)	(4,358,229)	(6,045,335)
Disposal of tangible capital assets	-	29,015	-
Amortization of tangible capital assets	-	2,519,260	2,233,747
	(6,822,125)	(1,809,954)	(3,811,588)
Acquisition of prepaid expenses	-	(42,906)	(616,543)
Use of prepaid expenses	-	616,543	140,318
	-	573,637	(476,225)
Change in net debt	(6,045,558)	2,555,285	(2,477,220)
Net debt, beginning of year	(11,996,505)	(11,996,505)	(9,519,285)
Net debt, end of year	\$ (18,042,063)	\$ (9,441,220)	\$ (11,996,505)

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, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,791,602	\$ 1,810,593
Items not involving cash:		
Amortization of tangible capital assets	2,519,260	2,233,747
Loss on disposal of tangible capital assets	29,016	-
Actuarial adjustment on debt	(28,246)	(16,981)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(179,145)	(1,301,168)
Accounts payable and accrued liabilities	(602,447)	1,121,447
Deferred revenue	673,012	1,043,472
Prepaid expenses	573,637	(476,225)
	<u>6,776,689</u>	<u>4,414,885</u>
Capital activities:		
Acquisition of tangible capital assets	(4,358,229)	(6,045,335)
	<u>(4,358,229)</u>	<u>(6,045,335)</u>
Investing activities:		
Short-term investments	(5,111)	(36,203)
Financing activities:		
Repayments on term debt	(636,662)	(587,862)
Proceeds on term debt acquired	-	3,300,000
	<u>(636,662)</u>	<u>2,712,138</u>
Increase in cash	1,776,687	1,045,485
Cash, beginning of year	5,601,635	4,556,150
Cash, end of year	<u>\$ 7,378,322</u>	<u>\$ 5,601,635</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 315,362	\$ 217,514
Cash received for interest	277,606	101,418

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, 2023

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, daycare 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. Adoption of accounting standards:

(a) PS 3280, Asset Retirement Obligations:

On January 1, 2023, the Municipality adopted Canadian public sector accounting standard PS 3280 *Asset Requirement Obligations*. An Asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and,
- (iv) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability. As at December 31, 2023 the Municipality determined that there are no asset retirement obligations associated with its tangible capital assets and hence, the adoption of this standard did not have any impact on the amounts presented in these financial statements.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Adoption of accounting standards (continued):

(b) PS 3450 *Financial Instruments* and related standards:

On January 1, 2023, the Municipality adopted Canadian public sector accounting standard PS 3450 *Financial Instruments*, PS 2601 *Foreign Currency Translation*, PS 1201 *Financial Statement Presentation* and PS 3041 *Portfolio Investments*. Under PS 3450 *Financial Instruments*, all financial instruments are included on the statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the Municipality's account policy choices (see note 2 (j)).

The adoption of these standards did not have any impact on the amounts presented in these financial statements.

3. 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.

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. Unless the transfer contains stipulations that create a liability in which case the transfers are recognized in revenue in the periods the liability is extinguished.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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, 2023

3. 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	10-50 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, 2023

3. 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.

Management reviews these estimates on a periodic basis and, where necessary, makes adjustments prospectively.

(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.

(j) Financial instruments:

Financial instruments include cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, and term debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments and derivatives that are quoted in an active market are subsequently recorded at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the instruments at fair value. The Municipality has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized on the statement of remeasurement gains and losses. They are recorded in the statement of operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the Municipality does not have a statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of loss is reported in the statement of operations.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(k) Future accounting standards:

(i) PS 3400, Revenue:

PS 3400, Revenue (PS 3400), establishes overall guidance on how to account for and report revenue. The standard makes a distinction between transactions that include performance obligation (exchange transactions) and those that not do include a performance obligation (non-exchange transactions).

PS 3400 is effective for annual reporting periods beginning on or after April 1, 2023. The Municipality is assessing the impact this new standard will have on the consolidated financial statements.

4. 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:

	2023	2022
Cash	\$ 7,378,322	\$ 5,601,635
Municipal Finance Authority debt reserve fund	169,556	164,445
	<u>\$ 7,547,878</u>	<u>\$ 5,766,080</u>

5. Accounts receivable:

	2023	2022
Grants receivable	\$ 1,166,618	\$ 685,994
Utility billings	993,657	1,363,085
GST recoverable	42,591	224,975
Other	479,067	383,881
Property tax	157,416	108,911
Community Resiliency Investment Program	167,720	238,136
Motor fuel tax	34,757	19,334
Insurance claim	161,635	-
	<u>\$ 3,203,461</u>	<u>\$ 3,024,316</u>

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,390 (2022 - \$88,998), which includes amounts payable for goods and services taxes.

Included in accounts payable and accrued liabilities are amounts payable to employees of \$104,191 (2022 - \$112,837) for wages and other payroll-related benefits.

7. Deferred revenue:

Deferred revenue is comprised of funds from the following sources:

Source:	Deferred balance 2022	Contributions received	Revenues recognized	Deferred balance 2023
Development cost charges	\$ 1,742,328	\$ 1,454,851	\$ (245,733)	\$ 2,951,446
Helipad Grant	-	475,000	-	475,000
Taxes and permits paid in advance	321,630	355,723	(321,630)	355,723
Donations: Health Centre	246,512	200	(29,963)	216,749
Off-Season Tourism Infrastructure	-	68,000	-	68,000
Local Government Climate Action Program Grant	47,082	47,082	(48,400)	45,764
E911	-	22,500	-	22,500
Donations: Sun Peaks Helps	25,346	-	(2,878)	22,468
2018 BC Winter Games Society	15,000	-	-	15,000
CRI Grant 2023	-	82,982	(76,160)	6,822
Miscellaneous donations	500	-	-	500
RMI	-	720,895	(720,895)	-
Community Economic Infrastructure Recovery Program Grant - Sun Peaks Plaza Project	633,542	-	(633,542)	-
Child Care Capital Funding Program Grant	322,820	-	(322,820)	-
TSP - Final 50% Contribution for Plaza	-	175,000	(175,000)	-
Tennis Court project donation	149,447	-	(149,447)	-
National Disaster Mitigation Program Grant	1,465	-	(1,465)	-
Regional Family Practice	1,288	-	(1,288)	-
	\$ 3,506,960	\$ 3,402,233	\$ (2,729,221)	\$ 4,179,972

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Term debt:

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

	2023	2022
Municipal Finance Authority, water upgrade loan (#152), payment terms as described below	\$ 5,662,789	\$ 5,946,715
Municipal Finance Authority, Sun Peaks Centre loan (#149), payment terms as described below	1,688,607	1,769,940
Municipal Finance Authority, sewer upgrade loan (#152), payment terms as described below	1,359,069	1,427,212
Municipal Finance Authority, surface water treatment loan (#149), payment terms as described below	1,198,911	1,256,657
Municipal Finance Authority, sewage treatment plant ("STP") expansion loan (#145), payment terms as described below	441,329	464,367
Municipal Finance Authority, compost facility loan (#145), payment terms as described below	320,967	337,721
Municipal Finance Authority, reservoir loan (#158), payment terms as described below	3,183,309	3,300,000
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 (5.63% - December 31, 2023), due May 2024	6,416	23,693
	\$ 13,861,397	\$ 14,526,305

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.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Term debt (continued):

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 2029.

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 2029.

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 2028.

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 2028.

Municipal Finance Authority ("MFA") reservoir loan (#158) is repayable in semi-annual instalments, the first semi-annual instalment being interest only at 4.09% and the second in the amount of \$184,177, including interest of 4.09% per annum. The debt is for a term of 20 years, due September 2042 with the interest rate being reset in September 2032.

Total interest on term debt reported in the statement of operations amounted to \$315,362 (2022 - \$217,514).

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

2024	\$	625,802
2025		619,386
2026		619,386
2027		619,386
2028		619,386
Thereafter		10,758,051
		<hr/>
	\$	13,861,397

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Tangible capital assets:

a) Continuity schedule

2023	Land	Facilities	Vehicles	Water and Waste			Total 2023
				General and office equipment	Water infrastructure	Roads and site improvements	
Cost:							
Balance, beginning of year	\$ 6,386,624	\$ 17,564,626	\$ 1,123,402	\$ 1,088,819	\$ 40,788,513	\$ 5,590,554	\$ 72,542,538
Additions	-	2,366,115	45,744	220,881	457,130	1,268,359	4,358,229
Disposals	-	-	-	(100,269)	(29,913)	(51,039)	(181,221)
Balance, end of year	6,386,624	19,930,741	1,169,146	1,209,431	41,215,730	6,807,874	76,719,546
Accumulated amortization:							
Balance, beginning of year	-	2,283,829	542,809	798,728	5,800,307	2,207,504	11,633,174
Amortization expense	-	704,919	85,364	91,987	1,341,529	295,461	2,519,260
Disposals	-	-	-	(100,269)	(897)	(51,039)	(152,205)
Balance, end of year	-	2,988,748	628,173	790,446	7,140,939	2,451,922	14,000,229
Net book value, end of year	\$ -	\$ 16,941,993	\$ 540,973	\$ 418,985	\$ 34,074,792	\$ 4,355,952	\$ 62,719,317

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Tangible capital assets (continued):

2022	Land	Facilities	Vehicles	General and office equipment	Water and Waste Water Infrastructure	Roads and site improvements	Total 2022
Cost:							
Balance, beginning of year	\$ 6,386,624	\$ 15,090,706	\$ 1,091,987	\$ 967,230	\$ 37,996,205	\$ 4,964,452	\$ 66,497,204
Additions	-	2,466,160	31,415	111,588	2,792,310	643,862	6,045,335
Balance, end of year	6,386,624	17,556,866	1,123,402	1,078,818	40,788,515	5,608,314	72,542,539
Accumulated amortization:							
Balance, beginning of year	\$ -	\$ 1,704,219	\$ 463,169	\$ 714,855	\$ 4,523,319	\$ 1,993,867	\$ 9,399,429
Amortization expense	-	579,610	79,640	83,873	1,276,987	213,637	2,233,747
Balance, end of year	-	2,283,829	542,809	798,728	5,800,306	2,207,504	11,633,176
Net book value, end of year	\$ 6,386,624	\$ 15,273,037	\$ 580,593	\$ 280,090	\$ 34,988,209	\$ 3,400,810	\$ 60,909,363

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. 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, 2023, assets under construction of \$7,321,267 (2022 - \$4,075,221) have not been amortized.

10. Accumulated surplus:

The Municipality segregates its accumulated surplus into the following categories:

	2023	2022
Accumulated Surplus:		
Invested in tangible capital assets	\$ 48,857,920	\$ 46,383,058
Unrestricted surplus	2,908,413	2,745,534
	<u>51,766,333</u>	<u>49,128,592</u>
Reserves set aside by Council for specific purposes:		
Roads	99,787	125,555
Fire apparatus	205,786	171,786
Snow removal	115,777	103,468
Growing Community Funds	1,133,320	-
	<u>1,554,670</u>	<u>400,809</u>
Total accumulated surplus	<u>\$ 53,321,003</u>	<u>\$ 49,529,401</u>

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Taxation:

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

	2023	2022
Municipal and school property taxes levied	\$ 6,863,555	\$ 6,003,984
Payments-in-lieu of property and business taxes	60,990	58,256
	6,924,545	6,062,240
Less transfers to other governments:		
Thompson-Nicola Regional District	997,259	908,560
Thompson Regional Hospital District	505,998	463,488
Province of B.C. - School taxes	2,464,342	2,040,184
Province of B.C. - Police taxes	249,826	179,029
B.C. Assessment Authority	58,024	48,569
Municipal Finance Authority	339	271
	4,275,788	3,640,101
Net taxes available for municipal purposes	\$ 2,648,757	\$ 2,422,139

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

12. 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:

	2023	2022
Childcare Capital Funding Program	\$ 1,401,685	\$ 396,423
Resort Municipality Initiative	727,339	7,710
Community Economic Infrastructure Recovery Program Grant	633,541	264,700
Ministry of Health	368,962	584,958
Small Community Grant	268,000	340,000
Emergency Management BC	245,724	1,386
Community Resiliency Investment Program	89,946	182,739
Federal gas tax fund	89,148	262,808
Community Energy Association "Charge North"	48,400	12,764
Community Energy Preparedness Fund	21,750	-
Growing Community Funds	1,151,000	-
National Disaster Mitigation Program Grant	5,810	47,550
Other miscellaneous grants	3,388	6,212
Infrastructure Planning Grant Program	2,007	-
Tourism Dependent Community Fund	-	485,738
Federal Gas Tax Fund - Sun Peaks Centre	-	154,170
Total government transfers	\$ 5,056,700	\$ 2,749,244

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Utility revenue:

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

	2023	2022
Water utilities	\$ 1,435,067	\$ 1,120,801
Sewer utilities	1,479,007	1,064,240
Gas utilities	2,855,119	3,180,812
	5,769,193	5,365,853
Less:		
Operating expenses and Resort Gas Ltd. profit	2,841,685	\$ 3,167,608
Municipality service fee, included in fees, donations and other income	13,434	13,204
	2,855,119	3,180,812
	\$ 2,914,074	\$ 2,185,041

14. 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

2024	\$ 100,238
2025	60,002
2026	26,903
	\$ 187,143

(b) Pension liability

The Municipality and its employees contribute to the Municipal Pension Plan (a jointly trusted 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, 2022 the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Commitments and contingencies (continued):

(b) Pension liability (continued)

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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Municipality paid \$154,902 (2022 - \$142,315) for employer contributions to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024.

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.

(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.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. 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 12, 2023. 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
Surplus - statement of operations	\$ 776,567
Adjust for budgeted cash items, not included in statement of operations:	
Debt repayments less DCC for Debt payments & projects	(636,930)
Transfers to and from reserves	1,889,818
Acquisition of tangible capital assets	(6,822,125)
Proceeds on debt issue and capital grants	4,792,670
Financial plan balance	\$ -

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

16. Segmented information:

The Municipality has 7 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. Effective April 1, 2023, the Municipality transferred the operations of the Health Centre to a third-party society.

(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.

(g) Daycare:

The daycare is responsible for providing community child care services.

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 3.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

16. Segmented information (continued):

2023	Administration	Fire protection	Public Works	Administration, Fire protection, and Public works Subtotal	Utilities	Health Centre	Sun Peaks Centre	Daycare	Total
Revenue:									
Taxation	\$ 2,648,757	\$ -	\$ -	\$ 2,648,757	\$ -	\$ -	\$ -	\$ -	\$ 2,648,757
Interest and penalties	316,900	-	-	316,900	28,534	-	7,564	-	352,998
Government transfers	1,733,906	113,983	-	1,847,889	25,497	370,250	1,409,280	1,403,784	5,056,700
Services and other	722,927	54,608	95,223	872,758	-	349,417	711,813	16,315	1,950,303
Sun Peaks utilities	-	-	-	-	2,914,074	-	-	-	2,914,074
Total revenue	5,422,490	168,591	95,223	5,686,304	2,968,105	719,667	2,128,657	1,420,099	12,922,832
Expenses:									
Amortization	39,365	104,927	252,296	396,588	1,355,382	123,141	578,393	65,756	2,519,260
Interest	-	-	817	817	269,746	-	44,800	-	315,363
Operating expenses	843,303	440,075	514,399	1,797,777	1,236,307	511,029	244,640	30,840	3,820,593
Salaries and wages	821,188	380,114	290,587	1,491,889	641,983	128,393	116,096	68,637	2,446,998
Loss on disposal of asset	-	-	-	-	29,016	-	-	-	29,016
Total expenses	1,703,856	925,116	1,058,099	3,687,071	3,532,434	762,563	983,929	165,233	9,131,230
Annual surplus (deficit)	\$ 3,718,634	\$ (756,525)	\$ (962,876)	\$ 1,999,233	\$ (564,329)	\$ (42,896)	\$ 1,144,728	\$ 1,254,866	\$ 3,791,602

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

16. Segmented information (continued):

2022	Administration	Fire protection	Public Works	Administration, Fire Protection, and Public works Subtotal	Utilities	Health Centre	Sun Peaks Centre	Daycare	Total
Revenue:									
Taxation	\$ 2,422,139	\$ -	\$ -	\$ 2,422,139	\$ -	\$ -	\$ -	\$ -	\$ 2,422,139
Interest and penalties	137,631	-	-	137,631	18,421	-	4,998	-	161,050
Government transfers	594,988	184,124	20,534	799,646	47,550	593,256	912,369	396,423	2,749,244
Services and other	345,632	34,631	29,161	409,424	-	1,453,309	754,368	6,581	2,623,682
Sun Peaks Utilities	-	-	-	-	2,185,041	-	-	-	2,185,041
Total revenue	3,500,390	218,755	49,695	3,768,840	2,251,012	2,046,565	1,671,735	403,004	10,141,156
Expenses:									
Amortization	36,073	106,739	251,659	394,471	1,292,901	99,822	446,553	\$ -	2,233,747
Interest	-	20	703	723	171,991	-	44,800	-	217,514
Operating expenses	583,234	462,876	354,921	1,401,031	1,214,631	802,126	221,313	-	3,639,101
Salaries and wages	703,732	289,770	248,494	1,214,631	586,740	307,839	103,626	-	2,240,201
Total expenses	1,323,039	859,405	855,777	3,038,221	3,266,263	1,209,787	816,292	-	8,330,563
Annual surplus (deficit)	\$ 2,177,351	\$ (640,650)	\$ (806,082)	\$ 730,619	\$ (1,015,251)	\$ 836,778	\$ 855,443	\$ 403,004	\$ 1,810,593

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

17. Related 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.

18. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not effect prior year's annual surplus.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Schedule 1

Growing Communities Fund

(Unaudited)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of the year	\$ -	\$ -
Contributions	1,151,000	-
Sewer project	(17,680)	-
Balance, end of year	\$ 1,133,320	\$ -