



2022 ANNUAL REPORT

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Mayor's Message

October 2022 saw a new council elected by the community, new councillors, Julie Kimmel, Kelly Dye and Len Hyrcan joined incumbent councillor Rob O'Toole as your 2022 to 2026 council.

Under the leadership of our new CAO Shane Bourke and municipal staff, we were able to complete the potable water supply reservoir in the alpine area. We successfully applied for a \$1.89 million dollar grant for daycare facilities, thanks to the encouragement of Minister Chen and the support of local daycare operators. The stage facility on the north end of the Sun Peaks Centre was constructed on budget, with finishing touches to be completed in 2023 thanks in part to a \$299k contribution from Tourism Sun Peaks. The plaza park plans had to be adjusted and delayed as changing costs dictated a modified plan. Thank you to the staff who make this all possible.

We are still struggling with the Short-Term Rental issues. This issue divides the community more than any other. Our review indicates that complaints numbers are declining however there are still some properties who advertise occupancies that are more than their business license allows and noise issues are not always well managed. After several public meetings, Council has directed staff to increase enforcement. Hopefully, we can find the right balance.

Winter season 2022/23 was our most successful winter season so far, the pre-Covid skier visit numbers were exceeded by nearly 24%. Our international visitors were the most ever, mostly Australian, NZ visitors and Americans. Summer 2022 also saw visitations return to near pre-Covid numbers and Sun Peaks Resort LLP opened the Sundance chair for mountain bike riders to supplement the Sunburst summer operations. Mountain bike visitor numbers increased some 34%. New bike trails up Morrisey mountain were completed with the Sun Peaks Mountain Bike club grant, well done!

After several years of Covid impacts, we are finally 'back on track'. With about 55% of all hotel guests coming from out of Province or country, the financial impacts of Covid were unbelievable. Our pre-Covid community revenue estimates were in the \$125 million dollar range and we likely lost nearly \$50 million dollars in tourism spending in the year after Covid. Sun Peaks businesses were incredibly quick to adjust to the impacts of Covid and the strengths of our small business economy was their ability to recognize the shift from national and international to regional markets.

Sun Peaks' future is looking brighter as we diversify the economy from mostly winter tourism and alpine skiing to an array of appealing summer and shoulder season activities. We continue to see growth in year-round residents as many property owners have recognized that 'digital nomads' can operate where the life/work ratio is maintained at a healthy balance.

A special thank you to the past council members, Ines Popig, Mario Pozza and Darcy Alexander, your contributions were partially recognized by your 'Freeperson of Sun Peaks' declarations, on behalf of all residents, thank you for making Sun Peaks a better place to live.

A special acknowledgement to all our staff at the Municipality. We had a few leadership changes in the year and we have relied on everyone to step up and assume more responsibilities. Thank you!



Council



Outgoing Council (left to right)

Mario Pozza, Ines Popig, Al Raine (mayor)

Rob O'Toole, Darcy Alexander (appointed Councillor)

Incoming Council (left to right)

Len Hrycan, Rob O'Toole, Julie Kimmel

Al Raine (mayor), Kelly Dye



Chief Administrative Officer's Message



2022 saw substantial progress on grant funded projects that will support both tourism and enhance community services for decades.

The grant funded ambulance bay and health education room expansion was completed in November. The addition increases the safety for patients and medical personal when a transfer from the health centre to an ambulance is required. The education space has already been utilized for community health training sessions and will serve as the municipal Emergency Operations Centre. 2022 also identified the opportunity for the transfer of Health Centre Operations to the non-profit operator, STEPS. Building on the success of community supported Health Centre operations, transferring to a dedicated non-profit operator, that shared the community's goals was a necessary step in support of expanding care in Sun Peaks.

Site preparation and the selection of a modular builder for the Sun Peaks Community Daycare east of P5 was completed this year. The daycare is scheduled to open its doors in September 2023 and when a full staffing complement is achieved, there will be space for 50 children.

The Sun Peaks Centre saw the substantial completion of a covered stage with events scheduled for 2023. The planned addition of rink curtains in 2023 will provide an all-weather concert, convention, and trade fair facility to support increased shoulder and summer season visitation.

Planning for the rehabilitation of the outdoor pool was completed and grant funding secured through the Resort Municipality Initiative, with rehabilitation work scheduled for 2023. This will be a welcome summer amenity for a new generation of visitors and residents.

The ambitious plan to complete the plaza and playground project faced cost increases that required a rethink of the scope of the project in 2022. With the finalization and costing of a revised project complete, 2023 will see the construction of the project that will become the centre of the community and a must stop for visitors. Thank you to Adaptive Sports Sun Peaks, Sun Peaks Rotary and Tourism Sun Peaks for their contributions to this project. The project also saw the development of new tennis and pickleball courts east of P5 that will be open the summer of 2023.

Finally, 2022 saw the municipality make significant strides in updating our water system with the addition of the surface reservoir and the completion of the PZ4E reservoir. 2023 will see a shift in focus to increasing our wastewater capacity.

I am incredibly proud of the municipal staff who keep our community and facilities operating each and every day. Without their efforts we would not have been able to consider taking on the number of capital projects in 2022 that we did. 2022 was an exciting year in developing new projects and I see 2023 as a significant year in completion of so many projects that will enhance the experience of visitors and provide more amenities for our growing community.

2023 Strategic Goals

- ▶ Enhance residents quality of life by supporting increased access to **health care, schools** and **childcare**
- ▶ Support a mix of **new housing** including multifamily, single family and affordable employee housing
- ▶ Provide **safe drinking water** and an efficient wastewater system
- ▶ Implement policies and support initiatives that support **year round tourism, recreation** and economic opportunities
- ▶ Support measures to increase **community safety**
- ▶ Develop a **high functioning administration** focussed on service to the community
- ▶ Ensure policies and bylaws support **governance** and community planning.
- ▶ Strengthen **relationships** with First Nations, TSP, TNRD and other resort communities

Quality of Life - Health Centre

Action Item		Responsible	Timeline	Measurement	Status
1.1	Enhance residents' quality of life by supporting quality access to health care				
2022 CAO	Review governance model with Sun Peaks Health Association				STEPS Transfer
2021 Annual Report	Maintain collection site with Interior Health Authority (IHA) partnership at Sun Peaks, three times per week.				Ongoing
2021 Annual Report	Engage with IHA and regional partners to collaborate on Primary Care Network development.				Ongoing
2021 Annual Report	Submit Sun Peaks Service Plan with Thompson Region				Complete
2021 Annual Report	Recruit new physician				Ongoing
2021 Annual Report	Building extension to include ambulance bay and community education/meeting room.				Complete
1.1.1	Transfer of Completed Ambulance Bay	CAO	April 2024	Transfer Complete	
1.1.2	Health Centre Operations Transfer to STEPS	CAO	April 2023	Transfer Complete	
1.1.3	Urgent Care Model – Facilitation	CAO	April 2024	Operational	
1.1.4					

Quality of Life - School

Action Item	Responsible	Timeline	Measurement	Status
1.2	Enhance residents' quality of life by supporting quality access to schools			
2022 CAO	Transfer of new school site <u>or</u> occupancy agreement			Complete
2022 CAO	Sign community use agreement with school district			Complete
1.2.1	Municipal owned school buildings assessment and discussion with SD73	CAO	April 2024	Completed Review
1.2.2	Review of License of occupation and Subdivision of New School Site	CAO	December 2023	Completed Review
1.2.3	Sun Peaks Education Society Facility Agreement	CAO	December 2023	Agreement in place

Quality of Life - Childcare

Action Item1.3	Responsible	Timeline	Measurement	Status	
1.3	Enhance residents quality of life by supporting quality childcare				
2022 CAO	Advance grant applications to develop new childcare spaces		November 2022	Grant submitted	Complete/ Approved
1.3.1	Complete Building and Landscaping		August 2023		
1.3.2	Daycare Operational		September 2023		
1.3.3					
1.3.4					

Housing

Action Item	Responsible	Timeline	Measurement	Status	
2	Support a mix of new housing including multifamily, single family and affordable employee housing				
2022 CAO	Completion of transfer of parcel 69 and parcel 74				Parcel 69 In Progress Project planned for Parcel 74
2022 CAO	Non-Market Recommendations				Ongoing
2021 Annual Report	Develop a housing strategy				Complete
2.1	DCC Waiver and Revitalization Tax Exemption Bylaw	CAO	February 2023	Bylaw approval	
2.2	Parcel 74 Revitalization Tax Exemption Agreement	CAO	February 2023	Agreement approved by Council	
2.3					

Infrastructure – Water and Wastewater

Action Item	Responsible	Timeline	Measurement	Status
3	Provide safe drinking water and an efficient wastewater system			
2022 CAO	Service new school site			Complete
2022 CAO	Establish surface reservoir connection			Ongoing/ Grant Submitted
2022 CAO	Finalize agreement with SPR LLP on snowmaking opportunities and reservoir waterline			Complete
2022 CAO	Apply for ICIP – Environmental Quality funding for water/wastewater			Complete/ Submitted
2022 CAO	Purchase agreement for PZ4			Complete
2021 Annual Report	Focus on staff training to enable them to work efficiently and effectively to provide water/wastewater and gas services to our customers.			Ongoing
2021 Annual Report	Operate a reclaimed water snowmaking pilot at the Wastewater Treatment Plant for the Winter of 2022-2023 that will help provide data for the long-term goal of water reuse on the mountain.			Awaiting Regulatory approval
2021 Annual Report	Continue with the composting of food waste pilot project and be able to provide a secure bin for residents to drop off their food waste.			Regulatory Review
2021 Annual Report	Review the completed Water/Wastewater Master Plans with our engineering consultants and make plans for the future infrastructure as well as a funding model.			Complete

Infrastructure – Water and Wastewater

Action Item	Responsible	Timeline	Measurement	Status	
3	Provide safe drinking water and an efficient wastewater system				
3.1	Water Capital – Alpine Loop, Fairways piping upgrade, PZ2 & PZ3 Reservoir Inspections, PZ2 & Booster Station upgrades		December 2023	Operational	
3.2	Parcel 74 and 37 Servicing		September 2023	Operational	
3.3	Wastewater Capital – BR1/BR2 upgrades and replace BR2 clarifier walls		December 2023	Operational	
3.4	Identify future RI Trench location - tabletop		December 2023	Project Complete	
3.5	Design for equalization tank and skimmer		December 2023	Design Complete	
3.6	Effluent Freeze Phase 2			Operational	
3.7	Community Compost Food Waste				

Tourism and Recreation

Action Item	Responsible	Timeline	Measurement	Status	
4	Implement policies and support initiatives that support year round tourism, recreation and economic opportunities				
2022 CAO	Rink capital projects in support of revenue generation –Score Clock, showers, penalty boxes				In progress
2022 CAO	Skatepark				Ongoing
2021 Annual Report	Complete rink stage project.				Substantially Complete
2021 Annual Report	Substantially complete Sun Peaks Plaza project including the playground.				In progress
2021 Annual Report	Install curtain walls around the rink.				In progress
2021 Annual Report	Complete pool cost and rehabilitation study.				Complete
2021 Annual Report	Replace tennis courts with a new 3-court facility.				In Progress
2021 Annual Report	Install EV chargers.				Complete

Tourism and Recreation

Action Item	Responsible	Timeline	Measurement	Status	
4	Implement policies and support initiatives that support year round tourism, recreation and economic opportunities				
4.1	Rink curtain project		September 2023	Installation Complete	
4.2	Pool (Capital and operations)		August 2023	Operational	
4.3	Skatepark – Portable partnership with TSP		June 2023	Operational	
4.4	Skatepark – Permanent agreement for future transfer of land		March 2023	Agreement	
4.6	Plaza		September 2023	Project Complete	
4.7	Future Tennis and Pickle Ball		July 2023	Operational	
4.8	Sun Peaks Centre Upgrades and Furnishing		June 2023	Project Complete	
4.9	Great Hall – Little Shuswap Lake Band			Project Complete	
4.10	Sun Peaks Rink Upgrades		September 2023	Project Complete	
4.11	Sun Peaks Centre – Operations Contract		February 2023	TSP Agreement Signed	

Community Safety

Action Item	Responsible	Timeline	Measurement	Status
5	Support measures to increase community safety			
2022 CAO	Whitcroft Firebreak Advocacy			Ongoing
2022 CAO	Emergency Operations Centre Training			In Progress
2022 CAO	Review stipends for Volunteers			Complete
2021 Annual Report	Conduct a volunteer membership recruitment.			Ongoing
2021 Annual Report	Increase awareness and participation of the community in the FireSmart program.			Ongoing
2021 Annual Report	Develop a new Evacuation Route Plan for Sun Peaks.			In Progress
5.1	Planning for 2025 Firetruck upgrade		October 2023	Request for Proposal Issued
5.2	Short Term Rental Monitoring and Complaint Software		April 2023	Operational
5.3	Complete Evacuation Route Plan		March 2023	Project Complete

Administration

Action Item		Responsible	Timeline	Measurement	Status
6	Develop a high-functioning administration focussed on service to the community				
2022 CAO	Human Resources policy review				Initiated
2022 CAO	Public Works yard				Ongoing
2022 CAO	Revise Quarterly Budget Reporting				Complete
2021 Annual Report	Receive a clean audit opinion.				Complete
2021 Annual Report	Complete implementation and training of the purchase order & online module.				Ongoing
2021 Annual Report	Update the purchasing policy.				Ongoing
2021 Annual Report	Review the benefit of adding other Vadim modules to enhance and streamline processes.				Complete
2021 Annual Report	Complete 2022-2025 Resort Development Strategy Update.				Complete
6.1	Human Resources Policy Handbook		September 2023	Project Complete	
6.2	Public Works Yard		October 2023	Site Identified	
6.3	5 year Operating and Capital Budget		May 2023	Budget presented	
6.4	Sun Peaks Centre Future Phase Design		Dec 2023	Completed Design	

Governance and Planning

Action Item	Responsible	Timeline	Measurement	Status	
7	Ensure polices and bylaws support governance and community planning				
2022 CAO	Secondary Suites				Ongoing
2022 CAO	Complete Community Vision and update to Official Community Plan including a minimum of 2 public engagement meetings				Ongoing
2021 AR	Adopt Sign Bylaw, Zoning Bylaw, Building Bylaw				In progress
2021 AR	Continue to measure, track and report on the success of the goals identified in the Sustainability plan				Ongoing
2021 AR	Continue to review all operations for energy efficiencies - geothermal, solar, etc.				Ongoing
7.1	Complete OCP		September 2023	Bylaw complete	
7.2	Bylaw review – Zoning, Building, subdivision, sign, etc		December 2023	Bylaws complete	
7.3	Parking review		June 2023	Bylaw complete	

Relationships

Action Item	Responsible	Timeline	Measurement	Status	
8	Strengthen relationships with First Nations, TSP, TNRD and other resort communities				
2022 CAO	Community to Community meetings with Little Shuswap Lake Indian Band and Adams Lake Band				Scheduled but did not occur
2021 AR	Continue to work with Little Shuswap Lake Band on economic development opportunities				Ongoing
2021 AR	Complete the Sun Peaks Plaza and Sun Peaks Centre Cultural and Historical design theme.				In progress
2021 AR	Improve relations with Adams Lake Band and explore Sun Peaks opportunities.				Ongoing
8.1	Support Community to Community meetings	CAO	Ongoing		
8.2	Continue to work on economic development opportunities with First Nation	CAO	Ongoing		
8.3					

Infrastructure – Transportation

Action Item		Responsible	Timeline	Measurement	Status
9	Provide safe transportation system				
2021 Annual Report	Complete \$175,000 of road repairs and spray patching on the worst sections of asphalt in Sun Peaks to elongate the life and avoid any road failures.				Partially completed
2021 Annual Report	Make better use of the skating rink facility in the spring/summer/fall for locals and tourists. Set up a Temporary Skate Park, Mini Golf, Basketball etc.				Complete/ Ongoing
9.1	Complete 2022 enhanced road maintenance project	Public Works Director	September 2023	Project complete	
9.2	Review current SPMRM trail network lighting and maintenance status	Public Works Director	October 2023	Report to Council	
9.3	Complete rapid flashing beacon pilot installation at Fairways/P2 crossing	Public Works Director	June 2023	Installation Complete	

Permissive Tax Exemptions

- In 2022, permissive tax exemptions were given for the leased Municipal office as below:

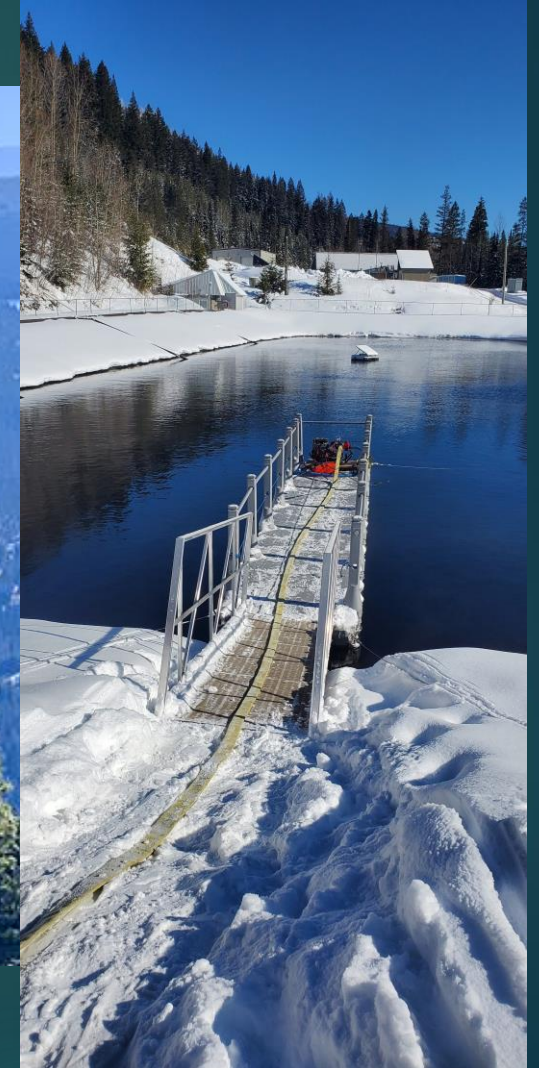
Property Address	Property Taxes Exempted
106-3270 Village Way	\$3,044.62
107-3270 Village Way	\$2,783.79

Disqualifications

- There were no persons disqualified from office in 2022 per *Community Charter* Section 110



2022 Audited Financial Statements



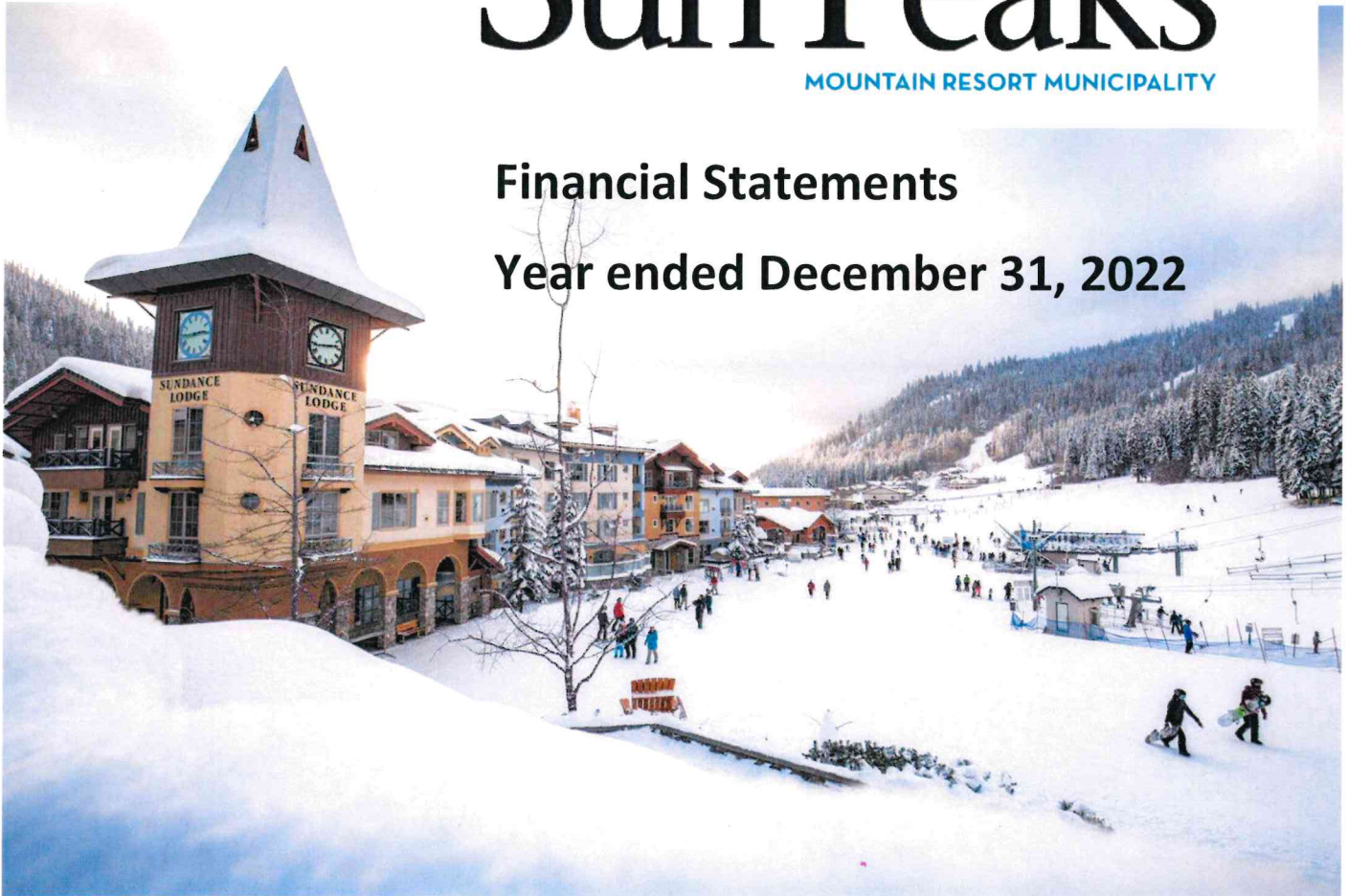


Sun Peaks[™]

MOUNTAIN RESORT MUNICIPALITY

Financial Statements

Year ended December 31, 2022



Consolidated Financial Statements of

**SUN PEAKS MOUNTAIN
RESORT MUNICIPALITY**

And Independent Auditor's Report thereon

Year ended December 31, 2022

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Consolidated Financial Statements

Year ended December 31, 2022

Financial Statements

Management's Responsibility for the Consolidated Financial Statements

Auditor's Report

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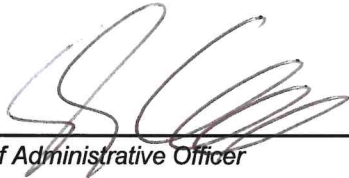
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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.

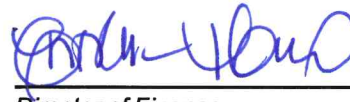
The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on 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 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



KPMG LLP
560 Victoria Street
Kamloops BC V2C 2B2
Canada
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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, 2022
- 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, 2022, 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 7, 2023

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash and short-term investments (note 4)	\$ 5,766,080	\$ 4,684,392
Accounts receivable (note 5)	3,024,316	1,723,148
	<u>8,790,396</u>	<u>6,407,540</u>
Liabilities:		
Accounts payable and accrued liabilities (note 6)	2,753,636	1,632,189
Deferred revenue (note 7)	3,506,960	2,463,488
Term debt (note 8)	14,526,305	11,831,148
	<u>20,786,901</u>	<u>15,926,825</u>
Net debt	(11,996,505)	(9,519,285)
Non-financial assets:		
Tangible capital assets (note 9)	60,909,363	57,097,775
Prepaid expenses	616,543	140,318
	<u>61,525,906</u>	<u>57,238,093</u>
Commitments and contingencies (note 14)		
Accumulated surplus (note 10)	\$ 49,529,401	\$ 47,718,808

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, 2022, with comparative information for 2021

	Budget (note 15)	2022	2021
Revenue:			
Taxation (note 11)	\$ 2,423,685	\$ 2,422,139	\$ 2,328,026
Interest and penalties on property taxes	13,000	142,629	87,669
Government transfers (note 12)	1,098,369	2,749,244	1,685,196
Fees, donations and other income	1,083,671	2,623,682	1,061,824
Utility revenue (note 13)	2,100,670	2,203,462	2,354,469
Total revenue	6,719,395	10,141,156	7,517,184
Expenses:			
Administration	1,167,420	1,323,039	1,026,575
Fire protection	929,140	859,405	867,224
Health Centre	1,273,410	1,209,787	1,018,181
Public works	651,900	855,777	817,478
Day Care	70,000	-	-
Sun Peaks Centre	399,750	816,292	746,799
Utilities	1,877,690	3,266,263	3,020,897
Total expenses	6,369,310	8,330,563	7,497,154
Annual surplus	350,085	1,810,593	20,030
Accumulated surplus, beginning of year	47,718,808	47,718,808	47,698,778
Accumulated surplus, end of year	\$ 48,068,893	\$ 49,529,401	\$ 47,718,808

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, 2022, with comparative information for 2021

	Budget (note 15)	2022	2021
Annual surplus	\$ 350,085	\$ 1,810,593	\$ 20,030
Acquisition of tangible capital assets	(9,286,260)	(6,045,335)	(3,308,138)
Disposal of tangible capital assets	-	-	6,163
Amortization of tangible capital assets	-	2,233,747	2,100,016
	(9,286,260)	(3,811,588)	(1,201,959)
Acquisition of prepaid expenses	-	(616,543)	(140,318)
Use of prepaid expenses	-	140,318	82,208
	-	(476,225)	(58,110)
Change in net debt	(8,936,175)	(2,477,220)	(1,240,039)
Net debt, beginning of year	(9,519,285)	(9,519,285)	(8,279,246)
Net debt, end of year	\$ (18,455,460)	\$ (11,996,505)	\$ (9,519,285)

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,810,593	\$ 20,030
Items not involving cash:		
Amortization of tangible capital assets	2,233,747	2,100,016
(Gain) loss on disposal of tangible capital assets	-	6,163
Change in non-cash operating assets and liabilities:		
Accounts receivable	(1,301,168)	648,125
Accounts payable and accrued liabilities	1,121,447	(1,879,939)
Deferred revenue	1,043,472	1,233,836
Prepaid expenses	(476,225)	(58,110)
	4,431,866	2,070,121
Capital activities:		
Acquisition of tangible capital assets	(6,045,335)	(3,308,138)
	(6,045,335)	(3,308,138)
Financing activities:		
Repayments on term debt	(604,843)	(665,125)
Proceeds on term debt acquired	3,300,000	-
	2,695,157	(665,125)
Increase (decrease) in cash	1,081,688	(1,903,142)
Cash, beginning of year	4,684,392	6,587,534
Cash, end of year	\$ 5,766,080	\$ 4,684,392
Supplemental cash flow information:		
Cash paid for interest	\$ 217,514	\$ 186,466
Cash received for interest	101,418	48,594

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, 2022

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. Future accounting standards:

(a) PS 3280, Asset Retirement Obligations:

PS 3280, Asset Retirement Obligations, establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. Specifically, it defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022. At the date of these financial statements, the full impact of this new standard is not yet known.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

2. Future accounting standards (continued):

(b) PS 3450, Financial Instruments:

PS 3450, Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022. At the date of these financial statements, the full impact of this new standard is not yet known.

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.

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.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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, 2022

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, 2022

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.

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:

	2022	2021
Cash	\$ 5,601,635	\$ 4,556,150
Municipal Finance Authority debt reserve fund	164,445	128,242
	<u>\$ 5,766,080</u>	<u>\$ 4,684,392</u>

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Accounts receivable:

	2022	2021
Grants receivable	\$ 685,994	\$ 456,548
Utility billings	1,363,085	851,369
GST recoverable	224,975	132,691
Other	383,881	114,603
Property tax	108,911	97,092
Community Resiliency Investment Program	238,136	55,398
Motor fuel tax	19,334	15,447
	<hr/> \$ 3,024,316	<hr/> \$ 1,723,148

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$88,998 (2021 - \$6,717), which includes amounts payable for goods and services taxes.

Included in accounts payable and accrued liabilities are amounts payable to employees of \$112,837 (2021 - \$88,304) for wages and other payroll-related benefits.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Deferred revenue:

Deferred revenue is comprised of funds from the following sources:

Source:	Deferred balance 2021	Contributions received	Revenues recognized	Deferred balance 2022
Community Works Fund Gas Tax	\$ 326,310	\$ 90,668	\$ (416,978)	\$ -
Donations: Health Centre equipment	245,512	1,000	-	246,512
Local Government Climate Action Program Grant	-	47,082	-	47,082
Development cost charges	1,018,323	724,005	-	1,742,328
Taxes and permits paid in advance	280,961	321,630	(280,961)	321,630
Donations: Sun Peaks Helps	38,558	3,200	(16,412)	25,346
Tourism Dependent Community Fund- Arts and Culture Presentation Stage	485,738	-	(485,738)	-
2018 BC Winter Games Society	15,000	-	-	15,000
Community RCME Program	1,086	-	(1,086)	-
Community Economic Infrastructure Recovery Program Grant - Sun Peaks Plaza Project	-	898,242	(264,700)	633,542
Tennis Court project donation	50,000	335,876	(236,429)	149,447
Miscellaneous donation	2,000	-	(1,500)	500
Regional Family Practice	-	7,500	(6,212)	1,288
Child Care Capital Funding Program Grant	-	719,243	(396,423)	322,820
National Disaster Mitigation Program Grant	-	28,869	(27,404)	1,465
	\$ 2,463,488	\$ 3,177,315	\$ (2,133,843)	\$ 3,506,960

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, 2022

8. Term debt:

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

	2022	2021
Municipal Finance Authority, water upgrade loan (#152), payment terms as described below	\$ 5,946,715	\$ 6,225,757
Municipal Finance Authority, Sun Peaks Centre loan (#149), payment terms as described below	1,769,940	1,848,904
Municipal Finance Authority, sewer upgrade loan (#152), payment terms as described below	1,427,212	1,494,182
Municipal Finance Authority, surface water treatment loan (#149), payment terms as described below	1,256,657	1,312,722
Municipal Finance Authority, sewage treatment plant ("STP") expansion loan (#145), payment terms as described below	464,367	486,733
Municipal Finance Authority, compost facility loan (#145), payment terms as described below	337,721	353,988
Municipal Finance Authority, reservoir loan (#158), payment terms as described below	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 (4.77% - December 31, 2022), due May 2024	23,693	41,083
Province of BC, firehall extension loan, repaid during the year	-	67,779
	\$ 14,526,305	\$ 11,831,148

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. 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 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 \$217,514 (2021 - \$192,748).

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Term debt (continued):

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

2023	\$	636,702
2024		625,761
2025		619,385
2026		619,385
2027		619,385
Thereafter		11,405,687
		<hr/>
	\$	14,526,305

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Tangible capital assets:

a) Continuity schedule

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, 2022

9. Tangible capital assets (continued):

2021	Land	Facilities	Vehicles	General and office equipment	Water and Waste Water 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, 2022

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, 2022, assets under construction of \$4,075,221 (2021 - \$7,754,288) have not been amortized.

10. Accumulated surplus:

The Municipality segregates its accumulated surplus into the following categories:

	2022	2021
Accumulated Surplus:		
Invested in tangible capital assets	\$ 46,383,058	\$ 45,266,627
Unrestricted surplus	2,745,534	1,998,295
	49,128,592	47,264,922
Reserves set aside by Council for specific purposes:		
Roads	125,555	160,540
Fire apparatus	171,786	143,663
Snow removal	103,468	149,683
	400,809	453,886
Total accumulated surplus	\$ 49,529,401	\$ 47,718,808

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

11. Taxation:

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

	2022	2021
Municipal and school property taxes levied	\$ 6,003,984	\$ 5,683,125
Payments-in-lieu of property and business taxes	58,256	66,600
	6,062,240	5,749,725
Less transfers to other governments:		
Thompson-Nicola Regional District	908,560	847,374
Thompson Regional Hospital District	463,488	445,579
Province of B.C. - School taxes	2,040,184	1,925,937
Province of B.C. - Police taxes	179,029	157,568
B.C. Assessment Authority	48,569	45,025
Municipal Finance Authority	271	216
	3,640,101	3,421,699
Net taxes available for municipal purposes	\$ 2,422,139	\$ 2,328,026

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
Ministry of Health	\$ 584,958	\$ 369,461
Tourism Dependent Community Fund	485,738	214,262
Child Care Capital Funding Program	396,423	-
Small Community Grant	340,000	264,000
Community Economic Infrastructure Recovery Program Grant	264,700	-
Federal gas tax fund	262,808	-
Community Resiliency Investment Program	182,739	-
Federal gas tax fund - Sun Peaks Centre	154,170	126,268
National Disaster Mitigation Program Grant	47,550	-
Community Energy Association "Charge North"	12,764	-
Resort Municipality Initiative	7,710	351,277
Other miscellaneous grants	6,212	37,305
Community RCME Program	2,086	-
Emergency Management BC	1,386	45,498
BC Wildfire	-	175,239
Operational Fuel Treatment Fund	-	57,599
Infrastructure - water	-	30,000
FCABC Road Rescue	-	14,287
Total government transfers	\$ 2,749,244	\$ 1,685,196

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Utility revenue:

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

	2022	2021
Water utilities	\$ 1,134,207	\$ 1,359,593
Sewer utilities	1,069,256	994,876
Gas utilities	3,180,812	1,818,476
	5,384,275	4,172,945
Less:		
Operating expenses and Resort Gas Ltd. profit	3,167,609	\$ 1,807,725
Municipality service fee, included in fees, donations and other income	13,204	10,751
	3,180,813	1,818,476
	\$ 2,203,462	\$ 2,354,469

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

2023	\$	86,544
2024		44,070
2025		23,111
	\$	153,725

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Commitments and contingencies (continued):

(b) Pension liability

The Municipality and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2022 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 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 \$142,315 (2021 - \$159,978) for employer contributions to the plan in fiscal 2022.

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.

(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, 2022

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 10, 2022. 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	\$ 350,085
Adjust for budgeted cash items, not included in statement of operations:	
Debt repayments less DCC for Debt payments & projects	(207,240)
Transfers to and from reserves	879,435
Acquisition of tangible capital assets	(9,286,260)
Proceeds on debt issue and capital grants	8,263,980
Financial plan balance	\$ -

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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.

(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, 2022

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 on property taxes	137,631	-	-	137,631	-	-	4,998	-	142,629
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	-	-	-	-	2,203,462	-	-	-	2,203,462
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, 2022

16. Segmented information (continued):

2021	Administration	Fire protection	Public Works	Administration, Fire Protection, and Public works Subtotal	Utilities	Health Centre	Sun Peaks Centre	Daycare	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, 2022

17. 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.

SUN PEAKS MOUNTAIN RESORT MUNICIPALITY

Schedule 1

COVID-19 Safe Restart Grant

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of the year	\$ 318,035	\$ 318,035
Revenue loss - Utilities	(195,075)	-
Revenue loss - Recreation, Parks & Cultural	(122,960)	-
	\$ -	\$ 318,035