
MEETING TYPE: Special Council Meeting
MEETING DATE: Tuesday, May 10, 2022
AUTHOR: Trevor James
DEPARTMENT: Finance and Administration
ITEM TITLE: 2021 Financial Statements
DESCRIPTION: Review of the 2021 Financial Statements

QUESTION

For Council to review the 2021 Financial Statements prior to the issuance of the Auditors' final report.

OPTIONS

- A. THAT the District of Lake Country's 2021 draft Financial Statements be approved.
- B. THAT the District of Lake Country's 2021 draft Financial Statements not be approved.

EXECUTIVE SUMMARY

KEY INFORMATION

Our auditors, BDO LLP, have audited the 2021 financial statements and provided a preliminary unmodified (clean) audit opinion. The draft financial statements are contained in Attachment 1. The full financial statements will be presented to Council by BDO LLP at the May 10, 2022 Council meeting.

These financial statements have been prepared in accordance with generally accepted accounting principles for local governments following recommendations and guidance provided by Public Sector Accounting Standards (PSAS).

A net financial asset position indicates the extent that net financial resources are available to fund future operations and expenditures. In 2021 the District had moved to a net financial position of \$14,519,118. This is a decrease from the prior year net financial position of \$21,153,296.

2021 revenues were below budget by \$7,829,881 with the 2021 actual amount being \$41,378,386 and the 2021 budgeted amount being \$49,208,267. The majority of this difference is due to Government Transfers revenue coming in at \$4,390,096 compared to budget of \$12,021,986 for a difference of \$7,631,890. \$6,600,000 was budgeted for Phase 4 of the Wastewater Treatment Plant to be grant funded. This grant was not received, and the project was determined to be high priority and as such Council elected to proceed and pay for the project using debt to be repaid using future Developer Cost Charges. \$293,200 was budgeted to be grant funded for the Woodsdale Waterfront Park Site & Cultural Centre and while \$1,064,895 was received however the bulk of the project will occur in 2022 and later and as such the full amount received was recorded as deferred revenue therefore the \$293,200 budgeted to be recognize did not occur in 2021.

2021 revenues were relatively consistent with 2020, \$41,378,386 in 2021 compared to \$42,934,424 in 2020. The decrease of \$1,556,038 can largely be explained by a \$922,068 building permit recognized and recorded as a receivable in 2020 that had to be written off as a bad debt expense in 2021 when the permit was never picked up and the property was sold. However, the purchased property is in the process of receiving a new building permit which should result in additional revenue in the 2022 fiscal year.

2021 total expenses of \$28,992,115 were \$244,714 higher than budget of \$28,747,401. This was largely due to amortization of tangible capital assets of \$4,659,568 being \$478,003 higher than \$4,181,565 due to timing of capital assets being put into use offset partially by some other expense accounts coming in under budget. Total 2021 expenses came in \$2,760,902 higher than the \$26,231,213 in 2020 primarily due to the previously mentioned bad debt expense in addition to increased costs due to supply chain issues and high inflation (4% in BC, 4.8% in Canada overall) as well as a \$240,134 increase in amortization of tangible capital assets.

DESIRED BENEFIT

Council review of the financial performance of the prior year. Compliance with legislation.

STRATEGIC RELEVANCE AND COMMUNITY SUSTAINABILITY

A strong financial position with adequate reserves will allow the District to work towards its strategic priorities and ensure ongoing financial viability. It is essential that local governments maintain adequate levels of reserve balances to mitigate current and future risks, ensure stable tax rates and demonstrate financial commitment to long range infrastructure and master plans.

REQUIREMENTS

Council has a statutory requirement to approve the 2021 Financial Statements.

UNINTENDED OUTCOMES

Acceptance of the Financial Statements ensures the ongoing financial viability of the District. As the Province requires that the Councils and Boards of local governments approve annual financial statements, should the statements not be approved it will impact the District's ability to borrow, receive grant funding and there may be legal liability as the District will be in contravention of the legislation.

BACKGROUND/HISTORY

In compliance with Public Sector Accounting Standards (PSAS), the following financial statements (Attachment 1) are presented for Council's review.

DISCUSSION/ANALYSIS

Statement of Financial Position

Some items that are unique to PSAS financial reporting are as follows:

- **Separation of financial assets and non-financial assets** – in typical financial statements of a business, a balance sheet is separated into three main categories – assets, liabilities, and shareholders' equity. In public sector financial statements, total assets are not specifically presented. Assets are separated between "financial" assets and "non-financial" assets:
 - Financial Assets are assets that generate cash flow and can be used to repay liabilities. Financial Assets include cash and cash equivalents and accounts receivables.
 - Non-Financial Assets generally do not provide cash flow and include tangible capital assets and other assets that are utilized on a continuing basis for public purposes having a useful life beyond one year. These assets are reflected at net book value (initial cost less amortization to date) and not intended to be sold in the normal course of operations.
- **Net Debt or Net Financial Assets** – With this separation of financial assets and non-financial assets, a performance measure unique to public sector financial statements results. The difference between financial assets and liabilities either reflects a "net debt" or "net financial asset" position.
 - Net Debt – A net debt position indicates the extent that debt and other liabilities have been taken on by the municipality to fund the delivery of services, investments in tangible capital assets and other transactions. Future revenue streams need to contemplate the requirement to repay debt obligations as they come due based on established repayment terms.

-
- **Net Financial Assets** – A net financial asset position indicates the extent that net financial resources are available to fund future operations and spending. In 2021 the District had moved to a net financial asset position of \$14,519,118. This is a decrease over the prior year net financial assets of \$21,153,296. This decrease is primarily due to significantly higher spending on acquisition of tangible assets, there were \$22,954,802 of acquired assets in 2021 compared to \$16,429,655 in 2020.
 - The net debt and net financial assets will fluctuate from year to year depending on how much is spent on capital and how much surplus is recognized. However, the District should continue to see a net financial asset position as the reserves are held in line with the Reserve Policy adopted by Council.
- **Accumulated Surplus or Deficit** – the accumulated sum of non-financial assets and net financial assets. The District is in a “surplus” position. The surplus position reflects that net financial and physical resources are available to provide future services. If an entity was in a net deficit position, this would reflect that future revenues are required to finance historical operations.

Statement of Operations and Accumulated Surplus

This statement provides the budgeted and actual revenues and expenses of the District for the fiscal year. Revenues are presented by their sources of funds (i.e. taxation, user fees, government transfers, etc.) Expenses are presented by function or major program (i.e. Protective services, Water, Sewer, etc.) The accumulated surplus represents the accumulated results experienced by the City over the years.

Please see executive summary for summary of most significant changes in budget vs. actual and actual vs. prior year as well as below for additional information:

2021 Expenses Budget to Actual

Expenses	2021 Budget	2021 Actual	Difference in Budget vs. Actual	% Difference in Budget vs. Actual	Comments
General Government Services	4,198,097	4,314,531	116,434	3%	Comparable to budget, slight increase over budget due to timing and slight overlap of incoming and outgoing directors
Protective Services	4,941,414	4,436,403	(505,011)	-10%	RCMP contract came in significantly under budget, we budget for 18 requested officers however only get billed based on actuals which fluctuated between 10-12 officers.
Transportation Services	5,579,567	5,339,919	(239,648)	-4%	Transit costs came in \$246,000 under budget due to decreased ridership as well as repayment of transit reserve in the form of reduced bills.
Environmental Services	1,564,503	1,598,836	34,333	2%	Landfill fees were \$33,000 over budget due to increased usage, however please note that garbage collection fees were also \$39,000 over budget on the revenue side.
Planning and Development Services	1,481,963	2,344,731	862,768	58%	Negative variance due to a \$922,068 building permit recognized in 2020 that had to be written off as a bad debt expense in 2021 when the permit was never picked up and the property was sold. However, the purchased property is in the process of receiving a new building permit which should result in additional revenue in the 2022 fiscal year.
Parks and Recreation Services	4,287,087	4,244,329	(42,758)	-1%	Comparable to budget.
Water Services	3,746,654	3,779,554	32,900	1%	Comparable to budget, slight negative variance due to higher material/supply costs due to supply chain/inflationary pressures.
Sewer Services	2,323,428	2,364,663	41,235	2%	Comparable to budget, slight negative variance due to higher material/supply costs due to supply chain/inflationary pressures.
Interest Expense	624,688	569,149	(55,539)	-9%	Interest expense was lower than budget due to some debt maturing (\$6.5m of long-term debt in 2020 vs. \$5.5m in 2021).
Total	28,747,401	28,992,115	244,714	1%	

Expenses - 2021 Actual to 2020 Actual					
Expenses	2021 Actual	2020 Actual	Difference in Actual vs. Prior Year	% Difference in Actual vs. Prior Year	Comments
General Government Services	4,314,531	3,723,317	591,214	16%	Increase in salaries & benefits due to overlap of CAO & Deputy CAO as well as cost of living/increases due to collective agreement.
Protective Services	4,436,403	3,964,540	471,863	12%	\$245,000 increase in fire operations expenditures primarily due to several significant redeployments in 2021, however please note that Fire Services Revenue was \$457,000 higher than in 2020 due to the reimbursements from the Province for these redeployments. \$44,000 increase due to hiring of additional bylaw officers using COVID grant funding. \$57,000 increase in RCMP costs due to RCMP contract increases.
Transportation Services	5,339,919	5,757,721	(417,802)	-7%	Decrease primarily due to decrease in road resurfacing costs in 2021 due to decision to spend \$600,000 every two years instead of \$300,000 every year.
Environmental Services	1,598,836	1,545,811	53,025	3%	Increase primarily due to increase in solid waste management costs, however please note that there was a corresponding increase in collection fees.
Planning and Development Services	2,344,731	1,214,213	1,130,518	93%	See comment on budget vs. actual relating to \$922,068 of this variance. Remainder of variance due to planned increased salaries costs in planning & development.
Parks and Recreation Services	4,244,329	3,747,202	497,127	13%	Increased activity in parks, recreation and culture activities due to more activities opening up in the second year of the pandemic. Also increased offsetting revenues due to these activities.
Water Services	3,779,554	3,675,273	104,281	3%	Comparable to prior year, slight negative variance due to higher material/supply costs due to supply chain/inflationary pressures.
Sewer Services	2,364,663	1,960,261	404,402	21%	Increases to several expense accounts in line with budget however increased offsetting user fees as well. Also higher material/supply costs due to supply chain/inflationary pressures.
Interest Expense	569,149	642,875	(73,726)	-11%	Interest expense was lower than prior year due to some debt maturing (\$6.5m of long-term debt in 2020 vs. \$5.5m in 2021).
Total	28,992,115	26,231,213	2,760,902	11%	

Statement of Changes in Net Debt

Explains the changes in net debt, reconciling the opening to the closing balance of net debt reported in the Statement of Financial Position.

Statement of Cash Flows

Explains the changes to cash and cash equivalents, reconciling the opening to the closing balance of cash and cash equivalents reported in the Statement of Financial Position.

Notes to Financial Statements and Schedules

Provides further details on information provided in the financial statements noted above. The full listing of debt including what it is for has been provided in Attachment 2.

Schedule 1 – Schedule of Tangible Capital Assets

Summary of changes to the net book value of all District tangible capital assets and work in progress held by category.

Schedule 2 – Schedule of Accumulated Surplus

Summary of changes to reserves as well as the net investment in tangible capital assets.

Schedule 3 – Schedule of Segment Disclosure

Further details of the use of financial resources (revenue and expenses) by the District by function or segment.

Schedule 4 – Schedule of COVID-19 Restart Grant

This is a schedule required for the acceptance of the COVID-19 Safe Restart Grant received in November 2020 from the Provincial Government. This grant was recorded as revenue for 2020 with the amount not spent in 2020 moved into the stabilization reserve with the amount being drawn down as it gets spent.

APPLICABLE LEGISLATION AND POLICIES

Section 167 of the Community Charter describes the financial reporting requirements for local governments. Municipal financial statements for a fiscal year must be prepared by the Financial Officer and presented to Council for its acceptance. The financial statements are to be submitted to the Inspector of Municipalities by May 15th of the year following the end of the fiscal year.

IMPACT ON INFRASTRUCTURE OR MUNICIPAL SERVICES

N/A

IMPACT ON STAFF CAPACITY AND FINANCIAL RESOURCES

N/A

COMMENTS FROM EXTERNAL AGENCIES, COMMITTEES AND STAKEHOLDERS

N/A

CONSULTATION AND COMMUNICATION

The financial statements are available publicly on the District's website and at Municipal Hall as well as are included in the annual report that is released in June.

ANALYSIS OF OPTIONS FOR CONSIDERATION

N/A

Respectfully Submitted,
Trevor James, CPA, CA
Chief Financial Officer
Finance & Administration

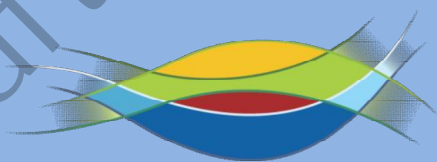
This report has been prepared on consultation with the following:

(author to request inclusion of initials to show concurrence)

Tanya Garost, Chief Administrative Officer	TG
--	-----------

Attachments

1.	2021 Draft Financial Statements
2.	2021 Long Term Debt Listing



LAKE COUNTRY

Life. The Okanagan Way.

DISTRICT OF LAKE COUNTRY
2021
FINANCIAL
STATEMENTS

Draft - For discussion purposes only

This page intentionally left blank

District of Lake Country

December 31, 2021

Table of Contents

	<u>Page</u>
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Schedule of Tangible Capital Assets	20
Schedule of Accumulated Surplus	22
Schedule of Segment Disclosure	23
Schedule of COVID-19 Safe Restart Grant	26

Draft - For discussion purposes only

This page intentionally left blank

Municipal Hall

10150 Bottom Wood Lake Road
Lake Country, BC V4V 2M1
Tel: 250-766-5650
Fax: 250-766-0116

May 10, 2022

The Mayor and Council
District of Lake Country

Mayor Baker and Council,

In accordance with Section 167 of the Community Charter, I am pleased to present the 2021 Annual Financial Statements of the District of Lake Country for the fiscal year ended December 31, 2021. These statements include the Independent Auditors' Report, the financial statements and the notes and schedules to the financial statements for the District of Lake Country.

The financial statements for the year ended December 31, 2021 were prepared by the District in accordance with Canadian Public Sector Accounting Standards. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for implementing and maintaining a system of good internal controls to safeguard the District's assets and to provide reasonable assurance that reliable and consistent financial information is provided.

Council is responsible for ensuring management fulfills its responsibility for financial reporting and internal control.

The auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion regarding the Annual Financial Statements. The audit was planned and performed to obtain reasonable assurance as to whether the financial statements are free from material error or misstatement.

The District strives to ensure that services are effectively and efficiently delivered to meet Council's and the community's goals and vision. The District is committed to providing sound financial management and long-term strategic planning to achieve these objectives.

Respectfully submitted,



Trevor James, CPA, CA
Chief Financial Officer

Draft - For discussion purposes only

This page intentionally left blank

Independent Auditors' Report

To the Members of Council, Inhabitants and Taxpayers of the District of Lake Country

Opinion

We have audited the financial statements of the District of Lake Country (the "District"), which comprise the statement of financial position as at December 31, 2021, and the statement of changes in net financial assets, statement of operations and accumulated surplus, and statement of cash flows for the year then ended, and notes and schedules to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of Schedule 4 on page 26 of these financial statements.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Chartered Professional Accountants

Kelowna, British Columbia
May 10, 2022

Draft - For discussion purposes only

This page intentionally left blank

District of Lake Country

Statement of Financial Position

As at December 31

2021

2020

Financial assets

Cash and cash equivalents (Note 5)

\$ 31,255,116 \$ 44,423,360

Accounts receivable (Note 6)

4,547,842 6,936,975

35,802,958 51,360,335

Liabilities

Accounts payable and accrued liabilities (Note 7)

5,639,513 10,389,641

Security deposits

2,931,053 2,180,495

Deferred revenue (Note 8)

3,326,481 2,928,937

Restricted revenue (Note 9)

3,842,210 8,164,050

Long-term debt (Note 10)

5,544,583 6,543,916

21,283,840 30,207,039

Net financial assets

14,519,118 21,153,296

Non-financial assets

Tangible Capital Assets (Schedule 1)

204,323,383 185,285,974

Acquisition of prepaid expenses

43,865 60,825

Accumulated surplus (Schedule 2)

\$ 218,886,366 \$ 206,500,095

Contingent liabilities and commitments (Note 11)

Trevor James, CPA, CA
Chief Financial Officer

James Baker
Mayor

See accompanying notes to the financial statements.

District of Lake Country

Statement of Operations and Accumulated Surplus

For the year ended December 31	2021 Budget *	2021 Actual	2020 Actual
Revenue			
Taxation (Note 12)	\$ 18,438,805	\$ 18,600,618	\$ 17,520,565
Utility revenues	5,057,580	5,359,032	5,085,933
Services provided to other governments	435,000	469,072	809,323
Sale of services	2,924,329	3,203,456	2,734,712
Permits and licences	886,700	1,329,359	2,117,655
Interest on Investments	764,869	797,372	730,877
Government transfers (Note 13)	12,021,986	4,390,096	7,627,988
Developer contributions	6,794,228	6,792,040	3,927,306
Other revenue	1,884,770	437,341	2,380,070
	<u>49,208,267</u>	<u>41,378,386</u>	<u>42,934,429</u>
Expenses			
General Government Services	4,198,097	4,314,531	3,723,317
Protective Services	4,941,414	4,436,403	3,964,540
Transportation Services	5,579,567	5,339,919	5,757,721
Environmental Services	1,564,503	1,598,836	1,545,811
Planning and Development Services	1,481,963	2,344,731	1,214,213
Parks and Recreation Services	4,287,087	4,244,329	3,747,202
Water Services	3,746,654	3,779,554	3,675,273
Sewer Services	2,323,428	2,364,663	1,960,261
Interest expense	624,688	569,149	642,875
	<u>28,747,401</u>	<u>28,992,115</u>	<u>26,231,213</u>
Annual surplus	20,460,866	12,386,271	16,703,216
Accumulated surplus, beginning of year	206,500,095	206,500,095	189,796,879
Accumulated surplus, end of year	<u><u>\$ 226,960,961</u></u>	<u><u>\$ 218,886,366</u></u>	<u><u>\$ 206,500,095</u></u>

* Note 3

See accompanying notes to the financial statements.

District of Lake Country

Statement of Changes in Net Financial Assets

For the Year Ended December 31	2021 Budget	2021 Actual	2020 Actual
Unrestricted annual surplus	\$ 20,460,866	\$ 12,386,271	\$ 16,703,216
Acquisition of tangible capital assets	(35,167,323)	(22,954,802)	(16,429,655)
Developer contribution of tangible capital assets	-	(747,175)	(318,040)
Amortization of tangible capital assets	4,181,565	4,659,568	4,419,434
Net (gain) on disposal of tangible capital assets	-	(2,395)	(889,200)
Proceeds from disposal of tangible capital assets	5,200	7,395	1,026,587
Acquisition of prepaid expenses	-	16,960	5,117
(Decrease)/increase in net financial assets	(10,519,692)	(6,634,178)	4,517,459
Net financial assets, beginning of year	-	21,153,296	16,635,837
Net financial assets, end of year	\$ (10,519,692)	\$ 14,519,118	\$ 21,153,296

See accompanying notes to the financial statements.

District of Lake Country

Statement of Cash Flows

For the year ended December 31	2021	2020
Net inflow (outflow) of cash and cash equivalents related to the following activities		
Operating activities		
Annual surplus for the year	\$ 12,386,271	\$ 16,703,216
Adjustment for non-cash items		
Amortization of tangible capital assets	4,659,568	4,419,434
Developer contribution of tangible capital assets	(747,175)	(318,040)
Net gain on disposal of tangible capital assets	(2,395)	(889,200)
Actuarial adjustment on long-term debt	(423,067)	(426,154)
Acquisition of prepaid expenses	16,960	5,117
Increase/(decrease) in		
Accounts receivable	2,389,133	65,512
Accounts payable	(4,750,128)	7,170,765
Security deposits	750,558	639,375
Deferred revenue	397,544	527,970
	<u>14,677,269</u>	<u>27,897,995</u>
Financing activities		
Restricted revenue development cost charges, net	(4,321,840)	(4,238,029)
Repayment of long-term debt	(576,266)	(634,310)
	<u>(4,898,106)</u>	<u>(4,872,339)</u>
Capital activities		
Acquisition of tangible capital assets	(22,954,802)	(16,429,655)
Proceeds from disposal of tangible capital assets	7,395	1,026,587
	<u>(22,947,407)</u>	<u>(15,403,068)</u>
Increase (decrease) in cash and cash equivalents	<u>(13,168,244)</u>	<u>7,622,588</u>
Cash and cash equivalents, beginning of year	<u>44,423,360</u>	<u>36,800,772</u>
Cash and cash equivalents, end of year	<u><u>\$ 31,255,116</u></u>	<u><u>\$ 44,423,360</u></u>
Supplementary cash flow information		
Interest paid	<u>\$ 569,149</u>	<u>\$ 642,875</u>

See accompanying notes to the financial statements.

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

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

1. Nature of entity

The District of Lake Country ("the District") was incorporated under the laws of British Columbia in 1995 and is engaged in the operation of a municipality.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

The following is a summary of the District's significant accounting policies:

Basis of presentation

The District's resources and operations are segregated into General, Water, Sewer and Statutory Reserve Funds for accounting and financial reporting purposes. Each of these funds is further segregated into operating and capital funds, where applicable. The financial statements include all of the accounts of these funds.

Accrual accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measured.

Cash and cash equivalents

Management classifies all term deposits and highly liquid investments that are cashable on demand as cash equivalents.

Tangible capital assets

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

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies (continued)

Tangible capital assets (continued)

The estimated useful lives are as follows:

Tangible capital assets	Estimated useful life
Land improvements	10 - 50 years
Buildings	50 years
Furniture and equipment	5 - 20 years
Vehicles and machinery	8 - 20 years
IT Infrastructure	5 years
Road surface	20 years
Road base	80 - 99 years
Other road structures	20 - 50 years
Water, sewer, and other structures	25 - 80 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Work in Progress is valued at cost and represents capital projects under construction but not yet ready for use. Amortization commences once the individual projects are capitalized.

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

The District has numerous works of art located throughout the District which are not reflected in these financial statements due to the subjectivity as to their value.

Supplies on hand

Supplies are charged to operations when purchased.

Capitalization of interest

The District capitalizes interest on temporary borrowing until the completion of the project that is to be financed by debenture debt at the current rate of the District's short-term borrowing.

Debenture debt

Outstanding debenture debt is reported net of sinking fund balances.

Debt charges

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

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies (continued)

Liability for contaminated sites

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

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the District is directly responsible and accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

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

Municipal Finance Authority debt reserve deposits

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

	Demand Notes	Cash Deposits	Total 2021	Total 2020
General Fund	\$ 145,975	\$ 71,844	\$ 217,819	\$ 216,617
Water Fund	71,511	26,578	98,089	97,645
Sewer Fund	193,290	129,753	323,043	454,501
	<u>\$ 410,776</u>	<u>\$ 228,175</u>	<u>\$ 638,951</u>	<u>\$ 768,763</u>

Reserve funds

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

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies (continued)

Revenue recognition

Taxes are recognized as revenue in the year they are levied. Through the BC Assessment appeal process property assessment values may be adjusted through a supplementary roll. Decreases or increases of taxation as a result of these re-assessments are recognized at the time they are awarded.

Fees and charges for protective, transportation, environmental, development, community and customer services, water and sewer fees are recorded on the accrual basis and recognized as earned, which is usually when services are provided.

Investment income is recorded on the accrual basis and recognized when earned.

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the District, and a reasonable estimate of the amount to be received can be made.

Developer contributions are recognized as revenue during the period in which the related costs are incurred or when infrastructure is turned over to the District.

Expenses

Expenses are recorded in the period in which the goods or services are acquired and a liability is incurred.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of employee benefit plans, allowance for doubtful accounts receivable, provision for contingencies and tangible capital assets estimated useful life and related amortization. Actual results could differ from management's best estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

3. Budget figures

The budget adopted by Mayor and Council on March 16, 2021 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$20,460,866. In addition, the budget expensed all tangible capital asset expenditures. As a result, the budget figures presented in the statement of operations and the statement of changes in net financial assets (net debt) represent the budget adopted by Mayor and Council with adjustments as follows:

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

3. Budget figures (continued)

Financial Plan (Budget) Bylaw surplus for the year

	2021 Budget
Add:	
Acquisition of tangible capital assets	\$ 35,167,323
Long-term debt principal payments and actuarial adjustments	<u>999,335</u>
Less:	
Transfers from surpluses and reserves	(5,949,606)
Proceeds from long term debt	(5,569,421)
Proceeds from disposal of tangible capital assets	(5,200)
Transfer from equity in tangible capital assets for amortization	<u>(4,181,565)</u>
Financial plan (Budget) surplus per statement of operations	<u>\$ 20,460,866</u>

4. Global Pandemic

As the impacts of COVID-19 continue, there could be further impact on the District, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the District's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the District is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The District's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The District will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

5. Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with maturities of 90 days or less from the date of acquisition. Cash and cash equivalents are recorded at cost and are comprised of the following:

	2021	2020
Cash	\$ 7,278,680	\$ 30,803,084
Term Deposits	15,271,427	4,096,977
Chartered Bank Accrual Notes and Debentures	8,674,115	9,523,299
Property Held for Resale	30,894	-
Total Cash and Cash Equivalents	<u>\$ 31,255,116</u>	<u>\$ 44,423,360</u>

Included in 2021 cash and cash equivalents is \$2,669,051 (2020 - \$1,974,297) relating to performance deposits, the use of which is subject to certain restrictions.

Operating line of credit

The District has an operating line of credit with the Toronto Dominion Commercial Bank for an authorized amount of \$1,500,000, bearing interest at bank prime rate. At December 31 the balance outstanding on the operating line of credit was \$nil (2020 - \$nil).

6. Accounts receivable

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

	2021	2020
Property tax receivables	\$ 969,327	\$ 1,081,587
Trade receivables	699,411	1,981,794
Due from other governments	1,605,574	2,301,122
Water utility fees	1,273,530	1,572,472
	<u>\$ 4,547,842</u>	<u>\$ 6,936,975</u>

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2021	2020
Accounts payable	\$ 2,274,299	\$ 2,962,339
Due to other governments	1,504,081	6,018,900
Trade contract holdbacks	1,307,651	901,130
Wages and benefits	553,482	507,272
	<u>\$ 5,639,513</u>	<u>\$ 10,389,641</u>

8. Deferred revenue

The District records deferred revenue for funds received in advance on services not yet rendered and is recognized as revenue during the period in which the services are provided. Because these funds are restricted in nature, they are shown as a liability.

	2020	Deferred revenue received	Deferred revenue recognized	2021
Prepaid taxes	\$ 1,559,739	\$ 1,751,864	\$ (1,559,739)	\$ 1,751,864
Prepaid water utility fees	18,105	17,397	(18,105)	17,397
Prepaid leisure service fees	25,390	34,099	(25,390)	34,099
Deferred parcel tax	26,166	-	-	26,166
Other	1,299,537	1,242,753	(1,045,335)	1,496,955
	<u>\$ 2,928,937</u>	<u>\$ 3,046,113</u>	<u>\$ (2,648,569)</u>	<u>\$ 3,326,481</u>

9. Restricted revenue

Development cost charges and parkland acquisition funds

Pursuant to the provisions of the Local Government Act, development cost charges ("DCC's") and parkland acquisition funds are held in statutory reserve funds for the purposes for which the charges have been imposed. When the related costs are incurred, the DCC's and parkland acquisition funds are recognized as revenue. Because these funds are restricted in nature, they are shown as a liability.

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

9. Restricted revenue (continued)

	Development cost charge restricted revenue 2021	Parkland acquisition restricted revenue 2021	Total 2021	Total 2020
Financial assets:				
Cash	\$ 3,842,210	\$ -	\$ 3,842,210	\$ 8,164,050
	<u>3,842,210</u>	<u>-</u>	<u>3,842,210</u>	<u>8,164,050</u>
Balance, beginning of year	8,164,050	-	8,164,050	12,402,079
Contributions from developers	1,321,592	-	1,321,592	1,812,990
Permit adjustments	(70,572)	-	(70,572)	(2,730,255)
Interest on investments	117,696	-	117,696	237,808
Capital financing	<u>(5,690,556)</u>	<u>-</u>	<u>(5,690,556)</u>	<u>(3,558,572)</u>
Balance, end of year	<u>\$ 3,842,210</u>	<u>\$ -</u>	<u>\$ 3,842,210</u>	<u>\$ 8,164,050</u>

In accordance with Section 562 of the Local Government Act, no DCC's were waived or reduced for eligible development as defined under Section 563 of the Act.

The balances of the DCC reserves can be itemized as follows:

	2021	2020
Roads DCC	\$ 1,329,991	\$ 1,894,722
Drainage DCC	908,186	902,339
Park DCC	1,392,168	2,537,526
Water DCC	931,481	1,279,828
Sewer DCC	<u>(719,616)</u>	<u>1,549,635</u>
	<u>\$ 3,842,210</u>	<u>\$ 8,164,050</u>

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

10. Long-term debt

	Interest rate	Year of maturity	Balance, beginning of year	Additions	Principal payment	Actuarial adjustment	Balance, end of year
General Fund							
MFA Issue 78	5.850%	2022	\$ 84,678	\$ -	\$ 17,163	\$ 24,143	\$ 43,372
MFA Issue 104	5.150%	2028	830,798	-	56,317	33,848	740,633
MFA Issue 105	4.900%	2029	273,552	-	16,791	9,058	247,703
MFA Issue 133	2.750%	2035	2,119,137	-	92,469	17,355	2,009,313
			<u>3,308,165</u>	<u>-</u>	<u>182,740</u>	<u>84,404</u>	<u>3,041,021</u>
Water Fund							
MFA Issue 105	4.900%	2024	302,107	-	46,213	24,930	230,964
MFA Issue 114	3.650%	2026	172,727	-	26,271	-	146,456
MFA Issue 114	3.650%	2026	112,882	-	17,168	-	95,714
MFA Issue 127	3.300%	2029	297,807	-	22,240	5,900	269,667
			<u>885,523</u>	<u>-</u>	<u>111,892</u>	<u>30,830</u>	<u>742,801</u>
Sewer Fund							
MFA Issue 70	5.745%	2024	1,253,616	-	145,900	147,002	960,714
MFA Issue 75	3.050%	2021	191,054	-	75,607	115,447	-
MFA Issue 78	2.100%	2022	119,363	-	24,194	34,032	61,137
MFA Issue 126	3.850%	2033	786,195	-	35,933	11,352	738,910
			<u>2,350,228</u>	<u>-</u>	<u>281,634</u>	<u>307,833</u>	<u>1,760,761</u>
Total long-term debt			<u>\$ 6,543,916</u>	<u>\$ -</u>	<u>\$ 576,266</u>	<u>\$ 423,067</u>	<u>\$ 5,544,583</u>

The principal repayments on long-term debt required in each of the five years and thereafter are as follows:

	2022	2023	2024	2025	2026	Thereafter	Total
General Fund	\$ 182,741	\$ 165,577	\$ 165,577	\$ 165,577	\$ 165,577	\$ 995,229	\$ 1,840,278
Water Fund	113,478	115,122	116,825	72,377	74,207	66,720	558,729
Sewer Fund	206,025	181,831	181,831	35,932	35,932	251,527	893,078
	<u>\$ 502,244</u>	<u>\$ 462,530</u>	<u>\$ 464,233</u>	<u>\$ 273,886</u>	<u>\$ 275,716</u>	<u>\$ 1,313,476</u>	<u>\$ 3,292,085</u>

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

11. Contingent liabilities and commitments

Regional District of Central Okanagan

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

Legal actions

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

Pension liability

The District 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 the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021 the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local government.

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

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

11. Contingent liabilities and commitments (continued)

Pension liability (continued)

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

The District paid \$682,711 (2020 - \$637,586) for employer contributions, while employees contributed \$593,963 (2020 - \$557,400) to the plan in fiscal 2021.

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

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Letter of Credit

The District has obtained an irrevocable letter of credit initially expiring on July 31, 2022 in the amount of \$97,540. The letter of credit is being held as a deposit on a capital project being administered by the Department of Fisheries and Oceans.

Commitments

The District has entered into various agreements and contracts for services with periods ranging from one to twenty years.

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

12. Taxation

In 2021 the District collected \$11,978,991 (2020 - \$10,727,894) on behalf of other taxing jurisdictions and transferred this amount to those other authorities. The collections and transfers are itemized as follows:

	2021	2020
Collections for and transfers to other governments		
Taxes collected		
Property taxes	\$ 27,170,350	\$ 25,047,039
Special assessments	2,827,246	2,762,454
1% utility tax	236,957	232,065
Penalties and interest on taxes	299,576	162,115
Grant in lieu of taxes	45,480	44,786
	<u>30,579,609</u>	<u>28,248,459</u>
Less transfer to other governments		
Province of BC (school taxes)	8,092,864	7,111,207
BC Assessment Authority	221,835	212,722
Municipal Finance Authority	1,042	970
Regional Hospital District	1,363,143	1,245,240
Okanagan Regional Library	690,842	667,661
Regional District of Central Okanagan	1,609,265	1,490,094
	<u>11,978,991</u>	<u>10,727,894</u>
Net taxes available for municipal purposes	<u>\$ 18,600,618</u>	<u>\$ 17,520,565</u>

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

13. Government transfers

In 2021 the District received and recorded as revenue the following transfers:

	2021	2020
Federal Conditional Transfers		
Federal Gas Tax Strategic Priorities Fund	\$ 1,662,562	\$ 2,661,280
Provincial Unconditional Transfers		
Traffic Fine Revenue Sharing Grant	99,795	81,364
Small Community Grant	272,000	302,695
Climate Action Revenue Incentive Program	24,609	20,773
BC Active Transportation Grant	-	278,628
	<u>396,404</u>	<u>683,460</u>
Provincial Conditional Transfers		
COVID-19 Resilience Infrastructure Grant	622,786	-
Community Economic Recovery Infrastructure Grant	131,763	-
Other Conditional Transfers	71,426	59,254
New Spaces Grant	50,000	450,000
COVID-19 Safe Restart Grant	-	2,947,000
	<u>875,975</u>	<u>3,456,254</u>
Regional and Other External Conditional Transfers		
Gas Tax Community Works Fund	1,225,899	599,296
Student Grants	-	12,264
Gas Tax General Strategic Priorities Fund	34,730	10,104
Okanagan Basin Water Board	194,526	205,330
	<u>1,455,155</u>	<u>826,994</u>
Total government transfers	<u>\$ 4,390,096</u>	<u>\$ 7,627,988</u>

14. Letters of credit

As of December 31, the District is holding letters of credit in the amount of \$9,113,641 (2020 - \$11,163,898), which are received as security related to performance deposits.

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

15. Segmented information

The District of Lake Country is a diversified municipal government that provides a wide range of services to its citizens. For management reporting purposes the District's operations and activities are organized and reported by funds and departments. The General Fund reports on property tax supported operations, which include services provided by the District to citizens such as general government, protective, transportation, environmental, planning and development and community and customer services. The utility operations are comprised of the water and sewer systems, each accounting for its own operations and programs within their own funds. Operating results reported by the following segments is included in Schedule 3.

General Government services

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

Protective services

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

Transportation services

Transportation services are responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway and drainage systems and street lighting.

Environmental services

Environmental services are comprised of transit, garbage and recycling services, as well as the Lake Country hydroelectric generating station.

Planning and Development

Planning and Development services monitor compliance with Council policies governing subdivision, land use and building inspection. This department also provides economic development services within the municipality.

Parks and Recreation

Parks and Recreation services provide services related to recreation, leisure and culture. The facilities managed within this department include parks, arena, seniors centre, community theatre and the community complex.

District of Lake Country

Notes to the Financial Statements

For the year ended December 31, 2021

15. Segmented information (continued)

Water systems

The Water department provides safe drinking water to citizens of Lake Country. Revenue and expenses represent the amounts that are directly attributable to the function of the water department. Water is accounted for in its own fund.

Sewer system

The Sewer department manages the wastewater treatment plants and sewer collection system. Sewer is accounted for in its own fund.

16. Expenses by object

Total expenses by object are itemized in Schedule 3 – Segment Disclosure.

District of Lake Country

Schedule 1 - Schedule of Tangible Capital Assets

For the Year Ended December 31	Land	Land Improvements	Buildings	Furniture & Equipment	Vehicle & Machinery	IT Infrastructure
COST						
Opening Balance	\$ 36,608,519	\$ 10,322,355	\$ 26,155,815	\$ 2,699,998	\$ 6,869,002	\$ 825,104
Add: additions	1,359,411	84,321	17,181,416	208,277	663,545	134,788
Add: contributed capital	628,000	-	-	-	-	-
Less: disposals/transfers	-	-	-	-	(7,542)	-
Closing balance	<u>38,595,930</u>	<u>10,406,676</u>	<u>43,337,231</u>	<u>2,908,275</u>	<u>7,525,005</u>	<u>959,892</u>
ACCUMULATED AMORTIZATION						
Opening Balance	-	1,641,156	7,571,404	1,515,541	3,018,413	391,356
Add: amortization	-	266,334	736,322	140,927	442,576	147,077
Less: accumulated amortization on disposals	-	-	-	-	(2,542)	-
Closing balance	<u>-</u>	<u>1,907,490</u>	<u>8,307,726</u>	<u>1,656,468</u>	<u>3,458,447</u>	<u>538,433</u>
Net book value, December 31, 2021	<u>38,595,930</u>	<u>8,499,186</u>	<u>35,029,505</u>	<u>1,251,807</u>	<u>4,066,558</u>	<u>421,459</u>
Net book value, December 31, 2020	<u>\$ 36,608,519</u>	<u>\$ 8,681,199</u>	<u>\$ 18,584,411</u>	<u>\$ 1,184,457</u>	<u>\$ 3,850,589</u>	<u>\$ 433,748</u>

District of Lake Country

Schedule 1 - Schedule of Tangible Capital Assets

For the Year Ended December 31	Engineering Structures					2021 Total	2020 Total
	Water	Sewer	Roads	Environmental & Other	Work-in- Progress		
COST							
Opening Balance	\$ 50,328,453	\$ 21,130,491	\$ 58,801,847	\$ 4,118,791	\$ 15,600,092	\$233,460,467	\$ 217,106,040
Add: additions	-	437,663	216,393	-	21,040,466	41,326,280	21,815,588
Add: contributed capital	113,226	-	5,949	-	-	747,175	318,040
Less: disposals/transfers	-	-	-	-	(18,371,478)	(18,379,020)	(5,779,201)
Closing balance	<u>50,441,679</u>	<u>21,568,154</u>	<u>59,024,189</u>	<u>4,118,791</u>	<u>18,269,080</u>	<u>257,154,902</u>	<u>233,460,467</u>
ACCUMULATED AMORTIZATION							
Opening Balance	10,873,694	4,836,953	17,141,823	1,184,153	-	48,174,493	44,010,940
Add: amortization	1,004,165	384,316	1,434,880	102,971	-	4,659,568	4,419,434
Less: accumulated amortization on disposals	-	-	-	-	-	(2,542)	(255,881)
Closing balance	<u>11,877,859</u>	<u>5,221,269</u>	<u>18,576,703</u>	<u>1,287,124</u>	<u>-</u>	<u>52,831,519</u>	<u>48,174,493</u>
Net book value, December 31, 2021	<u>38,563,820</u>	<u>16,346,885</u>	<u>40,447,486</u>	<u>2,831,667</u>	<u>18,269,080</u>	<u>204,323,383</u>	
Net book value, December 31, 2020	<u>\$ 39,454,759</u>	<u>\$ 16,293,538</u>	<u>\$ 41,660,024</u>	<u>\$ 2,934,638</u>	<u>\$ 15,600,092</u>		<u>\$ 185,285,974</u>

District of Lake Country

Schedule 2 - Schedule of Accumulated Surplus

For the year ended December 31, 2021	Balances, Beginning of Year	Withdrawals	Contributions	Transfer to Capital	Interest & Actuarial Adjustments	Balances, End of Year
Surplus and Non-Statutory Reserves						
General fund surplus	\$ 3,614,439	\$ (415,537)	\$ 19,141	\$ (64,803)	\$ 248	\$ 3,153,488
Water fund surplus	1,177,366	-	-	-	23,311	1,200,677
Sewer fund surplus	451,443	-	-	-	8,939	460,382
General capital reserve	3,056,838	-	1,055,237	(1,695,514)	54,187	2,470,748
Water capital reserve	4,922,432	-	1,550,035	(1,719,003)	95,792	4,849,256
Sewer capital reserve	654,548	-	302,788	(481,940)	11,187	486,583
Climate action reserve	1,623,674	-	252,144	-	34,645	1,910,463
Community works gas tax reserve	1,606,995	-	1,225,899	(1,602,453)	28,090	1,258,531
Equipment acquisition and replacement reserve	386,688	-	276,303	(186,822)	8,542	484,711
Facilities reserve	385,322	(7,572)	370,079	(187,966)	8,682	568,545
Financial stabilization reserve	3,107,673	(331,925)	5,000	(571,506)	52,638	2,261,880
Fire facilities and equipment reserve	1,472,758	-	996,528	(1,586,679)	23,318	905,925
Future servicing works reserve	974,657	-	-	-	-	974,657
Future capital expenditures reserve	1,961,222	-	-	(1,464,327)	-	496,895
Information technology reserve	424,046	-	300,000	(126,559)	10,113	607,600
Policing reserve	1,194,986	(300,000)	742,347	(11,827)	27,923	1,653,429
Solid waste reserve	541,388	-	158,034	(45,038)	11,838	666,222
Transportation infrastructure reserve	1,029,512	(168,333)	1,215,350	(576,812)	25,039	1,524,756
Transit Reserve	-	-	90,176	-	-	90,176
	<u>28,585,987</u>	<u>(1,223,367)</u>	<u>8,559,061</u>	<u>(10,321,249)</u>	<u>424,492</u>	<u>26,024,924</u>
Statutory Reserves						
Access to body of water reserve	2,003	-	-	-	40	2,043
Land sale reserve	10,632	-	-	-	211	10,843
Parkland acquisition reserve	189,995	-	-	-	3,762	193,757
	<u>202,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,013</u>	<u>206,643</u>
Investment in Non Financial Assets						
Equity in tangible capital assets	<u>177,711,478</u>	<u>(9,757,989)</u>	<u>24,278,242</u>	<u>-</u>	<u>423,068</u>	<u>192,654,799</u>
Accumulated surplus	<u>\$ 206,500,095</u>	<u>\$ (10,981,356)</u>	<u>\$ 32,837,303</u>	<u>\$ (10,321,249)</u>	<u>\$ 851,573</u>	<u>\$ 218,886,366</u>

District of Lake Country

Schedule 3 - Schedule of Segment Disclosure

	General Government Services		Protective Services		Transportation Services	
	2021 Budget	2021 Actual	2021 Budget	2021 Actual	2021 Budget	2021 Actual
For the year ended December 31						
Revenue						
Taxation	\$ 14,578,353	\$ 14,692,707	\$ 2,433,548	\$ 2,430,581	\$ -	\$ -
Utility revenues	-	-	-	-	-	-
Services provided to other governments	-	-	150,000	150,000	-	-
Sale of services	41,799	51,085	12,500	516,648	287,030	203,853
Permits and licences	125,100	123,580	17,000	17,723	84,500	69,831
Interest on Investments	409,404	426,457	-	-	-	-
Government transfers	1,412,460	1,689,001	80,000	99,795	401,880	652,547
Developer contributions	-	349,309	-	-	1,778,380	1,674,126
Other revenue	145,100	131,178	25,100	12,087	1,465,831	99,630
Total revenue	16,712,216	17,463,317	2,718,148	3,226,834	4,017,621	2,699,987
Expenses						
Salaries, wages and benefits	2,921,477	3,216,202	1,637,409	1,694,098	787,507	773,570
Contract services	909,756	681,773	2,844,257	2,109,551	2,870,660	2,437,922
Grants to community organizations	41,575	37,662	8,500	7,000	-	-
Materials and supplies	174,700	175,416	208,960	232,652	226,900	346,055
Utilities	-	-	27,300	26,408	88,000	111,841
Amortization	150,589	203,478	214,988	366,694	1,606,500	1,670,531
Loss on disposal of tangible capital assets	-	-	-	-	-	-
Interest expense	13,000	1,540	-	-	33,201	33,201
Other Expenses	-	-	-	-	-	-
Total expenses	4,211,097	4,316,071	4,941,414	4,436,403	5,612,768	5,373,120
Annual surplus (deficit)	\$ 12,501,119	\$ 13,147,246	\$ (2,223,266)	\$ (1,209,569)	\$ (1,595,147)	\$ (2,673,133)

District of Lake Country

Schedule 3 - Schedule of Segment Disclosure

	Environmental Services		Planning and Development		Parks and Recreation	
	2021 Budget	2021 Actual	2021 Budget	2021 Actual	2021 Budget	2021 Actual
For the year ended December 31						
Revenue						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility revenues	-	-	-	-	-	-
Services provided to other governments	-	-	-	-	55,000	55,000
Sale of services	1,662,500	1,535,730	90,500	175,751	595,700	502,974
Permits and licences	-	-	660,100	1,118,225	-	-
Interest on Investments	-	-	-	-	-	-
Government transfers	-	-	-	40,000	3,318,146	1,714,227
Developer contributions	-	-	-	-	866,500	1,401,853
Other revenue	-	602	-	16,717	168,438	171,478
Total revenue	1,662,500	1,536,332	750,600	1,350,693	5,003,784	3,845,532
Expenses						
Salaries, wages and benefits	464,915	447,313	1,131,426	1,090,396	1,679,804	1,671,718
Contract services	940,500	992,986	272,897	260,871	1,084,574	969,540
Grants to community organizations	-	-	56,840	56,840	151,100	150,500
Materials and supplies	9,100	7,325	20,800	14,556	462,809	429,572
Utilities	4,500	3,371	-	-	354,800	352,266
Amortization	145,488	147,841	-	-	554,000	670,733
Loss on disposal of tangible capital assets	-	-	-	-	-	-
Interest expense	11,250	11,250	-	-	158,279	120,546
Other Expenses	-	-	-	922,068	-	-
Total expenses	1,575,753	1,610,086	1,481,963	2,344,731	4,445,366	4,364,875
Annual surplus (deficit)	\$ 86,747	\$ (73,754)	\$ (731,363)	\$ 850,098	\$ 558,418	\$ (519,343)

District of Lake Country

Schedule 3 - Schedule of Segment Disclosure

	Water Systems		Sewer System		Totals		
	2021 Budget	2021 Actual	2021 Budget	2021 Actual	2021 Budget	2021 Actual	2020 Actual
For the year ended December 31							
Revenue							
Taxation	\$ 100,904	\$ 100,905	\$ 1,326,000	\$ 1,376,425	\$ 18,438,805	\$ 18,600,618	\$ 17,520,565
Utility revenues	4,217,580	4,493,637	840,000	865,395	5,057,580	5,359,032	5,085,933
Services provided to other governments	-	-	230,000	264,072	435,000	469,072	809,323
Sale of services	179,300	179,215	55,000	38,200	2,924,329	3,203,456	2,734,712
Permits and licences	-	-	-	-	886,700	1,329,359	2,117,655
Interest on Investments	46,631	54,142	308,834	316,773	764,869	797,372	730,877
Government transfers	15,000	-	6,794,500	194,526	12,021,986	4,390,096	7,627,988
Developer contributions	534,138	573,479	3,615,210	2,793,273	6,794,228	6,792,040	3,927,306
Other revenue	5,200	5,649	75,101	-	1,884,770	437,341	2,380,070
Total revenue	5,098,753	5,407,027	13,244,645	5,848,664	49,208,267	41,378,386	42,934,429
Expenses							
Salaries, wages and benefits	1,209,164	1,116,152	744,728	762,896	10,576,430	10,772,345	9,424,777
Contract services	783,730	582,862	718,380	653,099	10,424,754	8,688,604	8,784,536
Grants to community organizations	-	-	-	-	258,015	252,002	215,075
Materials and supplies	508,860	736,401	151,120	202,835	1,763,249	2,144,812	1,796,198
Utilities	269,900	309,195	174,200	179,992	918,700	983,073	885,863
Amortization	975,000	1,034,449	535,000	565,841	4,181,565	4,659,568	4,419,434
Loss on disposal of tangible capital assets	-	495	-	-	-	495	62,455
Interest expense	47,488	44,738	361,470	357,874	624,688	569,149	642,875
Other Expenses	-	-	-	-	-	922,068	-
Total expenses	3,794,142	3,824,292	2,684,898	2,722,537	28,747,401	28,992,115	26,231,213
Annual surplus (deficit)	\$ 1,304,611	\$ 1,582,735	\$ 10,559,747	\$ 3,126,127	\$ 20,460,866	\$ 12,386,271	\$ 16,703,216

District of Lake Country

Schedule 4 - COVID-19 Safe Restart Grant (Unaudited)

COVID-19 Safe Restart Grant received November 2020

\$2,947,000

2020 eligible costs incurred

424,752

Balance, December 31, 2020

\$2,522,248

2021 eligible costs incurred:

Computer and technology costs to improve connectivity and virtual communications \$486,100

Revenue shortfalls 200,910

General government services 28,012

Protective services 39,798

Parks and Recreation Services 86,118

Total 2021 eligible costs incurred

\$840,938

Balance, December 31, 2021

\$1,681,310

DISTRICT OF LAKE COUNTRY

Long Term Debt

General Fund Principal Payments		MFA Issue	Year of issue	maturity	remaining	Rate	<u>31DEC21</u>
405	Cooper's Village - Main St.	78	2002	2022	1	5.850	43,372
639	Canada Lands - Park	104	2008	2028	7	5.150	740,633
669	Hydro Generation Plant	105	2009	2029	8	4.900	247,703
906	Okanangan Rail Corridor	133	2015	2035	14	2.750	2,009,313
							<u>3,041,021</u>
Water Fund							
608	Eldorado Reservoir	105	2009	2024	3	4.900	230,964
720	Woodsdale LSA	114	2011	2026	5	3.650	95,714
737	Lakepine LSA	114	2011	2026	5	3.650	146,456
877	Sawmill Road LSA	127	2014	2029	8	3.300	269,667
							<u>742,801</u>
Sewer Fund							
99-241	Phase 1 Sewer	70	1999	2024	3	5.745	960,714
380	Sewer System	75	2001	2021	0	3.050	-
430	Sewer System	78	2002	2022	1	2.100	61,137
861	WWTP Stage 3	126	2013	2033	12	3.85	738,910
							<u>1,760,761</u>
							<u><u>5,544,583</u></u>