



District of Elkford
Financial Statements

For the year ended December 31, 2022



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Management's Responsibility for Financial Reporting

To Members of Council:

In accordance with Section 167 of the Community Charter, I am pleased to submit the 2022 financial statements for the District of Elkford, together with the report of our auditors, BDO Canada LLP.

The preparation of the financial statements is the responsibility of the District's management. The statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS"). These principles are based upon recommendations of the Public Sector Accounting Board ("PSAB").

Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

The District maintains systems of internal accounting and administrative controls of reasonable quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the District's assets are appropriately accounted for and adequately safeguarded.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The elections for the positions of Council occur every four years. The current Council was elected in November 2022 and therefore the responsibility with respect to the reporting period rests with the current Council.

Council members meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report.

The financial statements have been audited by BDO Canada LLP Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. The auditor's report expresses their opinion on these financial statements. The auditor has full and free access to the accounting records.

A handwritten signature in black ink that reads "Marilyn Rookes".

Marilyn Rookes
Director of Financial Services

April 24, 2023



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BDO Canada LLP
35 10th Avenue South
Cranbrook, BC V1C 2M9

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
of the District of Elkford

Opinion

We have audited the accompanying financial statements of the District of Elkford, which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District of Elkford as at December 31, 2022 and its financial performance, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

We draw attention to the fact that the supplementary information in Schedule B does not form part of the audited financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express any opinion, review conclusion or any form of assurance on this supplementary information.

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.



Independent Auditor's Report (Continued)

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 controls.
- 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.

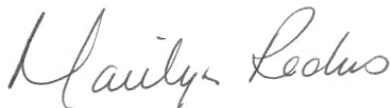
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Cranbrook, BC
April 24, 2023

**District of Elkford
Statement of Financial Position**

As at December 31	2022	2021
Financial Assets		
Cash and investments (Note 1)	\$ 17,946,028	\$ 15,742,416
Receivables (Note 2)	1,285,649	983,955
Deposit - Municipal Finance Authority (Note 3)	379,110	375,668
Land held for resale	285,557	285,557
	19,896,344	17,387,596
Financial Liabilities		
Accounts payable and accrued liabilities (Note 4)	1,555,331	932,992
Deferred revenue (Note 5)	651,362	897,437
Development cost charges (Note 6)	588,760	568,318
Reserve - Municipal Finance Authority (Note 3)	379,110	375,668
Long term debt (Note 7)	11,602,478	12,132,142
	14,777,041	14,906,557
Net Financial Assets	5,119,303	2,481,039
Non-Financial Assets		
Tangible capital assets (Note 8)	50,507,995	49,152,904
Other non-financial assets	236,640	236,640
Inventory	107,833	82,691
Prepaid expenses	89,547	89,640
	50,942,015	49,561,875
Accumulated Surplus (Note 9)	\$ 56,061,318	\$ 52,042,914
Commitments and contingencies (Note 16)		



Marilyn Rookes
Director of Financial Services

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

**District of Elkford
Statement of Operations**

For the year ended December 31	<i>2022</i> <i>(Note 17)</i>	2022	2021
	<i>Budget</i>	Actual	Actual
Revenues			
Property and other taxes (Note 13)	\$ 9,205,892	\$ 9,196,298	\$ 8,802,961
Less: collections for other governments	<u>(2,348,229)</u>	<u>(2,346,663)</u>	<u>(2,292,852)</u>
	6,857,663	6,849,635	6,510,109
Sale of services	1,811,478	2,887,287	2,106,053
Revenue from own sources	483,189	886,469	542,475
MFA actuarial adjustment	-	16,924	7,324
Donations	-	364,409	44,890
Transfers from other governments (Note 14)	3,764,434	2,060,570	1,071,742
Gain (loss) on disposal of tangible capital assets	5,000	(10,676)	32,790
Gain (loss) on sale of land held for resale	<u>40,000</u>	<u>19,332</u>	<u>36,492</u>
	<u>12,961,764</u>	<u>13,073,950</u>	<u>10,351,875</u>
Expenses (Note 15)			
General government services	1,883,547	1,874,047	1,717,263
Protective services	990,231	1,007,029	936,956
Transportation services	1,378,814	1,921,773	1,723,729
Environmental health services	1,035,610	1,206,079	1,143,777
Public health services	12,650	15,015	6,106
Environmental development services	995,125	545,425	545,396
Community recreation services	<u>2,224,746</u>	<u>2,486,178</u>	<u>2,489,150</u>
	<u>8,520,723</u>	<u>9,055,546</u>	<u>8,562,377</u>
Annual surplus	4,441,041	4,018,404	1,789,498
Accumulated surplus, beginning of year	<u>47,695,504</u>	<u>52,042,914</u>	<u>50,253,416</u>
Accumulated surplus, end of year	<u>\$ 52,136,545</u>	<u>\$ 56,061,318</u>	<u>\$ 52,042,914</u>

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

District of Elkford
Statement of Change in Net Financial Assets

For the year ended December 31	2022 <i>(Note 17)</i>	2022	2021
	<i>Budget</i>	Actual	Actual
Annual surplus	\$ 4,441,041	\$ 4,018,404	\$ 1,789,498
Acquisition of tangible capital assets	(10,741,208)	(3,038,371)	(4,231,849)
Amortization of tangible capital assets	-	1,671,854	1,440,790
Loss on disposal of tangible capital assets	(5,000)	10,676	(32,790)
Proceeds on disposal of tangible capital assets	-	750	39,000
Transfer of land held for resale to other non-financial assets	-	-	88,000
Disposition of inventory	-	(25,142)	2,516
Acquisition (use)of prepaid expenses	-	93	(13,084)
Net change in net financial assets	<i>(6,305,167)</i>	2,638,264	(917,919)
Net financial assets, beginning of year	<i>3,398,958</i>	2,481,039	3,398,958
Net financial assets, end of year	\$ <i>(2,906,209)</i>	\$ 5,119,303	\$ 2,481,039

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

District of Elkford Statement of Cash Flows

For the year ended December 31	2022	2021
Operating transactions		
Annual surplus (deficit)	\$ 4,018,404	\$ 1,789,498
Items not involving cash		
Amortization	1,671,854	1,440,790
MFA actuarial adjustment	(16,924)	(7,324)
Loss on disposal of tangible capital assets	10,676	(32,790)
Gain on disposal of land held for resale	-	(36,492)
Proceeds from sale of land held for resale	-	124,492
Changes in non-cash operating balances		
Receivables	(301,693)	47,700
Accounts payable and accrued liabilities	622,339	(498,393)
Deferred revenue and development cost charges	51,712	166,853
Unearned revenue	(277,346)	480,862
Inventory	(25,142)	2,516
Prepaid expenses	93	(13,085)
	5,753,973	3,464,627
Capital transactions		
Acquisition of tangible capital assets	(3,038,371)	(4,231,849)
Proceeds on disposal of tangible capital assets	750	39,000
	(3,037,621)	(4,192,849)
Financing transactions		
Proceeds from issuance of long-term debt	-	2,400,000
Repayment of long-term debt	(512,740)	(416,399)
	(512,740)	1,983,601
Net change in cash and cash equivalents	2,203,612	1,255,379
Cash and cash equivalents, beginning of year	15,742,416	14,487,037
Cash and cash equivalents, end of year	\$ 17,946,028	\$ 15,742,416

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

District of Elkford

Summary of Significant Accounting Policies

December 31, 2022

Basis of Presentation	The financial statements of the District are the representations of management and are prepared in accordance with Canadian public sector accounting standards ("PSAS") for government entities using guidelines issued by the Public Sector Accounting Board ("PSAB") of CPA Canada.
Reporting Entity	The Reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to District Council and which are owned or controlled by the District of Elkford.
Basis of Accounting	The basis of accounting followed in these financial statements is an accrual method and includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services were acquired and a liability was incurred.
Land Held for Resale	Land held for resale is stated at lower of cost and market. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.
Vacation and Sick Pay	Vacation pay and accumulated sick leave is charged to expense in the year it is earned.
Revenue Recognition	<p>Unrestricted grants and contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Restricted grants or contributions received under funding agreements which relate to a subsequent period are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Funding received before this criterion has been met, is reported as deferred revenue on the statement of financial position until the period in which the specified purpose or related expenses are incurred.</p> <p>Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.</p> <p>User charges, fees and other amounts collected for which the District has an obligation to perform or provide a future service are deferred until the service is provided.</p> <p>Contributions received in-kind are recognized as revenue in the period received at the fair market value at the time of the contribution.</p>

District of Elkford

Summary of Significant Accounting Policies

December 31, 2022

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value of the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset as follows:

Land	Not amortized
Land improvements	15 to 50 years
Buildings and other structures	15 to 50 years
Vehicles	6 to 15 years
Equipment	5 to 20 years
Transportation infrastructure	15 to 100 years
Water infrastructure	20 to 100 years
Sewer infrastructure	20 to 100 years

Financial Instruments The District's financial instruments consist of cash and funds on deposit, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Budget Figures The budget figures are from the Five-Year Financial Plan Bylaw to be adopted each year. They have been re-categorized to conform to PSAB Financial Statement Presentation.

Use of Estimates The financial statements of the District have been prepared in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

District of Elkford

Summary of Significant Accounting Policies

December 31, 2022

Retirement Benefits and Other Employee Benefit Plans

The District contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

Contaminated Sites

Liability for Contaminated Sites governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities including sites that are no longer in productive use and sites which the District accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time; therefore, no liability was recognized at December 31, 2022.

Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Taxation Revenue

Taxation for municipal purposes is recorded at estimated amounts when it meets the definition of an asset, has been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Regional District of East Kootenay, Hospital District and the Elk Valley Tax Sharing Agreement and other government entities with which the District interacts are not reflected in these financial statements.

Long-term Debt

Term debt acquired through the Municipal Finance Authority ("MFA") is recorded net of related sinking fund balances. Earnings on sinking funds investments are allocated to the District as an actuarial adjustment, which is recorded as a revenue and a reduction in the related debt.

District of Elkford
Summary of Significant Accounting Policies

December 31, 2022

Short-term Investments Short-term investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature, in which case the investments are written down to market value.

Reserve Fund Reserves represent amounts set aside for specific or future expenditures. Statutory reserves require the passing of a by-law before funds can be expended. Reserve accounts require an approved council budget and resolution.

District of Elkford Notes to Financial Statements

December 31, 2022

1. Cash and Investments

	2022	2021
Unrestricted	\$ 9,861,777	\$ 8,285,155
Internally restricted	5,855,568	5,459,718
Externally restricted - DCC (Note 6)	588,760	568,318
Internally restricted - Gas Tax Agreement	1,639,923	1,429,225
	\$ 17,946,028	\$ 15,742,416

Included in the above amounts is a GIC in the amount of \$10,000, which bears interest at 2.3% and matures in December 2024. The GIC is held as security for a letter of credit held by the District.

2. Receivables

	2022	2021
Trade and other receivables		
Federal government - GST rebates	\$ 64,968	\$ 42,601
Provincial government	45,963	28,876
Trade accounts	343,069	155,622
Utility accounts	71,584	53,518
Golf course loan	127,500	135,000
Accrued receivables	477,220	405,724
Accrued interest receivable	6	6
	1,130,310	821,347
Property Taxes		
Current	111,272	115,668
Arrears	44,067	46,940
	155,339	162,608
	\$ 1,285,649	\$ 983,955

District of Elkford Notes to Financial Statements

December 31, 2022

3. Deposit and Reserve - Municipal Finance Authority

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

	2022	2021
Demand notes	244,135	244,135
Cash deposits	134,975	131,533
General Operating Fund	\$ 379,110	\$ 375,668

4. Accounts Payable and Accrued Liabilities

	2022	2021
Trade accounts payable	\$ 997,795	\$ 526,943
Accrued interest	56,235	56,235
Insurance deductible allowance	5,000	5,000
Holdbacks	93,061	37,547
Other Government Taxes	95,630	47,642
Tax sale liability	20,263	-
Due to cemetery care fund	14,950	12,000
Source deductions	33,049	25,635
Union dues	5,444	5,044
WCB payable	22,698	18,411
Employer health tax payable	19,108	16,212
Accrued employee benefits	66,797	60,088
Accrued payroll	125,301	122,235
	\$ 1,555,331	\$ 932,992

5. Deferred Revenue

	2022	2021
Property taxes	\$ 133,215	\$ 101,944
Mine tax	\$ 138,949	\$ 138,949
Unearned revenue	379,198	656,544
	\$ 651,362	\$ 897,437

**District of Elkford
Notes to Financial Statements**

December 31, 2022

6. Development Cost Charges

Development cost charges are collected when land held for resale is sold, or when building permits are issued for projects on land where development cost charges were not previously collected. Development cost charges are also collected on land that is sold by the Crown or other owners if development cost charges were not previously levied. These charges are reported as a liability until the development cost charges are used for future projects.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 568,318	\$ 561,959
Add: Interest earned	16,581	6,359
Development cost charge levies	3,861	-
Balance, end of year	<u>\$ 588,760</u>	<u>\$ 568,318</u>

District of Elkford Notes to Financial Statements

December 31, 2022

7. Long-term Debt

The District issues debt instruments through the Municipal Finance Authority, pursuant to loan security issuing bylaws under the authority of section 179 of the Local Government Act, to finance certain capital expenditures. Debenture debt principal is disclosed net of sinking fund balances managed by the Municipal Finance Authority.

	2022	2021
Debenture Debt		
Debenture debt is repayable to the British Columbia Municipal Finance Authority. Existing debentures mature in annual amounts to the year 2041 and interest is payable at rates ranging from .91% to 3.2% per annum.	\$ 11,602,478	\$ 12,132,142

Future minimum principal payments and actuarial additions on the long-term debt for the next five years and thereafter, including actuarial adjustments, are due as follows:

	General Fund				Total
	Issue 153	Issue 152	Issue 149	Issue 146	
2023	98,509	257,717	101,667	83,773	\$ 541,666
2024	100,725	262,227	104,717	86,286	\$ 553,955
2025	102,991	266,816	107,858	88,875	\$ 566,540
2026	105,309	271,485	111,094	91,541	\$ 579,429
2027	107,678	276,236	114,427	94,287	\$ 592,628
Thereafter and actuarial	1,788,447	4,063,306	1,672,664	1,243,843	8,768,260
	\$ 2,303,659	\$ 5,397,787	\$ 2,212,427	\$ 1,688,605	\$ 11,602,478

**District of Elkford
Notes to Financial Statements**

December 31, 2022

8. Tangible Capital Assets

	2022									
	Land	Land Improvements	Buildings & Structures	Vehicles	Equipment	Transportation Infrastructure	Water Infrastructure	Sewer Infrastructure	Work in Progress	Total
Cost, beginning of year	\$6,920,254	\$ 7,712,499	\$ 24,626,045	\$ 6,648,991	\$ 2,651,240	\$ 27,608,121	\$ 6,096,216	\$ 3,875,484	\$ 117,745	\$ 86,256,595
Additions	245,500	388,909	205,490	43,379	78,692	-	-	-	2,076,400	3,038,370
Disposals	-	(3,294)	-	(228,522)	(137,586)	-	-	-	-	(369,402)
Transfers	-	-	-	148,317	-	-	-	-	(148,317)	-
Cost, end of year	<u>7,165,754</u>	<u>8,098,114</u>	<u>24,831,535</u>	<u>6,612,165</u>	<u>2,592,346</u>	<u>27,608,121</u>	<u>6,096,216</u>	<u>3,875,484</u>	<u>2,045,828</u>	<u>88,925,563</u>
Accumulated amortization,										
beginning of year	-	2,102,351	10,877,477	4,500,848	1,981,664	13,141,292	2,365,938	2,134,120	-	37,103,690
Amortization	-	157,664	578,972	204,283	80,855	503,485	89,333	57,262	-	1,671,854
Disposals	-	(3,294)	-	(217,096)	(137,586)	-	-	-	-	(357,976)
Accumulated amortization,										
end of year	<u>-</u>	<u>2,256,721</u>	<u>11,456,449</u>	<u>4,488,035</u>	<u>1,924,933</u>	<u>13,644,777</u>	<u>2,455,271</u>	<u>2,191,382</u>	<u>-</u>	<u>38,417,568</u>
Net carrying amount, end of year	<u>\$7,165,754</u>	<u>\$ 5,841,393</u>	<u>\$ 13,375,086</u>	<u>\$ 2,124,130</u>	<u>\$ 667,413</u>	<u>\$ 13,963,344</u>	<u>\$ 3,640,945</u>	<u>\$ 1,684,102</u>	<u>\$ 2,045,828</u>	<u>\$ 50,507,995</u>

**District of Elkford
Notes to Financial Statements**

December 31, 2022

8. Tangible Capital Assets

	2021									
	Land	Land Improvements	Buildings & Structures	Vehicles	Equipment	Transportation Infrastructure	Water Infrastructure	Sewer Infrastructure	Work in Progress	Total
Cost, beginning of year	\$6,920,254	7,076,996	\$ 24,626,045	5,957,404	\$ 2,622,604	\$ 18,635,632	\$ 5,937,610	\$ 3,875,484	\$ 6,496,915	\$82,148,944
Additions	-	56,996	-	-	28,636	162,425	-	-	3,983,792	\$ 4,231,849
Disposals	-	0	-	-124,198	-	-	-	-	-	\$ (124,198)
Transfers	-	578,506	-	815,786	-	8,810,064	158,606	-	(10,362,962)	\$ -
Cost, end of year	<u>6,920,254</u>	<u>7,712,498</u>	<u>24,626,045</u>	<u>6,648,992</u>	<u>2,651,240</u>	<u>27,608,121</u>	<u>6,096,216</u>	<u>3,875,484</u>	<u>117,745</u>	<u>86,256,595</u>
Accumulated amortization,										
beginning of year	-	1,960,575	10,299,263	4,419,824	1,890,707	12,860,011	2,276,795	2,073,713	-	35,780,888
Amortization	-	141,777	578,215	199,012	90,957	281,281	89,143	60,407	-	1,440,790
Disposals	-	-	-	(117,988)	-	-	-	-	-	(117,988)
Accumulated amortization,										
end of year	<u>-</u>	<u>2,102,352</u>	<u>10,877,478</u>	<u>4,500,848</u>	<u>1,981,664</u>	<u>13,141,292</u>	<u>2,365,938</u>	<u>2,134,120</u>	<u>-</u>	<u>37,103,691</u>
Net carrying amount, end of year	<u>\$6,920,254</u>	<u>\$ 5,610,146</u>	<u>\$ 13,748,567</u>	<u>\$ 2,148,144</u>	<u>\$ 669,576</u>	<u>\$ 14,466,829</u>	<u>\$ 3,730,278</u>	<u>\$ 1,741,364</u>	<u>\$ 117,745</u>	<u>\$49,152,904</u>

**District of Elkford
Notes to Financial Statements**

December 31, 2022

9. Accumulated Surplus

The District segregates its net assets in the following categories:

	2022	2021
Equity in tangible capital assets	\$ 38,905,517	\$ 37,020,762
Current funds		
Appropriated surplus - general		
Computer replacement	40,589	40,589
Parks and playgrounds	2,961	2,961
Greenspace and trails	203,826	203,826
Unappropriated surplus		
General	3,348,772	2,913,788
Water	1,049,992	976,328
Sewer	4,491,973	3,473,520
Reserve funds (Note 12)	8,017,688	7,411,140
	\$ 56,061,318	\$ 52,042,914

10. 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 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 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 actuarial 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 District of Elkford paid \$244,592 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.

11. Cemetery Trust

The District holds funds in trust for specific purposes. As at the fiscal year end the funds held totaled \$14,950 (2021 - \$12,000). The assets and offsetting liabilities are not reflected in the District's financial statements.

**District of Elkford
Notes to Financial Statements**

December 31, 2022

12. Summary of Reserve Fund Positions

	2022	2021
Land sales reserve	\$ 1,445,341	\$ 1,419,707
Capital works equipment reserve	1,675,509	1,239,162
Capital debt reserve	736,163	842,911
Water parcel tax reserve	1,110,932	967,376
Sewer parcel tax reserve	887,731	773,018
Energy conservation reserve	137,291	113,197
Tax Diversification reserve	173,808	126,588
Financial Stabilization COVID-19 reserve	210,990	499,956
Community works grant reserve	1,639,923	1,429,225
	\$ 8,017,688	\$ 7,411,140

13. Property and other Taxes

	2022 <i>Budget</i>	2022 Actual	2021 <i>Actual</i>
Real Property Taxes			
Municipal tax levy (Parcel Taxes)	\$ 8,507,870	\$ 8,499,309	\$ 8,161,273
Tax sharing agreement	<i>(1,892,024)</i>	(1,892,024)	<i>(1,912,929)</i>
	<u>6,615,846</u>	<u>6,607,285</u>	<u>6,248,344</u>
Collections for other governments			
Regional District of East Kootenay	556,759	582,202	533,344
Ministry of Education	1,144,061	1,100,967	1,135,905
Police (RCMP)	254,345	227,200	245,923
Regional Hospital District	300,827	346,945	292,012
BC Assessment Authority	92,045	89,148	85,482
Municipal Finance Authority	192	201	186
	<u>2,348,229</u>	<u>2,346,663</u>	<u>2,292,852</u>
	<u>8,964,075</u>	<u>8,953,948</u>	<u>8,541,196</u>
Special Assessments, Grants in Lieu of Taxes			
% of revenue taxes	232,220	232,220	252,432
Grants in lieu of taxes			
Federal governments and agencies	7,886	8,282	7,656
Provincial governments and agencies	1,711	1,848	1,677
	<u>9,597</u>	<u>10,130</u>	<u>9,333</u>
	<u>241,817</u>	<u>242,350</u>	<u>261,765</u>
	\$ 9,205,892	\$ 9,196,298	\$ 8,802,961

**District of Elkford
Notes to Financial Statements**

December 31, 2022

14. Transfers from other Governments

	<i>2022 Budget</i>	2022 Actual	2021 Actual
Federal Government			
Conditional			
Tree Canada - BC Hydro	-	-	2,500
	-	-	2,500
Provincial Government			
Unconditional			
Small communities and equalization payment	408,040	515,000	404,000
Conditional			
Infrastructure	2,097,851	790,475	10,478
CBT/RDEK Grant	883,701	583,169	297,392
	3,389,592	1,888,644	711,870
Other Local Governments			
Conditional			
UBCM/LGMA (MATI)	500	7,959	5,875
Community Tourism	15,000	15,000	10,000
Community works fund	167,816	167,865	328,229
Fuel Management - UBCM	190,526	(19,398)	3,250
Misc Grants	1,000	500	10,018
	374,842	171,926	357,372
	\$ 3,764,434	\$ 2,060,570	\$ 1,071,742

**District of Elkford
Notes to Financial Statements**

December 31, 2022

15. Expenses by Object	2022	2021
Advertising and promotion	\$ 27,661	\$ 26,702
Amortization	1,671,854	1,440,790
Community Events	45,936	-
Contract services	460,403	538,997
Contributions to organizations	101,641	113,261
Debt servicing and bank charges	239,753	245,932
Insurance	177,867	173,243
Legal and audit	34,711	61,088
Materials, supplies, equipment, printing	656,706	702,364
Memberships, subscriptions, education and training	183,515	65,860
Property and equipment costs	696,560	734,535
Telephone and utilities	584,997	507,936
Wages and benefits	4,173,942	3,951,669
	9,055,546	8,562,377
Principal payments on long-term debt	512,740	416,399
	\$ 9,568,286	\$ 8,978,776

District of Elkford Notes to Financial Statements

December 31, 2022

16. Commitments and Contingencies

a) Other Contingencies

Debts of the Regional District of East Kootenay (the "RDEK") are, under the provisions of the British Columbia Community Charter, a direct, joint and several liability of the RDEK and each member municipality within the RDEK, including the District.

From time to time the District is brought forth as a defendant in various lawsuits. The District 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 District. The District is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the financial statements.

The District is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the District, along with other participants, would be required to contribute towards the deficit.

b) Service Contracts

The District has several service contracts. The estimated aggregate minimum payments to expiry for the contracts is \$13,379 (\$10,948 in 2023, \$8,234 in 2024 and \$2,403 in 2025).

District of Elford
Notes to Financial Statements

December 31, 2022

17. Budget Figures

The District's Financial Plan (Budget) Bylaw adopted by Council on March 30, 2022 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 now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues at an amount of \$5,168,171. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the Financial Plan adopted by Council on March 30, 2022 with adjustments as follows:

	<u>2022</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	10,741,208
Debt repayment	512,740
Less:	
Reserve transfers	(1,644,736)
Accumulated surplus transfers	<u>(5,168,171)</u>
Budget surplus per statement of operations	<u>\$ 4,441,041</u>

District of Elkford Notes to Financial Statements

December 31, 2022

18. Segmented Information

The District of Elkford provides a wide range of services to its citizens, and these services are accounted for within three funds: General, Water and Sewer. The General Fund is further comprised of seven service components which are as follows: General Government Services, Protective Services, Transportation Services, Environmental Health Services (Solid Waste), Public Health Services, Environmental Development Services, and Community Recreation Services. These service components have been separately disclosed in the segmented information that is presented in the schedule of segment disclosure.

General Government Services includes the activities of Council, the overall administration of the District, the financial management of the District and the computer support provided for all departments. The Administration and Finance employees also provide support services for building inspection, bylaw enforcement, and zoning / planning services.

Protective Services is comprised of Fire Protection, Emergency Measures, Building Inspection, Bylaw Enforcement, and Animal and Pest Control. Fire Protection provides fire prevention, suppression and investigation services for the District. The department is led by a paid fire chief and deputy fire chief, and a complement of paid-on-call (volunteer) firefighters. The emergency measures function coordinates the District's involvement with the Emergency Management as legislated by the Province, and the coordination of emergency plans and actions related to the District of Elkford. The Ground Search and Rescue programs are coordinated by volunteers, with the District's financial support. This function along with Emergency Social Services is also supported by the Regional District of East Kootenay (RDEK), who have an emergency coordinator for the East Kootenay. The District has one employee who provides building inspection and a contract for bylaw enforcement services. The District also has a contract for mosquito control services.

Transportation Services include a variety of functions that support the network of roads throughout the Municipality. In addition to street cleaning, street maintenance and snow removal, these functions also include sidewalks, water runoff and drainage, street lighting and signage. Engineering services that support planning functions for the department are contracted to external engineering firms. District employees of the Public Works Department coordinate and perform the majority of the activities. In summarizing the cost of transportation services, the administration and equipment costs are allocated to the specific tasks (street lighting etc).

Environmental Health Services (Solid Waste) is for the collection of solid waste in Elkford. The transfer station is a function of the RDEK and the fees and expenditures are included in the collection of taxes for other governments. In 2008, the RDEK took over the function of recycling within the District, and this cost is now included in the collection of taxes for other governments.

Public Health Services is for the cemetery function which includes not only interment, but also maintaining the cemetery grounds. Operation and administration costs are dependent upon the number of interments performed.

District of Elkford Notes to Financial Statements

December 31, 2022

18. Segmented Information (continued)

Environmental Development Services encompass a broad range of services from land use planning and zoning, economic development, tourism services, to community enhancement. Based on information from the Business Vitality Initiative, and the Strategic Planning Session of Council, the District anticipates significant plans for community development in the coming years.

Community Recreation Services incorporates a broad range of services and activities which include the Aquatic and Library Complex, the Recreation Centre (Ice Rink and Curling), Community Conference Centre, Parks, Trails, Playgrounds and all the programs, community group support and the general administration that supports all the activities within Community Recreation Services.

The Water Fund incorporates the management of the collection and distribution of potable water to property within the District.

The Sewer Fund incorporates the management of the collection and treatment of waste water from property within the District. The District provides primary treatment to effluent through the use of chemical treatment and settling ponds.

For each reported segment, the expenses are allocated based on the expenses by object as found in Note 15 of these financial statements. The largest source of District revenue is property taxation, and this revenue has been allocated based on a percentage allocation according to the budget for that year. Segments not receiving property tax allocation are Environmental Health Services (Solid Waste), and the Water and Sewer Funds. These three segments are funded by sales of service (user fees). Other revenues that can be directly attributable to a segment is allocated in this manner, with all other revenues allocated to general government.

**District of Elkford
Schedule of Segment Disclosure
Schedule A-1**

December 31, 2022

	General Fund							Other Funds		Consolidated
	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health Services	Environmental Development Services	Community Recreation Services	Water Fund	Sewer Fund	
Revenues										
Property and other taxes	\$ 1,981,129	\$ 818,673	\$ 1,139,934	\$ -	\$ 10,458	\$ 856,190	\$ 1,839,307	\$ 113,360	\$ 90,584	\$ 6,849,635
Sale of services	650	-	7,975	185,888	5,054	-	353,084	704,693	1,629,943	2,887,287
Revenue from own sources	695,369	136,318	16,117	-	-	38,666	-	-	-	886,469
Donations	245,500	-	-	-	-	-	118,909	-	-	364,409
MFA actuarial adjustment	16,924	-	-	-	-	-	-	-	-	16,924
Transfers from other governments	788,934	495,602	167,865	-	-	583,169	15,000	-	10,000	2,060,570
Gain on disposal of tangible capital assets	-	-	(10,676)	-	-	-	-	-	-	(10,676)
Gain on sale of land held for resale	19,332	-	-	-	-	-	-	-	-	19,332
	3,747,838	1,450,593	1,321,215	185,888	15,512	1,478,025	2,326,300	818,053	1,730,527	13,073,950
Expenses										
Advertising and promotion	17,343	-	-	-	-	9,001	1,317	-	-	27,661
Amortization	76,736	162,612	611,148	133,528	1,903	-	438,172	122,028	125,727	1,671,854
Community events	-	-	-	-	-	45,936	-	-	-	45,936
Contract services	124,134	76,054	65,781	-	-	67,821	58,751	36,147	31,715	460,403
Contributions to organizations	-	6,000	-	-	-	6,805	88,836	-	-	101,641
Council expenses	-	-	-	-	-	-	-	-	-	-
Debt servicing and finance charges	237,833	-	-	-	-	-	1,920	-	-	239,753
Principal payments on long-term debt	512,740	-	-	-	-	-	-	-	-	512,740
Insurance	35,935	15,760	25,347	1,747	290	-	82,562	8,886	7,340	177,867
Legal and audit	12,945	-	-	-	-	21,766	-	-	-	34,711
Materials, supplies, equipment, printing	212,054	91,995	61,001	13,892	-	45,139	232,625	-	-	656,706
Memberships, subscriptions, education and training	89,224	34,969	7,052	-	-	11,168	14,102	19,440	7,560	183,515
Miscellaneous and adjustments	-	-	-	-	-	-	-	-	-	-
Property and equipment costs	12,249	59,236	347,564	35,078	-	-	65,312	112,992	64,129	696,560
Telephone and utilities	22,955	26,367	109,086	-	-	-	260,252	104,406	61,931	584,997
Wages and benefits	1,052,656	503,277	714,786	74,171	12,822	337,787	1,242,322	151,801	84,320	4,173,942
Eliminations	(20,000)	30,759	(20,000)	-	-	-	-	(10,759)	20,000	-
	2,386,804	1,007,029	1,921,765	258,416	15,015	545,423	2,486,171	544,941	402,722	9,568,286
Excess (Deficiency) of Revenues over Expenses	\$ 1,361,034	\$ 443,564	\$ (600,550)	\$ (72,528)	\$ 497	\$ 932,602	\$ (159,871)	\$ 273,112	\$ 1,327,805	\$ 3,505,665

**District of Elkford
Schedule of Segment Disclosure
Schedule A-2**

December 31, 2021

	General Fund							Other Funds		Consolidated
	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health Services	Environmental Development Services	Community Recreation Services	Water Fund	Sewer Fund	
Revenues										
Property and other taxes	\$ 1,201,795	\$ 854,405	\$ 1,601,895	\$ -	\$ 14,430	\$ 727,741	\$ 1,904,612	\$ 114,075	\$ 91,156	\$ 6,510,109
Sale of services	15,860	-	4,004	178,382	4,558	-	251,927	623,564	1,027,757	2,106,053
Revenue from own sources	343,352	156,109	632	-	-	42,382	-	-	-	542,475
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Donations	44,890	-	-	-	-	-	-	-	-	44,890
MFA actuarial adjustment	7,324	-	-	-	-	-	-	-	-	7,324
Transfers from other governments	338,247	407,250	10,478	-	-	305,767	10,000	-	-	1,071,742
Gain on disposal of tangible capital assets	-	32,790	-	-	-	-	-	-	-	32,790
Gain on sale of land held for resale	36,492	-	-	-	-	-	-	-	-	36,492
	1,987,960	1,450,554	1,617,009	178,382	18,988	1,075,890	2,166,539	737,639	1,118,913	10,351,875
Expenses										
Advertising and promotion	17,299	-	-	-	-	8,527	876	-	-	26,702
Amortization	76,736	134,565	409,288	140,012	1,903	-	425,387	121,838	131,061	1,440,790
Community events	-	-	-	-	-	-	-	-	-	-
Contract services	106,827	96,685	56,070	-	-	130,650	68,008	17,954	62,803	538,997
Contributions to organizations	-	5,209	-	-	-	20,960	87,092	-	-	113,261
Council expenses	-	-	-	-	-	-	-	-	-	-
Debt servicing and finance charges	242,950	-	-	-	-	-	2,982	-	-	245,932
Principal payments on long-term debt	416,399	-	-	-	-	-	-	-	-	416,399
Insurance	30,144	15,970	29,217	2,104	262	-	80,662	8,282	6,602	173,243
Legal and audit	51,634	-	-	-	-	9,454	-	-	-	61,088
Materials, supplies, equipment, printing	104,931	89,340	44,954	15,561	259	78,003	369,316	-	-	702,364
Memberships, subscriptions, education and training	16,424	3,605	5,471	-	-	6,864	12,508	6,353	14,635	65,860
Miscellaneous and adjustments	-	-	-	-	-	-	-	-	-	-
Property and equipment costs	44,545	56,780	366,068	21,013	-	-	120,568	81,700	43,861	734,535
Telephone and utilities	30,497	29,681	102,737	-	-	-	207,054	116,508	21,459	507,936
Wages and benefits	1,015,276	452,212	729,923	69,545	3,682	290,938	1,114,697	180,868	94,528	3,951,669
Eliminations	(20,000)	52,910	(20,000)	-	-	-	-	(32,910)	20,000	-
	2,133,662	936,957	1,723,728	248,235	6,106	545,396	2,489,150	500,593	394,949	8,978,776
Excess (Deficiency) of Revenues over Expenses	\$ (145,702)	\$ 513,597	\$ (106,719)	\$ (69,853)	\$ 12,882	\$ 530,494	\$ (322,611)	\$ 237,046	\$ 723,964	\$ 1,373,098

District of Elkford
Schedule of COVID-19 Safe Restart Grant
Schedule B
(unaudited)

December 31, 2022

Covid-19 Safe Restart Grant Reporting

Safe Restart Grant Balance, December 31, 2021	499,956
Eligible costs incurred:	
Computer and technology costs to improve connectivity and virtual communications	3,615
Revenue shortfalls	302
General government services	115,494
Protective services	120,838
Engineering and public works	6,469
Recreation, parks and cultural	36,272
Water and sewer utilities	5,976
Total eligible costs incurred	288,966
Balance, December 31, 2022	210,990
