

Regional District of East Kootenay
Financial Statements
For the year ended December 31, 2022

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Managements' Responsibility for Financial Reporting

To Directors of the Board:

In accordance with Section 814 of the Local Government Act and Section 167 of the Community Charter, I am pleased to submit the 2022 financial statements for the Regional District of East Kootenay, together with the report of our auditors, BDO Canada LLP.

The preparation of the financial statements and schedules is the responsibility of the Regional District's management. The statements have been prepared in accordance with Canadian generally accepted accounting principles for governments. 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 judgements. 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 Regional District maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Regional District's assets are appropriately accounted for and adequately safeguarded.

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

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 auditors have full and free access to the accounting records.



Holly Ronnquist, CPA, CMA
Chief Financial Officer

June 8, 2023



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Independent Auditor's Report

To the Directors of the Board of the Regional District of East Kootenay

Opinion

We have audited the accompanying financial statements of the Regional District of East Kootenay (the "District"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes 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 Regional District of East Kootenay as at December 31, 2022 and its statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended in accordance with Canadian accounting standards for 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 Note 2 on the financial statements, which explains that certain comparative information presented for the year ended December 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information included in Schedule 2 - Covid-19 Restart Grants of the Regional District's financial statements.

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.

BDO Canada LLP

Chartered Professional Accountants

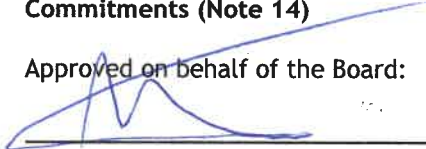
Vernon, British Columbia
June 8, 2023

Regional District of East Kootenay Statement of Financial Position

December 31	2022	2021
		Restated (Note 2)
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 40,489,721	\$ 43,003,983
Accounts receivable (Note 4)	5,202,084	4,638,478
Due from Kootenay East Regional Hospital District	2,219,436	-
Deposit - Municipal Finance Authority (Note 5)	3,767,632	3,706,817
Agreements due from members (Note 6)	52,569,071	50,186,984
	<u>104,247,944</u>	<u>101,536,262</u>
Liabilities		
Accounts payable and accrued liabilities	1,994,686	3,171,092
Reserve - Municipal Finance Authority (Note 5)	3,767,632	3,706,817
Deferred revenue (Note 7)	1,197,595	1,217,528
Short-term borrowing	570,000	825,000
Landfill closure and post-closure obligations (Note 8)	15,990,185	14,405,856
Due to Kootenay East Regional Hospital District	-	2,529,798
Long-term debt (Note 10)	63,948,191	62,532,841
	<u>87,468,289</u>	<u>88,388,932</u>
Net Financial Assets	16,779,655	13,147,330
Non-Financial Assets		
Prepaid expenses	227,429	264,912
Tangible capital assets (Note 11)	64,351,517	64,443,055
	<u>64,351,517</u>	<u>64,443,055</u>
Accumulated Surplus	\$ 81,358,601	\$ 77,855,297

Commitments (Note 14)

Approved on behalf of the Board:


Holly Ronnquist, CPA, CMA, Chief Financial Officer

Regional District of East Kootenay Statement of Operations and Accumulated Surplus

For the year ended December 31	2022	2022	2021
	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
	(Note 18)		Restated (Note 2)
Revenue			
Tax requisitions	\$ 21,322,163	\$ 21,318,094	\$ 19,836,929
Members' requisitions for debt services	4,628,979	4,694,575	4,688,257
Parcel taxes	1,565,331	1,568,537	1,534,451
Grants in lieu of taxes	712,002	714,633	702,269
Provincial government grants	7,139,029	1,810,035	1,520,289
Local government grants and regional transfers	2,671,158	1,485,901	3,215,991
Water and sewer fees	1,897,355	1,865,084	1,818,095
Other sale of services and fees	2,726,092	4,494,961	3,518,142
Interest earned	376,750	752,868	82,442
Other revenue	80,050	266,863	250,389
Actuarial adjustments	-	292,585	264,612
	<u>43,118,909</u>	<u>39,264,136</u>	<u>37,431,866</u>
Expenses (Note 16)			
General administration	7,510,656	5,585,512	4,706,259
Protective services	7,602,697	7,219,940	6,477,091
Solid waste and recycling services	9,874,502	10,502,876	9,532,310
Health, social, housing & other services	329,026	323,991	318,240
Development and transportation services	3,058,996	2,025,553	2,013,198
Parks, recreation and cultural services	2,947,549	2,652,355	2,393,214
Sewer services	550,134	534,953	501,533
Water services	1,927,025	2,221,077	1,955,262
Fiscal services for member municipalities	4,628,979	4,694,575	4,688,257
	<u>38,429,564</u>	<u>35,760,832</u>	<u>32,585,364</u>
Annual surplus	<u>4,689,345</u>	<u>3,503,304</u>	<u>4,846,502</u>
Accumulated surplus, beginning of year	<u>77,855,297</u>	<u>77,855,297</u>	<u>73,008,795</u>
Accumulated surplus, end of year	<u>\$ 82,544,642</u>	<u>\$ 81,358,601</u>	<u>\$ 77,855,297</u>

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

Regional District of East Kootenay

Statement of Change in Net Financial Assets

For the year ended December 31	<i>Budget</i> 2022	2022	2021
	(Note 18)		Restated (Note 2)
Annual surplus	\$ 4,689,345	\$ 3,503,304	\$ 4,846,502
Acquisition of tangible capital assets	(9,057,719)	(1,668,786)	(4,859,276)
Amortization of tangible capital assets	-	1,760,324	1,653,218
Proceeds on sale of tangible capital assets	-	-	224,791
Consumption (acquisition) of prepaid expenses	-	37,483	(243,554)
Net change in net financial assets	(4,368,374)	3,632,325	1,621,681
Net financial assets, beginning of year	13,147,330	13,147,330	11,525,649
Net financial assets, end of year	\$ 8,778,956	\$ 16,779,655	\$ 13,147,330

Regional District of East Kootenay Statement of Cash Flows

For the year ended December 31	2022	2021
		Restated (Note 2)
Operating activities		
Cash receipts from taxation and member municipality requisitions	\$ 27,581,206	\$ 26,059,637
Cash receipts from grants, other government transfers	3,675,251	6,460,136
Cash receipts from sale of services, fees and own sources	6,863,255	8,515,667
Cash paid to employees and suppliers	(33,369,917)	(22,073,660)
Interest paid	(445,225)	(459,989)
Interest received	752,868	82,442
Fiscal services for member municipalities	(4,694,575)	(4,688,257)
	<u>362,863</u>	<u>13,895,976</u>
Capital activities		
Purchase of tangible capital assets	(1,655,388)	(4,859,276)
Proceeds from sale of tangible capital assets and restructuring	-	224,791
	<u>(1,655,388)</u>	<u>(4,634,485)</u>
Financing activities		
Issuance (repayment) of long-term debt	(966,737)	(928,859)
Issuance (repayment) of short-term debt	(255,000)	(175,000)
	<u>(1,221,737)</u>	<u>(1,103,859)</u>
Increase (decrease) in cash during year	(2,514,262)	8,157,632
Cash, beginning of year	<u>43,003,983</u>	<u>34,846,351</u>
Cash, end of year	\$ 40,489,721	\$ 43,003,983

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies

Nature of Business The Regional District of East Kootenay (the "Regional District") provides local government services such as protective, transportation, environmental health and development, parks, water, sewer, and other general government services.

Basis of Presentation The financial statements of the Regional District are the representations of management and are prepared in accordance with Canadian generally accepted accounting policies for local government entities using guidelines issued by the Public Sector Accounting Board ("PSAB").

**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 at 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 commencing once the asset is available for productive use as follows:

Land	not amortized
Land improvements	50 years
Buildings	40 years
Vehicles	5 to 25 years
Equipment	4 to 25 years
Water infrastructure	80 years
Sewer infrastructure	80 years

**Landfill Closure and
Post-Closure**

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

Trust Funds

Funds held in trust by the Regional District of East Kootenay are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition Taxes are recorded at estimated amounts when they meet the definition of an asset, have 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.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

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.

Restricted grants, contributions and government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized as revenue as the stipulation liabilities are settled.

Financial Instruments The Regional District's financial instruments consist of cash, accounts receivable and other receivables, deposits, accounts payable and accrued liabilities, interim financing and long-term debt. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Contaminated Sites Under PS3260 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 under the new standard including sites that are no longer in productive use and sites which the Regional 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 as at December 31, 2022.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2022

2. Prior Period Error

During the year, it was determined that certain amounts in cash were previously unreported, accounts receivable overstated and unclassified expenses related to general administration not categorized in the prior year, previously reported as an annual surplus adjustment. These amounts have been restated in December 31, 2021.

The following table shows the changes in the amounts related to December 31, 2021 figures:

	Previous Amount	Change	Revised Amount
Cash	\$38,403,362	\$4,600,621	\$43,003,983
Accounts receivable	4,830,465	(191,987)	4,638,478
Annual surplus adjustment	4,928,090	(4,928,090)	-
General administration	4,186,803	519,456	4,706,259

3. Cash and Cash Equivalents

Included in cash is \$33,063,788 (2021 - \$31,024,433) which has been specifically set aside with the Municipal Finance Authority for internally and externally restricted reserves.

4. Accounts Receivable

	2022	2021
Provincial government	1,626,220	1,690,092
Federal government	697,031	316,327
Other	2,878,833	2,632,059
	<u>\$ 5,202,084</u>	<u>\$ 4,638,478</u>

Regional District of East Kootenay Notes to the Financial Statements

December 31, 2022

5. Reserve - Municipal Finance Authority

The Regional 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 Regional District also executes demand notes in connection with each debenture whereby the Regional District 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:

	Demand Notes	Cash Deposits	2022	2021
Regional District	\$ 486,828	\$ 274,224	\$ 761,052	\$ 755,061
Member Municipalities	2,005,283	1,001,297	3,006,580	2,951,756
	<u>\$ 2,492,111</u>	<u>\$ 1,275,521</u>	<u>\$ 3,767,632</u>	<u>\$ 3,706,817</u>

6. Agreements Due From Members

Agreements due from members become receivable on the same terms as payable to the Municipal Finance Authority. The Regional District borrows funds upon its credit at large and shall, in the event of default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable.

	2022	2021
City of Cranbrook	\$ 12,757,376	\$ 14,452,702
City of Fernie	2,270,796	2,414,554
City of Kimberley	5,774,435	6,348,401
District of Elkford	11,602,478	12,132,142
District of Invermere	10,941,687	5,228,718
District of Sparwood	3,729,432	3,893,742
Village of Canal Flats	2,636,806	2,708,164
Village of Radium Hot Springs	2,856,061	3,008,561
	<u>\$ 52,569,071</u>	<u>\$ 50,186,984</u>

Regional District of East Kootenay Notes to the Financial Statements

December 31, 2022

7. Deferred Revenue

	2022	2021
BC Investment Agricultural Foundation - Columbia Valley Economic Development	\$ 172,943	\$ 207,182
Koocanusa Community Land Recreation Project	164,922	210,308
LG CAP	109,082	-
Regional Agricultural Liaison	90,000	90,000
Fairmont Flood Mitigation	-	51,514
CBT - Columbia Valley Econcomiv Development	49,906	73,876
Other	84,269	89,706
Edgewater Connectivity	330,183	262,080
CBT Prevention Officers	64,099	100,671
UBCM Cold Spring Creek Debris Mitigation	132,191	132,191
	<u>\$ 1,197,595</u>	<u>\$ 1,217,528</u>

Deferred capital, infrastructure and operating grants are comprised of amounts received under funding agreements that relate to work to be performed in a subsequent period and are to be recognized as revenue in the period in which the resources are used for the purpose specified.

8. Landfill Closure and Post-Closure Care

The British Columbia Environmental and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

The Regional District has three landfill locations with a total estimated capacity of 5,961,252 cubic meters of which the remaining capacity for future use is estimated at cubic meters 3,301,380 (2021 - 3,380,903). The remaining estimated life of the respective landfills varies from 31 years to 47 years. Closure will involve covering the site with topsoil and vegetation, drainage control, and installing groundwater monitoring wells. Post-closure care activities for the landfill are expected to occur for 30 years and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and landfill cover maintenance. The estimated liability and expenditures are recognized as the landfill sites capacity is used. The total closure and post-closure liability as at year-end is estimated at \$15,990,185 (2021 - \$14,405,856). This amount, largely based on engineering studies completed in 2019, represents the sum of the discounted future cash flows for closure and post closure activities discounted at the Regional District's current long-term borrowing rate.

Regional District of East Kootenay Notes to the Financial Statements

December 31, 2022

9. Due to (from) Kootenay East Regional Hospital District

The Regional District of East Kootenay is related to the Kootenay East Regional Hospital District by way of common members on the Board of Directors.

The amount due to (from) the Kootenay East Regional Hospital District at the year end is \$(2,219,436) (2021 - \$2,529,798).

10. Long-term Debt

The Regional District issues debt instruments through the Municipal Finance Authority, pursuant to security issuing bylaws under the authority of revised section 179 of the Community Charter and sections 406 to 410 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
General	\$ 3,555,974	\$ 4,522,711
Water utilities	6,043,899	6,043,899
Sewer utilities	1,779,247	1,779,247
	11,379,120	12,345,857
Member municipalities	52,569,071	50,186,984
	<u>\$ 63,948,191</u>	<u>\$ 62,532,841</u>

The rates of interest payable on the principal amount of the debentures vary between 0.91% and 4.20% per annum.

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

2023	\$ 4,812,722
2024	4,492,137
2025	4,208,980
2026	3,666,286
2027	3,492,333
Thereafter and actuarial	<u>43,275,733</u>
	<u>\$ 63,948,191</u>

Regional District of East Kootenay
Notes to the Financial Statements

December 31, 2022

11. Tangible Capital Assets

	2022							
	Land	Land Improvements	Buildings	Vehicles	Equipment	Water	Sewer	Total
Cost, beginning of year	\$ 6,840,820	\$ 11,044,616	\$ 21,365,905	\$ 9,696,100	\$ 6,467,591	\$ 30,088,621	\$ 4,417,501	\$ 89,921,154
Additions	175,256	649,734	231,470	309,591	234,664	54,673	13,398	1,668,786
Cost, end of year	7,016,076	11,694,350	21,597,375	10,005,691	6,702,255	30,143,294	4,430,899	91,589,940
Accumulated amortization, beginning of year	-	566,153	9,245,380	6,177,497	4,076,243	4,525,715	887,111	25,478,099
Amortization	-	102,804	467,778	415,334	336,953	382,376	55,079	1,760,324
Accumulated amortization, end of year	-	668,957	9,713,158	6,592,831	4,413,196	4,908,091	942,190	27,238,423
Net carrying amount, end of year	\$ 7,016,076	\$ 11,025,393	\$ 11,884,217	\$ 3,412,860	\$ 2,289,059	\$ 25,235,203	\$ 3,488,709	\$ 64,351,517

Regional District of East Kootenay
Notes to the Financial Statements

December 31, 2022

11. Tangible Capital Assets (continued)

								2021
	Land	Land Improvements	Buildings	Vehicle	Equipment	Water	Sewer	Total
Cost, beginning of year	\$ 7,177,546	\$ 7,263,860	\$ 21,205,893	\$ 9,247,543	\$ 6,087,491	\$ 29,886,835	\$ 4,417,501	\$ 85,286,669
Additions	-	3,315,167	160,012	802,211	380,100	201,786	-	4,859,276
Disposals	-	-	-	(27,042)	-	-	-	(27,042)
Adjustments	(336,726)	465,589	-	(326,612)	-	-	-	(197,749)
Cost, end of year	6,840,820	11,044,616	21,365,905	9,696,100	6,467,591	30,088,621	4,417,501	89,921,154
Accumulated amortization, beginning of year	-	478,729	8,784,051	5,801,152	3,785,025	4,143,892	832,032	23,824,881
Amortization	-	87,424	461,329	376,345	291,218	381,823	55,079	1,653,218
Accumulated amortization, end of year	-	566,153	9,245,380	6,177,497	4,076,243	4,525,715	887,111	25,478,099
Net carrying amount, end of year	\$ 6,840,820	\$ 10,478,463	\$ 12,120,525	\$ 3,518,603	\$ 2,391,348	\$ 25,562,906	\$ 3,530,390	\$ 64,443,055

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2022

12. Credit Facility

The Regional District has a credit facility agreement with a financial institution which provides for a total commitment of \$4,750,000. At December 31, 2022, the Regional District had drawn an amount of \$Nil (2021 - \$Nil) on this agreement.

13. Trust Funds

The Regional District is holding funds for various organizations. The assets and offsetting liabilities are not reflected in the Regional District consolidated financial statements. Trust fund balances held for the various organizations are as follows:

	2022	2021
Columbia Basin Trust	\$ 387,544	\$ 391,521
Treaty Advisory Council	18,250	20,297
	<u>\$ 405,794</u>	<u>\$ 411,818</u>

14. Commitments

- (a) The Regional District participates in the Municipal Insurance Association of British Columbia pooled insurance plan. Under the terms of participation, the Regional District could become liable for its proportional share of any claim losses in excess of funds held by the Association. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- (b) The Ministry of Environment has imposed strict guidelines on the Regional District for the submission of Regional Solid Waste Management Plans. If the Ministry of Environment determines that these plans are not satisfactory, penalties of up to \$300,000 may be assessed.
- (c) The Regional District has entered into a ten year contract for Fire Protection in the rural area around Cranbrook. The Regional District commits a flat fee for operating and capital costs of \$841,129 in 2020 and increasing by 3.75% each year after. The contract is up for renewal in 2027.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2022

15. Pension Liability

The Regional District of East Kootenay 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 provided are based on a formula. As at December 31, 2022, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent actuarial valuation as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Regional District of East Kootenay paid \$487,848 (2021 - \$394,633) 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.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2022

16. Expenses by Object

	2022	2021
Amortization	\$ 1,760,324	\$ 1,653,218
Bank charges and short-term interest	50,785	42,234
Consulting and professional fees	1,241,132	1,320,365
Contract and other services	6,907,431	6,931,215
Fiscal services for member municipalities	4,694,575	4,688,257
General administration, office, and supplies	1,924,931	2,053,950
Grants and transfers to other governments	3,634,850	2,643,042
Insurance	205,828	185,273
Interest on long-term debt	394,439	417,755
Landfill closure and post-closure	1,589,602	671,713
Maintenance	2,880,767	2,558,751
Telephone and utilities	726,388	633,095
Travel, training, and conferences	290,230	136,504
Vehicle and trucking expense	1,380,580	1,282,434
Wages, salaries and benefits	7,653,495	6,973,254
Water and sewer connection fees	425,475	394,304
	<u>\$ 35,760,832</u>	<u>\$ 32,585,364</u>

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2022

17. Segmented Reporting (Schedule 1)

The segments and the services the Regional District provide are broken down as follows:

General Administration and Fiscal Services is comprised of several services, including Board and Communications Costs, Corporate Services; Administration Finance; Engineering; Human Resources; Information Systems; Electoral Area Costs; Grants; and Fiscal Services. Corporate Services involves staff and management working closely with the Regional Board and Community partners to coordinate the delivery of a wide range of functions and services. The Finance department is responsible for the requisition of tax revenues from the Province and from member municipalities and all treasury and accounting functions. Human Resources involves the administration of full-time and part-time employees, as well as the responsibility for labour relations, recruitment, training and career planning, employee health and safety and Workers Compensation regulations. Information Systems includes an all-encompassing computer database and mapping system for properties in the Regional District, which is used by Regional Services and Regional District departments and other government agencies, as well as members of the public and businesses. Fiscal Services is responsible for MFA Financing for 6 electoral areas and 8 member municipalities.

Protective Services includes several programs. These programs include Electoral Area Fire Protection; 911 Services; Flood Control; Bylaw Enforcement (Access Guardian; Animal Control, Business Licenses, Building Inspections, Conservation, Invasive Plant Management; Fireworks Regulation; Mosquito Control, and Unsightly Premises Regulation, and). These services are designed to provide a safe environment for the community. They are responsible for providing these services to the [Electoral areas A, B, C, E, F and G, as well as to the member municipalities of Elkford, Sparwood, Ferine, Cranbrook, Kimberley, Canal Flats, Invermere and Radium Hot Springs within the boundaries of the Regional District.

Solid Waste & Recycling is comprised of several services, including Solid Waste Management Services (Recycling, Collection, Transfer Stations, Management); and Septage Disposal. The mandate of these programs is to coordinate delivery of the many day-to-day services required for community living.

Other Services is comprised of several services, including Broadband; Canada Community-Building Fund; Elk Valley Property Tax Sharing; Elk Valley Airport; Victim Assistance; and Water Level Control.

Development & Transportation Services is responsible for delivering Economic Development, Planning, and Transportation services. Economic Development provides assistance to businesses and entrepreneurs in the Regional District and to those interested in relocating to the region. The planning function is responsible for developing land use policies that provide guidance to elected officials, developers, the public and other decision makers. It puts land use plans and policies into action and ensures proper Infrastructure and orderly development. The program also evaluates applications and provides recommendations to decision makers; assists the public with land use regulations, applications, and processes; and invites and responds to public. Transportation services include Street Light Improvements and Transit Service.

Parks, Recreational & Cultural Service includes the Community Halls, Cemeteries, Discretionary Grant in Aid, Eddie Mountain Memorial Arena, Regional Parks, and Electoral Area Parks. The Parks department is responsible for 7 Regional Parks and several electoral area parks and trails.

Sewer Services includes Sewer & Water services, as well as The Sewer service include Baltac Sewer System, Edgewater Sewer System; and Holland Creek Sewer System, Columbia Valley Liquid Waste and Holland Creek Storm Sewer.

Water Services includes East Side Lake Windermere Water System; Edgewater Water System; Elko Water System; Holland Creek water System; Moyie Water System; Rushmere Water System; and Spur valley Water System.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2022

18. Budget

The budget data presented in these financial statements is based upon the Budget Bylaw adopted by the Board on March 11, 2022. The Budget Bylaw was prepared on a modified accrual basis and requires that the cash inflows for the period must at a minimum equal the cash outflows.

Budgeted cash inflows include transfers from prior year surplus carried forward. These transactions are not recognized as revenues in the Regional District's statement of operations as they do not meet the inclusion requirements under PSAB.

PSAB requires that budget amounts be presented in the financial statements on the same basis of accounting for actual amounts. The reconciliation below shows the difference between the operating budgets per the approved Bylaw and the budget figures reported in these statements.

	<u>2022</u>
Budget Surplus - statement of operations	\$ 4,689,345
Adjust for budgeted items not included in the statement of operations:	
Principal payments on long-term debt	(1,148,422)
Future debenture proceeds	1,834,507
Budgeted transfers from accumulated surplus	3,682,289
Budgeted capital expenditures	<u>(9,057,719)</u>
Budget Bylaw for the year	<u>\$ -</u>

Regional District of East Kootenay Schedule 1 - Segmented Information

For the year ended

December 31, 2022

	General Administration and Fiscal Services	Protective Services	Solid Waste and Recycling Services	Health, Social, Housing & Other Services	Development and Transportation Services	Parks, Recreation and Cultural Services	Sewer Services	Water Services	Total
Revenue									
Tax requisitions	\$ 2,312,498	\$ 4,990,769	\$ 3,036,931	\$ 78,285	\$ 1,006,689	\$ 9,892,922	\$ -	\$ -	21,318,094
Members' requisitions for debt services	4,694,575	-	-	-	-	-	-	-	4,694,575
Parcel taxes	-	379,706	-	29,337	-	27,280	431,500	700,714	1,568,537
Grants in lieu of taxes	658,692	29,376	6,971	-	-	19,594	-	-	714,633
Provincial government grants	479,890	1,232,377	12,521	56,398	802	-	-	28,047	1,810,035
Local government grants and regional transfers	663,549	187,653	104,862	11,292	404,118	82,427	-	32,000	1,485,901
Water and sewer fees	-	-	-	-	-	-	188,496	1,676,588	1,865,084
Other sale of services and fees	143,284	1,190,232	2,555,386	189,121	118,387	238,167	-	60,384	4,494,961
Interest earned	720,481	9,913	-	213	1,544	446	524	19,747	752,868
Other revenue	32,359	42,170	566	-	39,396	29,174	28,041	95,157	266,863
Actuarial adjustments	292,585	-	-	-	-	-	-	-	292,585
	9,997,912	8,062,196	5,717,237	364,646	1,570,936	10,290,009	648,561	2,612,637	39,264,136
Expenses									
Amortization	\$ 313,775	\$ 695,654	\$ 217,105	\$ 5,841	\$ 4,583	\$ 85,910	\$ 55,079	\$ 382,377	\$ 1,760,324
Bank charges and short-term interest	7,582	3,999	37,137	32	4	148	-	1,883	50,785
Consulting and professional fees	192,042	226,710	135,134	67,263	470,676	28,809	11,452	109,046	1,241,132
Contract and other services	112,721	1,917,329	4,877,381	-	-	-	-	-	6,907,431
Fiscal services for member municipalities	4,694,575	-	-	-	-	-	-	-	4,694,575
General administration, office, and supplies	652,296	439,017	178,026	3,331	383,344	110,099	19,923	138,895	1,924,931
Grants and transfers to other governments	1,176,737	701,915	251,882	15,167	338,643	1,150,506	-	-	3,634,850
Insurance	17,223	67,233	32,294	5,537	9,374	38,816	4,135	31,216	205,828
Interest on long-term debt	-	95,642	51,750	79,340	-	1,240	36,750	129,717	394,439
Landfill closure and post-closure	-	-	1,589,602	-	-	-	-	-	1,589,602
Maintenance	356,737	274,633	1,414,625	82,351	-	296,529	237,729	218,163	2,880,767
Telephone and utilities	130,429	182,306	35,111	-	57,930	126,541	25,148	168,923	726,388
Travel, training, and conferences	173,157	88,750	7,115	633	7,645	4,746	25	8,159	290,230
Vehicle and trucking expense	6,454	180,683	1,113,295	336	2,193	42,347	5,613	29,659	1,380,580
Wages, salaries and benefits	2,220,613	2,346,069	562,419	64,160	736,665	766,664	139,099	817,806	7,653,495
Water and sewer connection fees	225,746	-	-	-	14,496	-	-	185,233	425,475
	10,280,087	7,219,940	10,502,876	323,991	2,025,553	2,652,355	534,953	2,221,076	35,760,832
Annual surplus (deficit)	\$ (282,175)	\$ 842,256	\$ (4,785,639)	\$ 40,655	\$ (454,617)	\$ 7,637,654	\$ 113,608	\$ 391,561	\$ 3,503,304

Regional District of East Kootenay Schedule 1 - Segmented Information

For the year ended

December 31, 2021

	General Administration and Fiscal Services	Protective Services	Solid Waste and Recycling Services	Health, Social, Housing & Other Services	Development and Transportation Services	Parks, Recreation and Cultural Services	Sewer Services	Water Services	Total
Revenue									
Tax requisitions	\$ 2,060,912	\$ 5,058,728	\$ 2,486,456	\$ 65,737	\$ 903,983	\$ 9,261,113	\$ -	\$ -	19,836,929
Members' requisitions for debt services	4,688,257	-	-	-	-	-	-	-	4,688,257
Parcel taxes	-	376,956	-	29,337	-	-	448,500	679,658	1,534,451
Grants in lieu of taxes	633,119	28,363	8,562	162	503	31,560	-	-	702,269
Provincial government grants	397,487	1,001,085	38,304	35,211	48,202	-	-	-	1,520,289
Local government grants and regional transfers	1,872,829	713,152	116,824	70,788	344,943	97,455	-	-	3,215,991
Water and sewer fees	-	-	-	-	-	-	174,023	1,644,072	1,818,095
Other sale of services and fees	131,574	1,040,026	1,838,667	189,509	114,745	140,122	-	63,499	3,518,142
Interest earned	67,442	4,790	8,550	1,660	-	-	-	-	82,442
Other revenue	36,609	152,632	3,849	49	23,510	6,688	-	27,052	250,389
Actuarial adjustments	264,612	-	-	-	-	-	-	-	264,612
	10,152,841	8,375,732	4,501,212	392,453	1,435,886	9,536,938	622,523	2,414,281	37,431,866
Expenses									
Amortization	\$ 291,411	\$ 614,297	\$ 213,250	\$ 5,841	\$ 7,485	\$ 84,031	\$ 55,079	\$ 381,824	\$ 1,653,218
Bank charges and short-term interest	600	9,192	30,590	9	250	250	-	1,343	42,234
Consulting and professional fees	145,648	141,773	274,165	65,802	617,519	34,894	4,673	35,891	1,320,365
Contract and other services	136,042	1,801,368	4,993,805	-	-	-	-	-	6,931,215
Fiscal services for member municipalities	4,688,257	-	-	-	-	-	-	-	4,688,257
General administration, office, and supplies	855,270	356,919	143,200	2,882	402,479	123,952	24,839	144,409	2,053,950
Grants and transfers to other governments	661,774	426,600	415,818	6,831	165,155	966,864	-	-	2,643,042
Insurance	14,890	63,590	28,688	5,931	8,546	33,523	3,733	26,372	185,273
Interest on long-term debt	-	92,938	51,750	63,893	-	-	70,875	138,299	417,755
Landfill closure and post-closure	-	-	671,713	-	-	-	-	-	671,713
Maintenance	180,098	407,589	1,119,905	123,382	-	291,030	206,765	229,982	2,558,751
Telephone and utilities	117,523	144,636	34,622	960	57,843	128,403	22,277	126,831	633,095
Travel, training, and conferences	58,055	56,026	6,525	304	2,167	11,948	14	1,465	136,504
Vehicle and trucking expense	7,745	165,260	1,037,847	569	2,576	33,895	6,497	28,045	1,282,434
Wages, salaries and benefits	2,098,647	2,196,903	500,208	41,836	682,843	683,571	106,781	662,465	6,973,254
Water and sewer connection fees	138,556	-	10,224	-	66,335	853	-	178,336	394,304
	9,394,516	6,477,091	9,532,310	318,240	2,013,198	2,393,214	501,533	1,955,262	32,585,364
Annual surplus (deficit)	\$ 758,325	\$ 1,898,641	\$ (5,031,098)	\$ 74,213	\$ (577,312)	\$ 7,143,724	\$ 120,990	\$ 459,019	\$ 4,846,502

Regional District of East Kootenay
Schedule 2 - Covid-19 Restart Grants
(Unaudited)

December 31, 2022

Safe Restart Reserve Balance, December 31, 2021	\$ 642,575
Interest earned 2022	<u>13,032</u>
Total funds available for 2022	655,607
Eligible costs incurred:	
Computer and technology cost to improve connectivity and virtual communications	141,954
General government services	178,669
Revenue shortfall	<u>39,165</u>
Total eligible costs incurred	<u>359,788</u>
Balance, December 31, 2022	<u><u>\$ 295,819</u></u>