

Corporation of the Town of Osoyoos
Financial Statements
December 31, 2021

Corporation of the Town of Osoyoos

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For the year ended December 31, 2021

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Management's Responsibility

To the Mayor and Council of the Corporation of the Town of Osoyoos,

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Mayor and Council are composed entirely of individuals who are neither management nor employees of the Town. The Mayor and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Mayor and Council fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Mayor and Council are also responsible for appointing the Town's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Mayor and Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Council and management to discuss their audit findings.

May 10, 2022



Chief Administrative Officer



Director of Finance

Independent Auditor's Report

To the Mayor and Council of the Corporation of the Town of Osoyoos,

Opinion

We have audited the financial statements of the Corporation of the Town of Osoyoos (the "Town"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including 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 Town as at December 31, 2021, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town 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 Information

Management is responsible for the other information. The other information comprises the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report

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 Town'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 Town'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 Town 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.

Kelowna, British Columbia

May 10, 2022

MNP LLP

Chartered Professional Accountants

Corporation of the Town of Osoyoos
Statement of Financial Position

As at December 31, 2021

	2021	2020
Financial assets		
Cash (Note 2)	15,706,883	11,727,873
Temporary investments (Note 3)	10,256,624	12,257,900
Accounts receivable (Note 4)	1,536,039	1,399,564
	27,499,546	25,385,337
Financial liabilities		
Accounts payable and accrued liabilities (Note 5)	1,171,574	1,401,617
Building deposits	892,909	504,076
Deferred revenue (Note 6)	2,968,141	2,753,775
Deferred development cost charges (Note 8)	1,908,791	1,733,930
Long-term debt (Note 7)	10,868,627	9,611,258
Landfill closure and post-closure (Note 9)	227,710	210,062
	18,037,752	16,214,718
Net financial assets	9,461,794	9,170,619
Non-financial assets		
Inventory of supplies	179,626	194,147
Prepaid expenses	50,890	34,149
Tangible capital assets (Note 10)	79,116,833	75,995,871
	79,347,349	76,224,167
Accumulated surplus (Note 11)	88,809,143	85,394,786

Commitments and contingencies (Note 12)
Municipal Finance Authority of B.C. deposits (Note 13)



Mayor



Director of Finance

The accompanying notes are an integral part of these financial statements

Corporation of the Town of Osoyoos
Statement of Operations and Accumulated Surplus

For the year ended December 31, 2021

	Budget (Note 15)	2021	2020
Revenue			
Sale of services	4,901,070	5,045,615	4,578,651
Taxation - net (Schedule 2)	4,573,283	4,575,281	4,354,785
Grants - provincial (Note 14)	4,562,274	2,760,858	4,875,349
Solid waste management	1,044,505	1,177,839	986,333
Return on investments	205,750	532,446	189,357
Grants - other (Note 14)	1,490,454	530,365	631,967
Administration and miscellaneous recoveries	566,533	410,540	568,680
Licences, permits, rentals and fines	277,410	347,215	255,298
Contribution from developers	506,000	106,000	-
Penalties and interest on taxes	68,000	82,546	60,010
Franchise fees	66,340	65,818	66,348
Actuarial gains	-	60,886	49,332
Donations	-	16,190	6,714
Grants in lieu of taxes (Note 14)	15,000	13,912	19,597
Gain on disposal of tangible capital assets	10,000	13,018	193,664
	18,286,619	15,738,529	16,836,085
Expenses			
General government services	1,861,405	2,914,582	2,750,595
Protective services	2,567,618	2,137,175	1,868,111
Water services	2,003,480	2,105,151	1,930,274
Sewer services	1,630,020	1,924,506	1,871,227
Recreation and cultural services	1,444,470	1,326,048	1,161,633
Environmental services	1,239,630	1,141,746	799,395
Transportation services	881,830	726,142	669,574
Public health services	57,750	48,822	41,781
	11,686,203	12,324,172	11,092,590
Annual surplus	6,600,416	3,414,357	5,743,495
Accumulated surplus, beginning of year	85,394,786	85,394,786	79,651,291
Accumulated surplus	91,995,202	88,809,143	85,394,786

The accompanying notes are an integral part of these financial statements

Corporation of the Town of Osoyoos
Statement of Changes in Net Financial Assets

For the year ended December 31, 2021

	Budget (Note 15)	2021	2020
Annual surplus	6,600,416	3,414,357	5,743,495
Acquisition of tangible capital assets	(13,254,177)	(5,540,628)	(7,531,469)
Net book value of disposed tangible capital assets	-	-	35,916
Amortization of tangible capital assets	-	2,419,666	2,161,589
	(13,254,177)	(3,120,962)	(5,333,964)
Change in inventory of supplies	-	14,521	(25,439)
Change in prepaid expenses	-	(16,741)	28,693
	-	(2,220)	3,254
Increase (decrease) in net financial assets	(6,653,761)	291,175	412,785
Net financial assets, beginning of year	9,170,619	9,170,619	8,757,834
Net financial assets, end of year	2,516,858	9,461,794	9,170,619

The accompanying notes are an integral part of these financial statements

Corporation of the Town of Osoyoos
Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating Activities		
Annual surplus	3,414,357	5,743,495
Items not involving cash included in annual surplus:		
Amortization of tangible capital assets	2,419,666	2,161,589
Gain on disposal of tangible capital assets	(13,018)	(157,748)
Actuarial adjustment	(60,886)	(49,332)
Net change in non-cash working capital items:		
Inventory	14,521	(25,439)
Landfill closure and post-closure	17,648	-
Net change in cash working capitals items:		
Accounts receivable	(136,475)	(286,055)
Prepaid expenses	(16,741)	28,693
Accounts payable and accrued liabilities	(230,043)	(298,021)
Deferred revenue	214,366	297,428
Other liabilities	388,833	(1,001,809)
Deferred development cost charges	174,861	20,532
	6,187,089	6,433,333
Capital Activities		
Acquisition of tangible capital assets	(5,540,628)	(7,531,469)
Proceeds on disposal of tangible capital assets	13,020	193,664
	(5,527,608)	(7,337,805)
Investing Activities		
Decrease (increase) in temporary investments	2,001,276	(2,500,133)
Financing Activities		
Proceeds from long-term debt issue	1,712,679	89,932
Repayment of long-term debt	(394,426)	(404,002)
	1,318,253	(314,070)
Increase (decrease) in cash and cash equivalents	3,979,010	(3,718,675)
Cash and cash equivalents, beginning of year	11,727,873	15,446,548
Cash and cash equivalents, end of year	15,706,883	11,727,873

The accompanying notes are an integral part of these financial statements

Corporation of the Town of Osoyoos

Notes to the Financial Statements

For the year ended December 31, 2021

The Corporation of the Town of Osoyoos (the "Town") was incorporated as a Town in 1983 under statute of the Province of British Columbia. Its principal activities include the provision of local government services to residents of the incorporated area. These include general government, protective, water, sewer, recreation and cultural, environmental, transportation, and public health services. The financial statements include the results of operations for all services.

Impact on operations of COVID-19

In March 2020, the global outbreak of COVID-19 began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Town's operations were minimally impacted by COVID-19.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Town's business and financial condition.

1. Significant accounting policies

The financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada. Significant accounting policies adopted by the Town are as follows:

(a) Basis of accounting

The Town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Property tax revenue

Property tax revenue is recognized at the date property tax notices are issued, based on property assessment values issued by BC Assessment for the current year and tax rates established annually by bylaw. Assessments are subject to appeal and tax adjustments are recorded when the results of appeals are known.

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

1. Significant accounting policies (*continued*)

(c) Government transfers

Government transfers are recognized as revenue in the period the transfers are authorized and any eligibility criteria have been 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 and recognized in the statement of operations as revenue as the stipulation liabilities are settled.

(d) Deferred revenue

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenses are incurred development cost charges are recognized as revenue in amounts which equal the associated expenses.

(e) Investment income

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(f) Restricted surplus

The restricted surplus represents reserves set aside for future expenses. Non-statutory reserves represent an appropriation of surplus for specific purposes. Reserves for future capital expenditures represent funds to finance incomplete capital projects. Statutory reserves are restricted by the Community Charter and the associated municipal bylaws that establish the reserves. A schedule accompanying these financial statements provides details of the various restricted surpluses held and the changes during in the current year.

(g) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with a term to maturity of 90 days or less at acquisition and readily convertible to cash.

(h) Long-term debt

Long-term debt is recorded net of principal repayments and actuarial adjustments.

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

1. Significant accounting policies (continued)

(i) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Town is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2021. No liability has been recorded at December 31, 2021 as no contaminated sites exist.

(j) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

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

Asset	Useful life - years
Land improvements	15-25
Buildings	20-50
Furniture, equipment and vehicles	5-25
Roads and drainage	10-60
Water infrastructure	10-80
Sewer infrastructure	10-80

Annual amortization is charged in the year of acquisition. Amortization is charged to the date the asset is sold in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

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

(iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

1. Significant accounting policies (continued)

(iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(v) Interest capitalization

The Town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(l) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Significant estimates include assumptions used in estimating provisions for accrued liabilities, estimated useful lives of tangible capital assets, valuation of accounts receivable, and landfill closure and post-closure liabilities.

Liabilities for contaminated sites are estimated based on the best information available regarding potential contamination where the Town is responsible.

(m) Debt charges

Debt principal repayments are not included in the statement of operations pursuant to PSAB disclosure. Interest expense is recorded on an accrual basis and is expensed to the current year operations.

(n) Deferred development cost charges

Certain user fees and development charges are collected for future services and acquisitions. These revenues are deferred and recognized in the period in which the specified expenses are incurred, services performed, or the tangible capital assets acquired.

(o) Employee future benefits

The Town and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer defined benefit pension plan, the Town's contributions are expensed as incurred.

(p) Expenses

Expenses are recognized as they are incurred and measurable based on receipt of goods or services and/or the creation of a legal obligation to pay.

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

1. Significant accounting policies (continued)

(q) Inventory

Inventory is valued at the lower of cost and net realizable value, with cost determined on a first-in, first-out basis.

(r) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(s) Prepaid expenses

Various items are included in prepaid expenses including insurance and deposits. These items are intended to be included in expenses in the next financial reporting period and as such are not considered financial instruments.

(t) Tax collections for other governments

The Town is required by legislation to collect property taxes on behalf of other governments. These collections and requisitions are not included in the Town's financial statements as part of the statement of operations.

(u) Temporary investments

Temporary investments consist of Guaranteed Investment Certificates (GICs) with varying maturity dates between one and five years. These investments are carried at cost plus accrued interest which approximates the fair value due to the liquidity of the temporary investments.

(v) Trust funds

Trust funds and the related assets and liabilities held by the Town for cemetery care are not included in the statement of financial position. A Statement of Cemetery Care Trust Funds is provided for information purposes.

2. Cash

	2021	2020
General funds	11,836,795	8,594,779
Development cost charge (Note 8)	1,908,791	1,733,930
Resort Municipality funds (Schedule 1)	1,124,463	821,727
Federal Gas Tax funds (Note 6)	836,829	577,437
	15,706,883	11,727,873

3. Temporary investments

Interest earned on the various GICs ranges from 0% to 2.75% (2020 – 0% to 2.75%) per annum depending on the maturity of the GIC and is accrued as earned over the term of the investment. All investments are held in the general fund.

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

4. Accounts receivable

	2021	2020
Trade accounts and other receivables	1,242,860	1,061,899
Property taxes:		
- Current	232,554	273,527
- Arrears and delinquent	60,625	64,138
	1,536,039	1,399,564

5. Accounts payable and accrued liabilities

	2021	2020
Trade payables and accrued liabilities	800,576	924,779
Wages payable	241,876	194,154
Deposits Payable	107,858	110,389
Due to other governments	21,264	172,295
	1,171,574	1,401,617

6. Deferred revenue

	2021	2020
Property taxes	932,560	879,002
Federal Gas Tax funding (Community Works Fund)	836,829	577,437
Grants	768,327	660,165
Contributions from customers	426,000	619,583
Licenses	4,425	13,250
Rent	-	4,338
	2,968,141	2,753,775

Federal Gas Tax funding

Federal Gas Tax Funding (Community Works Fund) is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Town and the Union of British Columbia Municipalities. Federal Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

	2021	2020
Unspent funds, opening balance	577,437	523,109
Funding received during the year	550,945	269,265
Interest earned	8,447	6,063
Funds used	(300,000)	(221,000)
	836,829	577,437

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

7. Long-term debt

	2021	2020
Outstanding debt, beginning of year	9,611,258	9,974,660
Issues of debt	1,712,679	89,932
Repayment of debt	(394,425)	(404,002)
Actuarial reduction of debt	(60,886)	(49,332)
	10,868,627	9,611,258

Bylaw	Year Maturing	%	Cash Payments		Actuarial Adjustment	Balance Outstanding	
			Interest	Principal		2021	2020
0009-0	2023	-	-	22,469	-	29,789	52,258
0010-0	2023	-	-	7,446	-	13,675	21,121
0011-0	2023	-	-	10,475	-	19,865	30,340
0012-0	2024	-	-	18,138	-	60,074	78,212
0001-2	2024	-	-	16,614	-	150,088	166,702
0013-0	2026	-	-	20,173	-	117,188	-
0014-0	2026	-	-	1,187	-	35,273	-
1258	2030	3.80%	2,517	7,230	2,775	107,369	117,374
1290	2033	3.85%	11,059	9,646	3,049	198,366	211,061
1306	2047	2.80%	160,528	120,654	11,187	5,235,377	5,367,218
1185	2023	4.78%	8,664	9,194	11,878	45,358	66,430
1348	2041	2.99%	10,419	-	-	1,538,859	-
1152	2021	3.05%	164	676	1,033	-	1,709
1153	2021	3.05%	63	260	398	-	658
1154	2021	3.05%	831	3,435	5,246	-	8,681
1184	2023	4.78%	15,618	16,573	21,412	81,764	119,749
1347	2039	2.66%	78,400	130,255	3,908	3,235,582	3,369,745
			288,263	394,425	60,886	10,868,627	9,611,258

The estimated aggregate repayments on long-term debt over the next five years are as follows:

2022	465,090
2023	447,673
2024	425,789
2025	411,007
2026	451,917

Interest paid on the long-term debt totaled \$288,263 (2020 - \$349,218) and is expensed in the segment to which the debt relates (see Note 16). The actuarial adjustment for the year was \$60,886 (2020 - \$49,332).

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

8. Deferred development cost charges

	2021	2020
Development cost charges by category:		
Parks	928,558	823,652
Roads	668,702	611,364
Water	169,320	247,967
Sewer	150,628	64,884
Storm drains	(8,417)	(13,937)
	1,908,791	1,733,930
	2021	2020
Development cost charges, opening balance	1,733,930	1,713,398
Return on investments	18,264	20,532
Contributions from developers	271,867	-
Acquisitions of tangible capital assets	(115,270)	-
Development cost charges, closing balance	1,908,791	1,733,930

9. Landfill closure and post-closure liability

The provincial Waste Management Act, as well as the B.C. Landfill Criteria for Municipal Solid Waste, sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The Town is committed to ensuring that the landfill in its care is managed in a fiscally responsible manner, which has included setting aside funds to pay for landfill closure and post-closure activities in accordance with the Solid Waste Management Plan which was updated in 2018. Landfill closure and post-closure requirements have been defined in accordance with industry standards and remediation activities include final covering of the site, groundwater and surface water monitoring, maintenance of the drainage structure, site inspection and environmental monitoring. Post-closure care is estimated to continue for 30 years after final closure of the landfill site, which is planned for 2042. Based on current estimates, remaining capacity of the landfill is 75.0% (2020 – 77.1%).

This requirement is being provided for based on a number of factors including the percentage of landfill capacity already filled, usage based on tipping fees and consultant estimates, the projected closure dates, the regulated monitoring period, the estimated annual management costs and a present value discount rate. As at December 31, 2021, using the most recent closure plans and updated cost estimates for closure and post-closure care, the Town has estimated its liability for these costs at \$227,710 (2020 - \$210,062). The unspent reserves that were established towards funding the landfill closure and post-closure care costs form part of the accumulated surplus and had a balance of \$322,713 at December 31, 2021 (2020 - \$359,438).

The estimate for closure and post-closure liability in these financial statements has been calculated based on consultants' estimates in their preparation of the closure plans for the landfill and estimated timing of closure projects. The 2021 increase in closure and post-closure costs of \$17,648 (2020 - \$nil) has been included in the environmental health services repairs and maintenance expenses.

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

10. Tangible capital assets

2021	Land & Improvements	Buildings	Furniture, Equipment & Vehicles	Roads & Drainage	Water Infrastructure	Sewer Infrastructure	Total
Cost							
Balance, beginning of year	16,824,647	13,630,973	4,256,606	25,871,210	16,951,153	30,574,723	108,109,312
Additions	100,539	45,302,	636,429	574,268	3,496,784	687,306	5,540,628
Disposals	-	-	-	-	-	-	-
Balance, end of year	16,925,186	13,676,275	4,893,035	26,445,478	20,447,937	31,262,029	113,649,940
Accumulated amortization							
Balance, beginning of year	2,017,200	4,815,764	2,774,791	10,154,914	4,990,770	7,360,002	32,113,441
Amortization expense	250,898	456,773	273,260	584,322	284,340	570,073	2,419,666
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	2,268,098	5,272,537	3,048,051	10,739,236	5,275,110	7,930,075	34,533,107
Net book value, end of year	14,657,088	8,403,738	1,844,984	15,706,242	15,172,827	23,331,954	79,116,833

Included in tangible capital assets are fully depreciated assets with cost and accumulated amortization of \$2,621,801 (2020 - \$2,464,131).

Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

10. Tangible capital assets (continued)

2020	Land & Improvements	Buildings	Furniture, Equipment & Vehicles	Roads & Drainage	Water Infrastructure	Sewer Infrastructure	Total
Cost							
Balance, beginning of year	15,941,800	13,551,792	4,070,245	25,817,957	14,849,536	26,668,223	100,889,553
Additions	882,847	79,181	508,071	53,253	2,101,617	3,906,500	7,531,469
Disposals	-	-	(321,710)	-	-	-	(321,710)
Balance, end of year	16,824,647	13,630,973	4,256,606	25,871,210	16,951,153	30,574,723	108,109,312
Accumulated amortization							
Balance, beginning of year	1,800,113	4,414,723	2,854,438	9,567,572	4,747,439	6,853,361	30,237,646
Amortization expense	217,087	401,041	206,147	587,342	243,331	506,641	2,161,589
Accumulated amortization on disposals	-	-	(285,794)	-	-	-	(285,794)
Balance, end of year	2,017,200	4,815,764	2,774,791	10,154,914	4,990,770	7,360,002	32,113,441
Net book value, end of year	14,807,447	8,815,209	1,481,815	15,716,296	11,960,383	23,214,721	75,995,871

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

11. Accumulated Surplus

Accumulated surplus is represented by:

	2021	2020
Unrestricted surplus	7,378,245	5,452,816
Restricted surplus (<i>Schedule 1</i>)	13,182,692	13,557,357
Equity in tangible capital assets	68,248,206	66,384,613
	88,809,143	85,394,786

12. Commitments and contingencies

- a) The Town, as a member of the Regional District of the Okanagan-Similkameen ("RDOS") and the Regional Hospital District ("RHD"), is responsible for its portion of any operating deficits or long-term debt related to functions in which it participates. Under provisions of the Local Government Act, the RDOS debt is a joint and several liability of the RDOS and each of its member municipalities.

- b) The Town and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 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, 2018, indicated a \$2.866 million funding surplus for basic pension benefits on a going concern basis.

The Town paid \$287,079 (2020 - \$283,177) for employer contributions to the plan in fiscal 2021. The next valuation will be as at December 31, 2021, with results available in 2022.

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

- c) Debentures are covered by a loan agreement with the Municipal Finance Authority of British Columbia (the "MFABC") which provides that, if at any time the payments provided for in the agreement are not sufficient to meet the authority's obligations in respect of such borrowings, the resulting deficiency becomes a proportional liability of each local government member. As these demand notes are contingent in nature, no liability is recorded.

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

- d) The Town rents a space for a fire hall under an annual operating lease which expires in May 2024. Future minimum payments under the operating lease for the firehall space are as follows:

2022	16,998
2023	17,358
2024	7,295

- e) The Town, along with the Regional District of Okanagan Similkameen (Regional District), jointly appoints members to a recreation commission having responsibility for the management of the Sun Bowl Arena. The Town provides management services under a contract that allows for the supervision and operation of the Sun Bowl Arena. The operations of the Sun Bowl Arena are wholly consolidated by the Regional District.

13. Municipal Finance Authority of B.C. deposits

The Town issues its debt instruments through debenture financing obtained from the MFABC. A condition of the MFABC borrowing is that a portion of the debenture proceeds are withheld by the MFABC as a debt reserve fund. The Town executes demand notes in connection with each debenture and the related debt reserve, whereby the Town may be required to loan certain amounts to the MFABC (see Note 12c). The details of the cash deposits and demand notes at the year-end are as follows:

	Demand Notes	Cash Deposits	2021	2020
General fund	69,410	95,771	165,181	164,020
Sewer fund	46,238	85,217	131,455	136,962
Water fund	20,890	44,164	65,054	15,862
Total	136,538	225,152	361,690	316,844

14. Government transfers

Government transfers are included in the revenues identified as Grants – provincial, Grants – other, and Grants in lieu of taxes. In 2021, the Town received and recorded as revenue the following transfers:

	2021	2020
Unconditional transfers		
Federal	13,912	19,597
Provincial	500,000	2,045,199
Municipal	77,609	75,850
	591,521	2,140,646
Conditional transfers		
Provincial	2,260,858	2,830,150
Municipal	452,756	556,117
	2,713,614	3,386,267
Total government transfers	3,305,135	5,526,913

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

15. Budget amounts

The budget data presented in these financial statements is based upon the 2021 operating and capital budgets adopted by Council on February 17, 2021. Subsequent amendments have been approved by council and are not reflected in the financial statement budget figures presented. The following table reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Annual surplus per statement of operations	6,600,416
Adjust for budgeted cash items not included in statement of operations	
Borrowing Proceeds	1,963,859
Transfer from reserves and prior year surplus	5,461,227
Transfer to reserves and other governments	(478,075)
Tangible capital asset acquisitions	(13,254,177)
MFABC debt principal repayments	(293,250)
Total adjustments	(6,600,416)
Balanced budget per financial plan	-

16. Segmented information

The Corporation of the Town of Osoyoos is a municipal government that provides a range of services to the citizens of Osoyoos and area. The Town is governed by an elected Council comprised of a Mayor, four Councillors, and two Water Councillors, whose authority is set out in the Community Charter and Local Government Act. The Town's operations are organized and reported by Fund. The Funds have been segmented into the various services provided and summarized below.

General government services include administration, finance, legislative, information, customer services, and human resources functions. Revenue and expenses in this segment relate to operations of the Town and cannot be directly attributed to another segment.

Protective services include fire protection, bylaw enforcement, animal control, community planning and development services, and occupational health and safety functions of the Town. Fire protection is provided by a fire chief and volunteer members whose duties include inspections, enforcement, and fire suppression.

Transportation services include road and sidewalk maintenance, street lighting maintenance, storm drain maintenance, snow removal, and the equipment used within these functions.

Environmental services include garbage collection, recycling, and landfill operations of the Town.

Recreation and cultural services include various recreational programs, the Desert Park facility, Sun Bowl arena, the Sonora Centre, the marina, the museum, the library and the parks operations.

Public health services include the operations related to South Okanagan Emergency Preparedness, Emergency Social Services, the health centre and cemetery functions.

Corporation of the Town of Osoyoos
Notes to the Financial Statements
For the year ended December 31, 2021

16. Segmented information (*continued*)

Sewer services include the operating activities of the Sewer Fund that relate to the collection and treatment of wastewater, maintenance of the related equipment, and capital upgrade of the sewer system of the Town.

Water services include the operating activities of the Water Fund that relate to the treatment, distribution, maintenance, and capital upgrade of the water system of the Town and the outlying Irrigation District.

Corporation of the Town of Osoyoos
Notes to the Financial Statements

For the year ended December 31, 2021

16. Segmented information (continued)

2021	General Government	Protective Services	Transportation Services	Environmental Services	Recreation & cultural services	Public health services	Sewer services	Water services	Total
Revenues									
Sale of services	-	315,614	-	-	135,240	47,690	1,958,770	2,588,301	5,045,615
Taxation – net	4,575,281	-	-	-	-	-	-	-	4,575,281
Grants - Provincial	800,000	-	2,233	-	431,458	-	-	1,527,167	2,760,858
Solid waste management	-	-	-	1,177,839	-	-	-	-	1,177,839
Return on investments	532,446	-	-	-	-	-	-	-	532,446
Grants – other	-	387,440	-	-	126,523	-	16,402	-	530,365
Admin & recoveries	342,978	28,384	-	-	-	-	38,542	636	410,540
Licenses, rentals, fines	19,588	123,711	2,500	-	127,865	-	14,995	58,556	347,215
Developer contributions	-	-	-	-	-	-	-	106,000	106,000
Penalties and interest	71,461	-	-	-	-	-	-	11,085	82,546
Franchise fees	65,818	-	-	-	-	-	-	-	65,818
Actuarial adjustment	17,011	-	-	-	-	-	30,566	13,309	60,886
Donations	16,190	-	-	-	-	-	-	-	16,190
Grants in lieu of taxes	13,912	-	-	-	-	-	-	-	13,912
Land and equipment sales	13,018	-	-	-	-	-	-	-	13,018
	6,467,703	855,149	4,733	1,177,839	821,086	47,690	2,059,275	4,305,054	15,738,529
Expenses									
Wages and benefits	408,069	866,930	243,171	78,735	937,834	28,065	626,799	879,461	4,069,064
Amortization	1,565,253	-	-	-	-	-	570,073	284,340	2,419,666
Maintenance & supplies	332,203	234,732	285,441	203,195	337,028	17,125	342,014	479,804	2,231,542
Contracted services	22,838	934,821	-	673,033	-	-	-	-	1,630,692
Utilities and telephone	47,750	22,629	98,656	-	43,542	2,132	170,771	317,432	702,912
Other (recovery)	(22,003)	71,375	98,874	186,783	7,644	-	-	-	342,673
Debt charges – interest	174,301	-	-	-	-	-	94,849	19,114	288,264
Admin charges	-	-	-	-	-	1,500	120,000	125,000	246,500
Grants	209,769	-	-	-	-	-	-	-	209,769
Insurance	176,402	6,688	-	-	-	-	-	-	183,090
	2,914,582	2,137,175	726,142	1,141,746	1,326,048	48,822	1,924,506	2,105,151	12,324,172
Annual surplus (deficit)	3,540,103	(1,282,026)	(721,409)	36,093	(504,962)	(1,132)	134,769	2,199,903	3,414,357

Corporation of the Town of Osoyoos
Notes to the Financial Statements

For the year ended December 31, 2021

2020	General Government	Protective Services	Transportation Services	Environmental Services	Recreation & cultural services	Public health services	Sewer services	Water services	Total
Revenues									
Grants – provincial	2,266,199	25,000	2,233	-	478,820	-	-	2,103,097	4,875,349
Sale of services	-	83,618	-	-	73,903	49,226	1,872,914	2,498,990	4,578,651
Taxation – net	4,354,785	-	-	-	-	-	-	-	4,354,785
Solid waste management	-	-	-	986,333	-	-	-	-	986,333
Grants – other	-	364,956	-	-	238,700	-	28,311	-	631,967
Admin & recoveries	555,825	12,045	-	-	-	-	-	810	568,680
Licenses, rentals, fines	15,486	103,069	2,500	-	109,624	-	8,906	15,713	255,298
Land and equipment sales	193,664	-	-	-	-	-	-	-	193,664
Return on investments	189,357	-	-	-	-	-	-	-	189,357
Franchise fees	66,348	-	-	-	-	-	-	-	66,348
Penalties and interest	50,189	-	-	-	-	-	-	9,821	60,010
Actuarial adjustment	12,703	-	-	-	-	-	24,436	12,193	49,332
Grants in lieu of taxes	19,597	-	-	-	-	-	-	-	19,597
Donations	6,714	-	-	-	-	-	-	-	6,714
Contribution from DCCs	-	-	-	-	-	-	-	-	-
	7,730,867	588,688	4,733	986,333	901,047	49,226	1,934,567	4,640,624	16,836,085
Expenses									
Wages and benefits	444,468	730,217	216,340	76,211	866,429	25,656	664,804	884,469	3,908,594
Amortization	1,411,617	-	-	-	-	-	506,641	243,331	2,161,589
Maintenance & supplies	209,980	265,607	280,244	75,444	245,893	13,473	314,270	369,439	1,774,350
Contracted services	24,947	762,550	-	510,321	-	-	-	-	1,297,818
Utilities and telephone	56,740	25,367	82,488	-	42,792	1,152	147,707	296,672	652,918
Debt charges – interest	220,050	-	-	-	-	-	117,805	11,363	349,218
Other (recovery)	-	76,965	90,502	137,419	6,519	-	-	-	311,405
Admin charges	-	-	-	-	-	1,500	120,000	125,000	246,500
Grants	206,537	-	-	-	-	-	-	-	206,537
Insurance	176,256	7,405	-	-	-	-	-	-	183,661
	2,750,595	1,868,111	669,574	799,395	1,161,633	41,781	1,871,227	1,930,274	11,092,590
Annual surplus (deficit)	4,980,272	(1,279,423)	(664,841)	186,938	(260,586)	7,445	63,340	2,710,350	5,743,495

Corporation of the Town of Osoyoos
Restricted Surplus - Reserves for Future Expenses
Schedule 1

For the year ended December 31, 2021

	Opening balance	Transfer to	Transfer from	Closing balance
General Capital Fund				
Land acquisitions	1,560,990	-	-	1,560,990
General Reserves fund	1,228,658	217,174	-	1,445,832
Resort Municipality fund	821,726	431,458	(128,721)	1,124,463
R.C.M.P.	923,127	171,726	-	1,094,853
Covid Restart Fund (<i>Schedule 3</i>)	1,166,407	-	(327,045)	839,362
Waterfront Improvements	427,051	-	-	427,051
Landfill post-closure	359,438	-	(36,725)	322,713
Landfill future use	220,000	-	-	220,000
Town/OIB Fire Dept.	79,190	113,722	-	192,912
Roads - Mariposa	83,000	-	-	83,000
Marina	54,971	-	-	54,971
Museum land restoration	40,000	-	-	40,000
Cemetery operations	25,983	-	-	25,983
Fire department	341,871	-	(319,100)	22,771
Park development	21,733	-	-	21,733
Desert Park	8,013	-	-	8,013
Environmental projects	5,223	-	-	5,223
Bursaries	6,400	-	(3,400)	3,000
Waste / recycling initiatives	18,000	-	(18,000)	-
	7,391,781	934,080	(832,991)	7,492,870
Water Capital Fund				
Equipment replacement	3,200,051	205,365	(201,396)	3,204,020
Water metering	500,000	-	-	500,000
Leak detection / line cleaning	140,000	-	-	140,000
Water pump and motor replacement	81,220	-	-	81,220
Reservoir cleaning	70,000	-	-	70,000
	3,991,271	205,365	(201,396)	3,995,240
Sewer Capital Fund				
Equipment replacement	2,174,305	102,049	(581,772)	1,694,582
Total restricted surplus	13,557,357	1,241,494	(1,616,159)	13,182,692

Corporation of the Town of Osoyoos
Schedule of Property and Other Taxes
Schedule 2

For the year ended December 31, 2021

	Budget (Note 15)	2021	2020
Taxation			
General Municipal purposes	4,460,493	4,459,955	4,231,270
Regional District Okanagan-Similkameen	902,259	902,259	923,737
1% Utility tax	121,390	121,400	126,457
Collection for Other Governments			
School District	4,018,639	4,016,891	3,420,751
Reginal Hospital District	524,504	524,504	526,693
Okanagan Reginal Library	270,166	270,166	264,777
B.C. Assessment Authority	90,355	90,181	90,705
Municipal Finance Authority	418	417	411
	10,388,224	10,385,773	9,584,801
Requisitions Paid			
School District	4,026,839	4,022,803	3,423,455
Regional District	902,259	902,259	923,812
Regional Hospital Distrcition	524,504	524,504	526,692
Okanagan Reginal Library	270,166	270,166	264,777
B.C. Assessment Authority	90,755	90,343	90,868
Municipal Finance Authority	418	417	412
	5,814,941	5,810,492	5,230,016
Taxation - Net	4,573,283	4,575,281	4,354,785

Corporation of the Town of Osoyoos
Schedule of COVID Restart Fund Revenues and Disbursements
Schedule 3

For the year ended December 31, 2021

	2021	2020
Revenues		
Province of BC	-	1,539,000
Disbursements		
Excess expenditures due to COVID	167,070	-
Short-fall of surplus of revenues over expenses of the General Fund	123,460	372,593
Fire Protection	36,515	-
	327,045	372,593
COVID Restart Fund, beginning of year	1,166,407	-
COVID Restart Fund, end of year	839,362	1,166,407

Corporation of the Town of Osoyoos
Statement of Cemetery Care Trust Fund
Statement of Financial Position
As at December 31, 2021

	2021	2020
Assets		
Cash	85,720	80,160
Temporary investments	18,000	18,000
Due from other funds	-	2,593
	103,720	100,753
Equity		
Balance, beginning of year	100,753	97,101
Contributions	2,967	3,652
	103,720	100,753

The Cemetery Care trust funds are administered by the Town have not been included in the statement of financial position. The trust fund is used for the perpetual maintenance of the cemetery.