



Financial Statements of the

CORPORATION OF THE VILLAGE OF MIDWAY

December 31, 2022

CORPORATION OF THE VILLAGE OF MIDWAY
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December 31, 2022

Financial Statements

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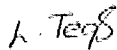
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RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in note 2 to the financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present the Village of Midway's financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that the Village of Midway's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Grant Thornton LLP, Chartered Professional Accountants, have been appointed by Council to express an opinion as to whether the financial statements present fairly, in all material respects, the Village of Midway's financial position, results of operations, and changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards. The report of Grant Thornton LLP, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the financial statements.



Lisa Teggarty
Chief Administrative Officer



INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
The Village of Midway

Grant Thornton LLP
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Opinion

We have audited the financial statements of the Village of Midway, (the Village), which comprise the statement of financial position as at December 31, 2022, and the statement of operations, statement of changes in net financial assets, and statement of 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 Village of Midway at December 31, 2022, and its results of operations, its 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 Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

INDEPENDENT AUDITORS' REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant of the Village's preparation and fair presentation of the financial statements 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 Village'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 Village'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 Entity to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT (Continued)

- 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.

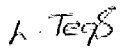
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 11, 2023
Kelowna, B.C.

Grant Thornton LLP
Chartered Professional Accountants

CORPORATION OF THE VILLAGE OF MIDWAY
STATEMENT OF FINANCIAL POSITION
As At December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 2,498,558	\$ 3,720,610
Short-term investments (Note 3)	3,843,011	2,496,360
Taxes and utility user fees receivable	39,770	41,532
Accounts receivable (Note 4)	306,134	145,996
Investment in West Boundary Community Forest Inc. (Note 5)	636,154	1,169,497
	<u>7,323,627</u>	<u>7,573,995</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	245,285	165,147
Employee future benefits (Note 7)	70,400	70,400
Deferred revenue (Note 8)	457,043	591,517
Long term debt (Note 10)	86,821	123,783
	<u>859,549</u>	<u>950,847</u>
NET FINANCIAL ASSETS	<u>6,464,078</u>	<u>6,623,148</u>
NON-FINANCIAL ASSETS		
Prepaid expenses and deposits	44,589	16,724
Tangible capital assets (Schedule 1)	7,397,850	6,875,986
	<u>7,442,439</u>	<u>6,892,710</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 13,906,517</u>	<u>\$ 13,515,858</u>
CONTINGENT LIABILITIES (Note 19)		



Chief Administrative Officer

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE VILLAGE OF MIDWAY
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2022

	2022 Budget (Note 17)	2022 Actual	2021 Actual
REVENUE			
Taxation and grants-in-lieu (Note 16)	\$ 678,353	\$ 707,887	\$ 684,725
Federal Gas Tax Grant	86,444	86,444	168,899
Provincial and other grants (Note 14)	1,341,254	1,092,622	650,185
Sale of services and other (Note 15)	493,716	355,670	349,421
Water and sewer user, and connection fees	307,684	256,758	197,266
Interest and penalties on taxes	6,000	6,923	5,633
Interest on investments	34,570	72,939	69,612
Equity (loss) income - West Boundary Community Forest Inc. (Note 5)	400,000	(33,343)	1,252,139
Gain on sale of property	5,000	-	44,518
	<u>3,353,021</u>	<u>2,545,900</u>	<u>3,422,398</u>
EXPENSES			
General government	1,091,373	824,290	668,835
Parks and recreation	309,756	218,721	179,404
Protective services	488,480	426,089	349,351
Public works and transportation	200,300	210,385	187,598
Water and sewer services	307,685	208,707	118,992
Amortization of tangible capital assets	-	267,049	259,110
	<u>2,397,594</u>	<u>2,155,241</u>	<u>1,763,290</u>
ANNUAL SURPLUS	955,427	390,659	1,659,108
ACCUMULATED SURPLUS, BEGINNING OF YEAR	13,515,858	13,515,858	11,856,750
ACCUMULATED SURPLUS, END OF YEAR	\$ 14,471,285	\$ 13,906,517	\$ 13,515,858

A. Teqf

Chief Administrative Officer

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE VILLAGE OF MIDWAY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2022

	2022 Budget	2022 Actual	2021 Actual
ANNUAL SURPLUS	\$ 955,427	\$ 390,659	\$ 1,659,108
Acquisition of tangible capital assets	(2,635,579)	(788,913)	(580,795)
Amortization of tangible capital assets	-	267,049	259,110
Proceeds on sale of tangible capital assets	-	-	46,296
Gain on sale of tangible capital assets	-	-	(44,518)
Increase in prepaid expenses	-	(27,865)	4,336
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(1,680,152)	(159,070)	1,343,537
NET FINANCIAL ASSETS, BEGINNING OF YEAR	6,623,148	6,623,148	5,279,611
NET FINANCIAL ASSETS, END OF YEAR	\$ 4,942,996	\$ 6,464,078	\$ 6,623,148

H. TeqS

Chief Administrative Officer

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE VILLAGE OF MIDWAY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	2022	2021
OPERATING TRANSACTIONS		
Cash receipts from property taxation	\$ 709,720	\$ 680,263
Cash receipts from grants and own sources	1,496,812	2,010,016
Cash paid to employees and suppliers	(1,835,920)	(1,569,154)
Cash paid for interest	-	-
Cash received for interest	69,762	65,807
Cash Provided by Operating Transactions	440,374	1,186,932
CAPITAL TRANSACTIONS		
Cash used for purchase of tangible capital assets	(788,913)	(580,795)
Proceeds from sale of tangible capital assets	-	46,296
INVESTING TRANSACTIONS		
Dividends received - West Boundary Community Forest Inc.	500,000	300,000
Investment in term deposit	(1,346,651)	(261,279)
Cash Provided by (Used for) Investing Transactions	(846,651)	38,721
FINANCING TRANSACTIONS		
Loans and advances received	-	46,851
Cash used for repayment of long-term debt	(26,862)	(14,290)
INCREASE IN CASH	(1,222,052)	723,715
CASH, BEGINNING OF YEAR	3,720,610	2,996,895
CASH, END OF YEAR	\$ 2,498,558	\$ 3,720,610

L. TeqS

Chief Administrative Officer

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS
As At December 31, 2022

1. NATURE OF THE ENTITY

The Village of Midway (the "Village") is incorporated under the Local Government Act of British Columbia and is subject to the provisions of the Community Charter and legislation under the Province. The Village's principal activities include the provision of local government services to residents of the incorporated area.

The financial statements are the responsibility of management and prepared in accordance with Canadian public sector accounting standards ("PSAS"). The preparation of these financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Village of Midway.

Basis of Presentation

The Village's resources and operations are segregated into General, Water, and Sewer funds, Statutory and Non-statutory reserve funds, and Reserve for future capital expenditures for accounting and financial reporting purposes. The financial statements include all of the accounts of these funds. All inter-fund transactions and balances have been eliminated.

Basis of Accounting

The Village's financial statements are prepared using the accrual basis of accounting.

Reserve Funds

Under the Community Charter, Village Council may, by bylaw, establish reserve funds for specified purposes. Money in a reserve fund, and interest earned thereon, must be expended by bylaw only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, Village Council may, by bylaw, transfer all or part of the balance to another reserve fund.

Investment in West Boundary Community Forest Inc.

The Village is the registered holder of 1 Common Share in West Boundary Community Forest Inc., representing a 50% interest in the corporation. This is an investment in a government business enterprise, accounted for using the modified equity method. Under this method, the business enterprise's accounting principles are not adjusted to conform with those of the Village. The equity income or loss for the year is recorded in revenue in the Village's statements of operations and the investment in West Boundary Community Forest Inc. is adjusted accordingly.

Deferred Revenue

Deferred revenue relates to restricted government transfers, grants and other funds received, but not yet spent on the stipulated eligible expenditures.

Inventories

Inventories consist of supplies for the Village's own use and recorded at the lower of cost or net realizable value.

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Village records revenue on the accrual basis and includes revenue in the period in which the transactions or events that give rise to the revenues occur. Taxation revenues are recognized at the time of the issuing of the property tax notices for the fiscal year. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Sale of services and user fees are recognized when the service or product is rendered by the Village. Government transfers and other grant revenues are recognized as revenue when the funding becomes receivable and eligibility criteria, if any, of the transfer have been met. Unearned revenue in the current period is recorded as deferred revenue.

Short-term investments

Short-term investments include term deposits with the Heritage Credit Union and highly liquid short-term bond funds with the Municipal Finance Authority.

Municipal pension plan

The Village's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The Village 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 assets and administration of benefits. The plan is a multi-employer defined benefit plan.

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material, or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met;

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

The liability is recognized at management's estimate of the cost of post remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for the contaminated site. The Village has no liabilities under this standard as at December 31, 2022 and 2021.

Expenses

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

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life commencing in the year the asset is put into service. Donated tangible capital assets are reported at the fair value at the time of donation. The estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Engineering structures	15 - 30 years
Fixtures, furniture, equipment, and vehicles	5 - 25 years
IT Infrastructure	3 - 10 years
Sewer Infrastructure	10 - 100 years
Water Infrastructure	10 - 100 years

Budget figures

The budget figures are based on Bylaw No. 539, the Five-Year Financial Plan for the year 2022 adopted on May 16, 2022.

Municipal Finance Authority cash deposits and demand notes

The Village 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 Village also executes demand notes in connection with each debenture whereby the Village may be required to loan certain amounts to the Municipal Finance Authority. These amounts are not included in the Village's financial statements. The detail of the cash deposits and demand notes at year end are as follows:

	<u>Demand Notes</u>	<u>Cash Deposits</u>	<u>2022</u>	<u>2021</u>
Sewer fund	\$ 9,421	\$ 5,703	\$ 15,124	\$ 12,723

Long term debt

Outstanding debenture debt is reported net of applicable sinking fund balances.

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

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 expenditures during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, the determination of payroll and employee future benefit accruals and the provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2022

3. SHORT-TERM INVESTMENTS

	2022	2021
Credit Union term deposits and equity shares	\$ 3,743,310	\$ 2,393,727
MFA short-term bonds and money market funds	<u>99,701</u>	<u>102,633</u>
	<u>\$ 3,843,011</u>	<u>\$ 2,496,360</u>

The MFA short-term bonds and money market funds have a market value approximating the recorded cost.

4. ACCOUNTS RECEIVABLE

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

	2022	2021
Government transfers and other grants	\$ 113,935	\$ 11,349
Trade accounts and other	<u>192,199</u>	<u>134,647</u>
	<u>\$ 306,134</u>	<u>\$ 145,996</u>

5. INVESTMENT IN WEST BOUNDARY COMMUNITY FOREST INC.

The Village is the registered holder of 1 Common Share in West Boundary Community Forest Inc. ("Community Forest") representing a 50% interest in the corporation, with the City of Greenwood holding the balance. The Community Forest was created for the purpose of managing a timber license and has an agreement with the Ministry of Forests, Lands and Natural Resource Operations for a twenty-five year term beginning on January 1, 2014 to harvest Crown timber in specific areas of the West Boundary.

The Village accounts for its investment in this government business enterprise using the modified equity method. The condensed financial information of this investment for the year ending December 31, 2022 with comparative figures for December 31, 2021 are as follows:

	2022	2021
Assets		
Current assets	\$ 1,432,442	\$ 2,521,532
Long-term assets	<u>385,331</u>	<u>397,997</u>
	<u>1,817,773</u>	<u>2,919,529</u>
Liabilities		
Accounts payable	80,466	90,536
Silviculture accrual	<u>465,000</u>	<u>490,000</u>
	<u>545,466</u>	<u>580,536</u>
Shareholders' Equity	<u>\$ 1,272,307</u>	<u>\$ 2,338,993</u>
Village's interest	<u>\$ 636,154</u>	<u>\$ 1,169,497</u>

Under the modified equity method, the cost of the investment is adjusted by earnings or losses of the entity from the date of acquisition as well as any dividends paid. In 2022, the Village recorded equity loss of \$33,343 (2021 - equity income of \$1,252,139) and received \$500,000 (2021 - \$300,000) in dividends from the West Boundary Community Forest Inc.

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2022

6. ACCOUNTS PAYABLE

Accounts payable are recorded net of any allowance and are comprised of the following:

	2022	2021
Trade accounts payable	161,485	73,715
Wages payable	\$ 44,579	\$ 48,812
Miscellaneous accrued and other	39,221	42,620
	\$ 245,285	\$ 165,147

7. EMPLOYEE FUTURE BENEFITS

The Village records liabilities for accrued employee benefits in the period in which they are earned by the employee. Short-term benefits, such as banked overtime and vacation entitlements, are included in accrued liabilities. Long-term benefits, such as sick leave entitlements, are reported as employee future benefits at management's estimate of the cost of the future entitlements. The Village has estimated the discounted cost of this employee future benefit and has accrued \$70,400 (2021 - \$70,400) in the financial statements.

8. DEFERRED REVENUE

These funds are externally restricted for the purposes for which they were collected.

	Balance, Beginning of Year	Contributions Received	Eligible Amounts	Balance, End of Year
Investing in Canada Infrastructure Program	\$ 374,958	\$ 55,520	\$(101,267)	\$ 329,211
Heritage Canada Building Communities through Arts Legacy Fund	\$ -	\$ 163,878	\$(45,875)	\$ 118,003
Heritage BC Legacy Fund	\$ 8,500	\$ -	\$(8,500)	\$ -
UBCM - CEPF Grant	38,339	-	(38,339)	-
Province of BC - CERIP Grant	162,706	-	(162,706)	-
WBCF Spray Park Grant	5,000	-	-	5,000
Miscellaneous deposits	2,014	4,829	(2,014)	4,829
	\$ 591,517	\$ 224,227	\$(358,701)	\$ 457,043

9. PHOENIX COMMUNITY FOUNDATION ENDOWMENT

As at December 31, 2022, the Village has transferred a total of \$72,081 (2021 - \$66,764) in contributions to the Phoenix Community Foundation. These funds are held permanently, and the Village receives annual investment income on these funds. As the Village has the right to receive only the investment income and has no access to the contributed principal, the balance held is not shown on the Village's Statement of Financial Position.

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2022

10. LONG-TERM DEBT

	Balance, Beginning of Year	Proceeds of Debt	Repayment of Principal	Actuarial Adjustment	Balance, End of Year
General Capital Fund					
MFA equipment loan	\$ 44,283	\$ -	(15,140)	-	\$ 29,143
Sewer System Capital Fund					
Sewer Bylaw #338	\$ 79,500	\$ -	(11,722)	(10,100)	\$ 57,678
	<u>\$ 123,783</u>	<u>\$ -</u>	<u>\$ (26,862)</u>	<u>\$ (10,100)</u>	<u>\$ 86,821</u>

The requirements for future repayments of principal on existing debt for the next three years excluding any potential actuarial gains are as follows:

2023	\$ 27,355
2024	\$ 23,614
2025	\$ 6,732

11. ACCUMULATED SURPLUS

	2022	2021
General Operating Fund surplus	\$ 2,941,757	\$ 3,141,056
Water Operating Fund surplus	70,300	70,300
Sewer Operating Fund surplus	41,888	41,888
Sewer Capital Financial equity	80,653	80,653
Equity in Tangible Capital Assets (Note 12)	7,311,030	6,752,204
Building replacement reserve	126,209	135,307
Capital equipment reserve	203,706	196,992
Carbon tax credits reserve	17,369	17,261
Community Forest reserve	241,545	13,634
Community Hall replacement reserve	437,506	384,145
Community Works Gas Tax reserve	667,550	960,826
Contaminated sites reserve	2,598	2,582
Equipment depreciation reserve	142,426	135,435
Fire truck reserve	148,431	132,601
Land sales capital reserve	110,310	109,448
Sewer infrastructure reserve	428,814	394,039
Sick and severance reserve	47,938	101,894
Water infrastructure reserve	886,487	845,590
	<u>\$ 13,906,517</u>	<u>\$ 13,515,855</u>

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2022

12. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in Tangible Capital Assets represents the net book value of total capital assets less long-term obligations assumed to acquire those assets. The change in equity in tangible capital assets is as follows:

	2022	2021
Equity, beginning of year	\$ 6,752,204	\$ 6,455,606
Add:		
Capital acquisitions, net of disposals	788,913	579,016
Debt principal repayments	26,862	14,290
Actuarial adjustment	10,100	9,253
Less:		
MFA financing	-	(46,851)
Amortization	<u>(267,049)</u>	<u>(259,110)</u>
Equity, end of year	<u>\$ 7,311,030</u>	<u>\$ 6,752,204</u>

13. MUNICIPAL PENSION PLAN

The Village and its employees contribute to the Municipal Pension Plan (the 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 provided are based on a formula. As at December 31, 2021, the last reporting date, the plan had about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local government.

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

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

The Village of Midway paid \$49,918 for employer contributions to the plan in fiscal 2022 (2021 - \$48,069).

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.

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2022

14. PROVINCIAL AND OTHER GRANTS

	2022	2021
Provincial Government transfers - unconditional	\$ 462,500	\$ 353,000
Provincial Government transfers - conditional	458,661	235,448
Regional Government transfers and other grants	<u>171,461</u>	<u>61,737</u>
	<u>\$ 1,092,622</u>	<u>\$ 650,185</u>

15. SALE OF SERVICES AND OTHER

	2022	2021
Ambulance building lease	\$ 36,080	\$ 35,520
Arena revenue	14,260	7,663
Campground	16,054	17,188
ICBC and MVB commissions	126,243	129,828
Licences and permits	11,647	7,358
Rentals	26,130	32,813
Rural Fire Protection transfers from RDKB	91,503	91,795
Sundry	<u>33,753</u>	<u>27,256</u>
	<u>\$ 355,670</u>	<u>\$ 349,421</u>

16. TAXATION AND GRANTS-IN-LIEU

The Village collected and remitted the following taxes on behalf of other Governments. These are not included in the Village's financial statements.

	2022	2021
General municipal purposes	\$ 707,866	\$ 684,723
Collections for other governments		
Province of B.C. - school and police	379,612	360,751
British Columbia Assessment Authority	10,779	9,959
West Kootenay Boundary Regional Hospital	31,647	31,238
Municipal Finance Authority	35	28
Regional District of Kootenay Boundary	<u>68,630</u>	<u>61,882</u>
	<u>\$ 1,198,569</u>	<u>\$ 1,148,581</u>
Transfers to other governments		
Province of B.C. - school and police	(379,609)	(360,748)
British Columbia Assessment Authority	(10,779)	(9,959)
West Kootenay Boundary Regional Hospital	(31,643)	(31,239)
Municipal Finance Authority	(35)	(28)
Regional District of Kootenay Boundary	<u>(68,616)</u>	<u>(61,882)</u>
	<u>\$ (490,682)</u>	<u>\$ (463,856)</u>
	<u>\$ 707,887</u>	<u>\$ 684,725</u>

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2022

17. RECONCILIATION TO BUDGET

The following reconciles the budget as shown on the consolidated statement of operations to the budget as presented in Bylaw No. 539 adopted May 16, 2022:

Annual surplus per the consolidated statement of operations	\$ 955,427
Debt principal repayments	(27,195)
Purchase of tangible capital assets	(2,635,579)
Transfers to reserves	(396,444)
Transfers from reserves	2,103,791
	<u>\$ -</u>

18. TRUST FUNDS

Funds held in trust and administered by the Village are as follows:

	2022	2021
Assets and Net Position		
Cash and short-term investments	<u>\$ 16,854</u>	<u>\$ 17,192</u>
Fund Balance		
Trusts - Cemetery Care	<u>\$ 16,854</u>	<u>\$ 17,192</u>
Transactions for the Year Ended December 31, 2021		
Cemetery Care, balance, beginning of year	\$ 17,192	
Interest paid	(338)	
Cemetery Care, balance, end of year	<u>\$ 16,854</u>	

Trust funds are not included in the Village's financial statements.

19. CONTINGENT LIABILITIES

The Village, as a member of the Regional District of Kootenay Boundary, is jointly and severally liable for the future capital liabilities of the Regional District. The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet its payments and obligations, it shall make payments from the debt reserve fund which is in turn established by a similar debt reserve fund of the Village and all other borrowing participants. If the debt reserve fund is deficient, the Authority's obligations become a liability of the Regional District, and may become a liability of the participating municipalities.

The Village is at times faced with claims of a diverse nature. As at December 31, 2022, the total of these costs, if any, cannot be reasonably estimated and no amount has been accrued in the financial statements.

CORPORATION OF THE VILLAGE OF MIDWAY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2022

20. SEGMENTED INFORMATION

The Village of Midway is a diversified municipal government that provides a wide range of services to its citizens. The Village's operations and activities are organized and reported by funds and departments. The general fund reports on operations funded primarily by property taxes and government transfers which include services provided by the Village such as general government services, parks and recreation, protective services, public works and transportation. The utility operations are comprised of the water and sewer system each accounting for its own operations and programs within its own fund. Operating results reported by the following segments are included in Schedule 1.

General government

General government is primarily funded by property taxation and unconditional government transfers. The expenses within the segment are for legislative, general administration and finance functions as well as all operations and maintenance costs relating to the municipal buildings and grants to community organizations.

Parks and recreation

Parks and recreation services contribute to the quality of life and personal wellness through the maintenance of the parks, arena and campground.

Protective services

Protective services is comprised of the Village and rural fire protection services, emergency recovery expenses, ambulance building maintenance and bylaw enforcement.

Public works and transportation

Public works and transportation is a broad function comprised of crews engaged in the maintenance and improvements to the road systems, drainage, snow removal, works yard maintenance and other planning and maintenance activities.

Water and sewer services

The water utility provides safe drinking water to the Village. Revenue and expenses represent the amounts that are directly attributable to the function of the water utility

The sewer utility operates the sanitary sewer system networks and treatment plant. Revenue and expenses represent the amounts that are directly attributable to the function of the sewer utility..

CORPORATION OF THE VILLAGE OF MIDWAY
SCHEDULE 1 - TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2022

	Infrastructure							2021
	Land	Buildings and improvements	Fixtures, furniture, and equipment, and vehicles	Engineering structures	Water infrastructure	Sewer infrastructure	2022	
Historical Cost:								
Balance, beginning of year	\$ 2,232,568	\$ 3,312,580	\$ 1,385,511	\$ 1,179,630	\$ 2,244,889	\$ 1,754,244	\$ 12,109,422	\$ 11,768,480
Additions	-	474,607	59,306	255,000	-	-	788,913	580,795
Disposals	-	-	-	-	-	-	-	(239,853)
Balance, end of year	2,232,568	3,787,187	1,444,817	1,434,630	2,244,889	1,754,244	12,898,335	12,109,422
Accumulated Amortization:								
Balance, beginning of year	-	1,430,024	845,763	937,630	1,201,539	818,480	5,233,436	5,212,400
Amortization expense	-	72,724	70,144	44,706	44,390	35,085	267,049	259,139
Disposals	-	-	-	-	-	-	-	(238,103)
Balance, end of year	-	1,502,748	915,907	982,336	1,245,929	853,565	5,500,485	5,233,436
Net balance, end of year	\$ 2,232,568	\$ 2,284,439	\$ 528,910	\$ 452,294	\$ 998,960	\$ 900,679	\$ 7,397,850	\$ 6,875,986

The net book value of work-in-progress, which are tangible capital assets held under buildings and improvements and not being amortized is \$150,018 (2021 - \$ Nil).

CORPORATION OF THE VILLAGE OF MIDWAY
SCHEDULE 2 - SEGMENTED INFORMATION
For the Year Ended December 31, 2022

	General government services	Protective services	Parks and Recreation services	Public works and transportation	Sub Total	Water funds	Sewer funds	2022 Total	2021 Total
Revenue									
Taxation and grants-in-lieu	\$ 678,373	\$ -	\$ -	\$ -	\$ 678,373	\$ -	\$ 29,514	\$ 707,887	\$ 684,725
Federal Gas Tax Grant	86,444	-	-	-	86,444	-	-	86,444	168,899
Provincial and other grants	1,004,678	57,342	30,602	-	1,092,622	-	-	1,092,622	650,185
Sales of services and other	197,773	127,583	30,314	-	355,670	-	-	355,670	349,421
Water and sewer user, and connection fees	-	-	-	-	-	121,531	135,227	256,758	197,266
Interest and penalties on taxes	6,923	-	-	-	6,923	-	-	6,923	5,633
Interest on investments	72,237	-	-	-	72,237	440	262	72,939	69,612
Gain on sale of property	-	-	-	-	-	-	-	-	44,518
Equity (loss) income - WBCF	(33,343)	-	-	-	(33,343)	-	-	(33,343)	1,252,139
Total	2,013,085	184,925	60,916	-	2,258,926	121,971	165,003	2,545,900	3,422,398
Expenses									
Amortization	27,724	63,132	41,212	55,505	187,573	44,391	35,085	267,049	259,110
Goods and services	394,964	321,705	121,645	110,617	948,931	36,266	59,861	1,045,058	614,617
Grants to community groups	51,985	-	-	-	51,985	-	-	51,985	87,736
Interest expense	-	-	-	-	-	-	6,206	6,206	6,206
Wages, benefits, and council stipends	377,342	104,384	97,076	99,768	678,569	50,213	56,160	784,942	795,622
	852,015	489,221	259,933	265,890	1,867,059	130,871	157,312	2,155,241	1,763,290
Annual surplus (deficit)	\$ 1,161,070	\$ (304,296)	\$ (199,017)	\$ (265,890)	\$ 391,867	\$ (8,899)	\$ 7,691	\$ 390,659	\$ 1,659,108

CORPORATION OF THE VILLAGE OF MIDWAY
SCHEDULE 3 - PROVINCE OF BC COVID-19 RESTART GRANT
For the Year Ended December 31, 2022

	2022	2021
COVID-19 Safe Restart Grant, opening balance of unspent funds	\$ 327,123	\$ 370,391
Expenditures in year ended December 31, 2022		
Supplies - sanitizers, shields and related	785	43,268
Balance included in general operating fund accumulated surplus carried forward for use in subsequent year	\$ 326,338	\$ 327,123