



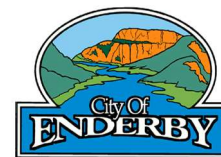
CITY OF ENDERBY

2025 ANNUAL REPORT

MISSION STATEMENT

OUR MISSION IS TO DELIVER HIGH QUALITY AND AFFORDABLE SERVICES TO ENHANCE A HEALTHY AND SUSTAINABLE, INCLUSIVE COMMUNITY FOR TODAY AND TOMORROW.

Published by the Corporation of the City of Enderby
in accordance with Part 4, Division 5 of the *Community Charter*



City of Enderby

2025 Annual Report

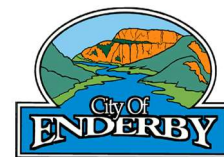
AUDITED FINANCIAL STATEMENTS

- The 2025 Audited Financial Statements were presented and approved by Council on April 20, 2026 and are included at the end of this Annual Report.

PERMISSIVE PROPERTY TAX EXEMPTIONS

- The following properties in the City of Enderby were provided permissive tax exemptions by Council in 2025. The dollar value to the right indicates the amount of property taxes that would have been imposed on the property in that year, had it not been granted a permissive property tax exemption.

Name	Civic Address	Amount (\$)
Turning Points Collaborative Society (Pioneer Place)	1104 Belvedere Street	12,308
Enderby & District Senior Citizen's Complex	606 Stanley Avenue	2,498
Enderby & District Senior Citizen's Complex	1011 George Street	3,580
Enderby Seniors Housing Society (Phase 2)	708 Granville Avenue	13,821
Enderby Fraternal Hall Society	507 Mill Avenue	1,376
Royal Canadian Legion Branch # 98	909 Belvedere Street	1,640
St. Andrew's United Church	606 Regent Avenue	1,298
St. Andrew's United Church	1110 Belvedere Street	829
Enderby Evangelical Chapel	706 Mill Avenue	1,078
Synod Diocese Kootenay (St. George Anglican Church)	602 Knight Avenue	1,335
Synod Diocese Kootenay (St. George Anglican Church)	608 Knight Avenue	784
Enderby Congregation of Jehovah's Witnesses	115 George Street	3,983
Roman Catholic Bishop of Kamloops	1406 George Street	1,533
Seventh-Day Adventist Church	703 Vernon Street	2,836
Imperial Oil Ltd. (City Hall parking lot)	907 George Street	2,908
City of Enderby (Enderby Drill Hall Committee)	208 George Street	3,694
City of Enderby (Enderby Drill Hall Committee)	206 George Street	1,159
City of Enderby (Enderby Drill Hall Committee)	204 George Street	1,877
City of Enderby (Enderby & District Museum Society)	903 George Street	6,410
Total Tax Exemptions provided for 2025		\$64,947



REPORT ON SERVICES AND OPERATIONS IN 2025

Administration and Governance

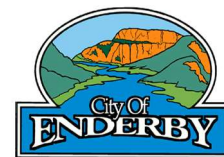
- Continued to build dialogue and foster opportunities for cooperation and collaboration with neighbouring and regional partners.
- Hosted a “coffee with Mayor & Council” event.
- Participated in the regional accessibility committee, including the adoption of the North Okanagan Accessibility Plan.

Economic

- Continued to offer case managed planning services for development.
- Continued to offer perpetual business licenses to cut red tape for businesses.
- Continued to provide office space in City Hall for Community Futures small business advisors.
- Supported Community Futures North Okanagan with the Rail Trail business readiness initiative.
- Conducted a Business Walk to engage with local businesses.

Emergency Management and Community Safety

- Continued to enhance relationships with neighbouring jurisdictions involved in emergency management.
- Installed backup power for the Fire Hall.
- Installed new gear racking in the Fire Hall.
- Bolstered the City’s fire inspection program and aligned it with recent changes related to the new Fire Safety Act.
- Continued to participate in inter-agency meetings of community support and social service groups.
- Purchased a speed board reader for deployment in areas where vehicle speeds are a concern.
- Completed the development of a Community Wildfire Resiliency Plan.
- Participated in the North Okanagan Community FireSmart and Resiliency Committee.
- Continued to implement a local FireSmart program, which included hosting FireSmart events and fostering education and awareness of FireSmart principles.
- Continued to implement the indigenous engagement requirements within the Emergency and Disaster Management Act, including partnering with the Regional District of North Okanagan and member municipalities in the development of a North Okanagan Emergency Management Indigenous Engagement Plan.
- Purchased additional equipment and supplies for the City’s primary Emergency Operations Centre in order to strengthen the resiliency of the facility.
- Continued to work with the RCMP to build a safe community.



Environment

- Continued to reduce emissions by operating a biomass heating system at the City's public works yard, which services the public works shop, sewer treatment plant, and dog pound, and participating in a biomass district heating system for the Enderby Pool.
- Hosted the annual Our Enderby Cleanup Challenge.
- Continued to provide the curbside spring pruning and garden waste collection program.

Infrastructure and Asset Management

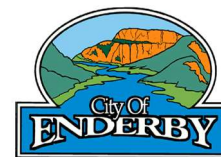
- Completed reconstruction of Granville Avenue, west of George Street.
- Reconstructed Reservoir #1.
- Continued to invest 1% new taxation in asset management.
- Completed the concept design work and financial strategy to support the expansion of the water treatment plant, including obtaining loan authorization.
- Completed the design work for the renewal of King Avenue between Vernon Street and George Street.
- Commenced design work for the reconstruction of Brickyard Road north of Danforth Avenue.

Recreation, Events, and Public Spaces

- Commenced construction of the new outdoor pool.
- Hosted two Music by the River events.
- Hosted the Enderby Super Roller Disco event.
- Provided support to the Shuswap River Ambassadors.
- Provided an annual grant for the Shuswap Trails Roundtable.
- Planted new trees at Barnes Park, Riverside Park, and Cliff Avenue.
- Replaced the dugout roofs at Diamond 1 and Diamond 2 at Riverside Park.
- Purchased a new digital sign for the John Pritchard Memorial Sports Complex.
- Completed the construction of a pedestrian walkway along the unpaved portion of Waterwheel Street to improve pedestrian safety.
- Established a Public Art Select Committee to review existing public art within the community and identify opportunities for new, improved or changed public art.
- Implemented the City of Enderby Public Art Sculpture Program.
- Continued the operational agreement with Shuswap Trail Alliance for trail planning and development services.

Social Health, Food Security, and Housing

- Continued to recognize community volunteers.
- Continued to provide space to the Harvest Hut in the Maud Street parking lot.
- Continued to provide space on Cliff Avenue to support the Enderby Farmers Market.



- Drafted updates to the Zoning Bylaw and Official Community Plan to align with the Housing Needs Report, consistent with provincial housing legislation.

DECLARATION OF DISQUALIFIED COUNCIL MEMBERS

- None.

DEVELOPMENT COST CHARGES

	<i>Balance Dec 31/24</i>	<i>Received in 2025</i>	<i>Interest Earned in 2025</i>	<i>Expended / Credited in 2025</i>	<i>Balance Dec 31/25</i>
Sewer	294,803	13,514	12,731	0	321,048
Water	556,182	12,635	23,605	221,200	371,222
Storm Sewer	3,024	0	126	0	3,150
Roads/Curbs	228,856	0	9,545	0	238,401
Total	1,082,865	26,149	46,007	221,200	933,821

OFF-STREET PARKING RESERVE FUND

- There are no funds in this reserve.

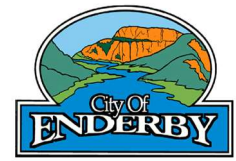
OBJECTIVES AND PROGRESS MEASURES FOR 2026

Administration and Governance

- Continue to build dialogue and foster opportunities for cooperation and collaboration with neighbouring and regional partners, including support for the After-Hours Hoops youth basketball program in conjunction with Splatsin and Area F of the RDNO.
- Host a “coffee with Mayor & Council”.
- Participate in the regional accessibility committee.
- Administer the 2026 Local Government Election.

Economic

- Continue to offer case managed planning services for development.
- Continue to offer perpetual business licenses to cut red tape for businesses.
- Continue to provide office space in City Hall for Community Futures small business advisors.
- Continue to support Community Futures North Okanagan with the Rail Trail business readiness initiative.



- Hold another Business Walk to engage with local businesses.

Emergency Management and Community Safety

- Continue to enhance relationships with neighbouring jurisdictions involved in emergency management.
- Purchase new firefighting equipment through the Community Emergency Preparedness Fund.
- Make improvements to the Fire Hall truck bay.
- Continue to participate in inter-agency meetings of community support and social service groups.
- Deploy the recently purchased speed board reader along Highway 97A in order to support reduced vehicle speeds.
- Continue to implement the recommendations of the Community Wildfire Resiliency Plan.
- Continue to participate in the North Okanagan Community FireSmart and Resiliency Committee.
- Continue to implement a local FireSmart program by offering free FireSmart property assessments, hosting FireSmart events, and fostering education and awareness of FireSmart principles.
- Implement the indigenous engagement requirements within the Emergency and Disaster Management Act.
- Continue to work with the RCMP to sustain and enhance a safe community.
- Complete a fuel prescription for Johnston Park, if the grant application is successful.

Environment

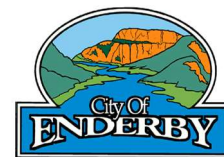
- Continue to reduce emissions by operating a biomass heating system at the City's public works yard, which services the public works shop, sewer treatment plant, and dog pound, and participating in a biomass district heating system for the Enderby Pool.
- Host the annual Our Enderby Cleanup Challenge.
- Continue to provide the curbside spring pruning and garden waste collection program.

Infrastructure and Asset Management

- Reconstruct King Avenue.
- Continue to invest 1% new taxation in asset management.
- Complete design work for the reconstruction of Brickyard Road north of Danforth Avenue.
- Purchase and install a coverall structure for Public Works for storage and protection of road maintenance materials.

Recreation, Events, and Public Spaces

- Complete construction of the new outdoor pool.
- Develop a vision for the future use of Barnes Park.



- Provide support to the Shuswap River Ambassadors.
- Provide annual grant for the Shuswap Trails Roundtable.
- Replace the dugout roofs at Diamond 3 and Diamond 4 at Riverside Park.
- Continue the operational agreement with Shuswap Trail Alliance for trail planning and development services.

Social Health, Food Security, and Housing

- Continue to recognize community volunteers.
- Develop a volunteer engagement and coordination program to increase annual volunteer hours to the community.
- Continue to provide space to the Harvest Hut in the Maud Street parking lot.
- Continue to provide space on Cliff Avenue to support the Enderby Farmers Market.
- Complete updates to the Zoning Bylaw and Official Community Plan to align with the Housing Needs Report, consistent with provincial housing legislation.

**THE CORPORATION OF THE CITY
OF ENDERBY**

FINANCIAL STATEMENTS

For the year ended December 31, 2025

THE CORPORATION OF THE CITY OF ENDERBY

December 31, 2025

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Management's Responsibility for Financial Reporting

These financial statements and accompanying schedules of the City of Enderby are the responsibility of management and have been prepared in accordance with generally accepted accounting principles for local governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Management is responsible for implementing and maintaining a system of internal controls that are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are regularly monitored and evaluated by management.

These financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the City of Enderby. The following Independent Auditor's Report describes their responsibilities, scope of examination and opinion on the City's financial statements. The auditors have full and free access to the accounting records and Council.

Signed by:

Jennifer Bellamy

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Chief Financial Officer
April 20, 2025



Tel: 250 545 2136
Fax: 250 545 3364
www.bdo.ca

BDO Canada LLP
2706 - 30th Avenue
Suite 202
Vernon BC V1T 2B6 Canada

Independent Auditor's Report

To the Mayor and Council of the Corporation of the City of Enderby

Opinion

We have audited the financial statements of the Corporation of the City of Enderby (the City), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, change 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 City as at December 31, 2025, and the statements of operations, change in net financial assets, and 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 City 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.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information included in Schedule II - Enderby/Area F Services of the City's financial statements. Our audit report is not modified in respect of this.

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 City'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 City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City'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 City'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 City'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 City 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
April 21, 2026

THE CORPORATION OF THE CITY OF ENDERBY

Statement of Financial Position

As at December 31, 2025

	2025	2024
Financial assets		
Cash	\$ 6,575,847	\$ 3,442,874
Portfolio investments (Note 3)	8,432,865	11,814,347
Accounts receivable (Note 4)	1,947,769	1,533,211
Deposit - Municipal Finance Authority (Note 5)	52,517	39,080
	17,008,998	16,829,512
Liabilities		
Accounts payable and accrued liabilities (Note 6)	1,877,878	718,359
Deferred revenue (Note 7)	2,388,076	2,577,335
Long-term debt (Note 8)	3,317,302	1,950,328
Asset retirement obligations (Note 9)	1,647,302	1,317,848
	9,230,558	6,563,870
Net financial assets	7,778,440	10,265,642
Non-financial assets		
Prepaid expenses	72,261	80,375
Tangible capital assets (Note 10)	43,564,983	34,797,559
Accumulated surplus (Note 11)	\$ 51,415,684	\$ 45,143,576

Contingent Liabilities (Note 13)

Chief Financial Officer Signed by:
Jennifer Bellamy
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THE CORPORATION OF THE CITY OF ENDERBY
Statement of Operations

For the year ended December 31, 2025

	2025 Budget	2025 Actual	2024 Actual
	(Note 19)		
Revenue			
Taxation - net (Note 14)	\$ 2,924,816	\$ 2,895,643	\$ 2,742,880
Grants and subsidies (Note 15)	7,459,516	6,162,425	2,708,278
Sale of services (Note 16)	2,309,250	2,301,751	2,605,841
Other revenue from own sources	100,850	144,036	114,627
Interest and penalties	588,500	579,590	704,305
Developer contributions	-	-	2,125,862
Recognition of restricted revenues		221,200	-
	<u>13,382,932</u>	<u>12,304,645</u>	<u>11,001,793</u>
Expenses (Note 17)			
General government services	1,338,854	1,110,639	1,030,104
Protective services	473,000	452,514	362,641
Transportation services	619,261	1,089,843	1,003,129
Solid waste services	125,900	131,440	118,239
Community development services	54,300	31,730	26,352
Recreational and cultural services	168,100	137,681	127,828
Riverside RV Park & tourism services	299,960	238,406	255,537
Enderby / Area F services	1,115,500	1,143,660	1,100,351
Water supply	798,200	1,047,655	1,167,592
Sewer services	666,500	842,864	758,544
	<u>5,659,575</u>	<u>6,226,432</u>	<u>5,950,317</u>
Excess revenue over expenses	7,723,357	6,078,213	5,051,476
Loss on disposal of tangible capital assets	-	(9,226)	(8,946)
Gain on revaluation of ARO	-	203,121	-
	<u>7,723,357</u>	<u>6,272,108</u>	<u>5,042,530</u>
Annual surplus	\$ 7,723,357	\$ 6,272,108	\$ 5,042,530
Accumulated surplus, beginning of year	45,143,576	45,143,576	40,101,046
Accumulated surplus, end of year	\$ 52,866,933	\$ 51,415,684	\$ 45,143,576

THE CORPORATION OF THE CITY OF ENDERBY

Statement of Change in Net Financial Assets

For the year ended December 31, 2025

	2025	2024
Annual surplus	\$ 6,272,108	\$ 5,042,530
Amortization of tangible capital assets	1,494,303	1,308,668
Change in prepaid expenses	8,114	15,389
Increase in tangible capital assets due to asset retirement obligations	(474,590)	-
Disposal of tangible capital assets	12,164	27,326
Acquisition of tangible capital assets	(9,799,301)	(5,078,990)
Increase in net financial assets	(2,487,202)	1,314,923
Net financial assets, beginning of year	10,265,642	8,950,719
Net financial assets, end of year	\$ 7,778,440	\$ 10,265,642

THE CORPORATION OF THE CITY OF ENDERBY

Statement of Cash Flows

For the year ended December 31, 2025

	2025	2024
Cash flows from operating activities		
Cash received from:		
Taxation	\$ 2,776,654	\$ 2,776,696
Grants and subsidies	6,160,769	2,866,329
Sale of services and other revenues	2,183,815	2,436,842
Interest received	579,590	704,305
Cash paid for:		
Cash payments to suppliers and employees	(3,380,169)	(3,994,738)
Interest paid	(178,858)	(168,021)
	<u>8,141,801</u>	<u>4,621,413</u>
Financing activities		
Proceeds of long-term debt	1,800,000	-
Debt repayment	(393,948)	(125,887)
Capital activities		
Purchase of tangible capital assets	(9,799,301)	(2,953,129)
Proceeds on disposition of tangible capital assets	2,938	18,381
Investing activities		
Increase (decrease) in portfolio investments	<u>3,381,483</u>	<u>(2,402,331)</u>
Increase (decrease) in cash	3,132,973	(841,553)
Cash, beginning of year	<u>3,442,874</u>	<u>4,284,427</u>
Cash, end of year	<u>\$ 6,575,847</u>	<u>\$ 3,442,874</u>

THE CORPORATION OF THE CITY OF ENDERBY

Summary of Significant Accounting Policies

For the year ended December 31, 2025

1. Status of the City of Enderby

The City of Enderby ("the City") is a municipality that was created on March 1, 1905 under the laws of British Columbia. The City provides municipal services such as public works, sewer, water, urban planning, fire protection services, and recreational and cultural services and other general government operations.

2. Significant Accounting Policies

a. Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The financial statements include the accounts of all funds of the City. All interfund transfers have been eliminated. The significant policies are summarized as follows:

b. School Taxes

The City is required by *The School Act* to bill, collect, and remit provincial education support levies for properties on behalf of the Province, and school division special levies on behalf of school divisions. The City has no jurisdiction or control over the school division's operations or their mill rate increases. Therefore, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of school boards are not reflected in these financial statements.

c. Portfolio Investments

Portfolio investments consist of term deposits in Canadian Chartered Banks and Canaccord Genuity, and deposits with the Municipal Finance Authority pooled investment money market fund and are recorded at cost plus earnings reinvested in the funds, which approximates their quoted market value. These investments have an effective average interest rate of 4.3% (2024 - 4.9%).

d. Deferred Revenue

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of 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 tangible capital assets are acquired or constructed.

e. Financial Instruments

Financial instruments include cash, portfolio investments, accounts receivable, accounts payable, deferred revenue, deposits and long-term debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. There are no unrealized changes in fair value as at December 31, 2025 and December 31, 2024. As a result, the City does not have a statement of remeasurement gains and losses.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the

THE CORPORATION OF THE CITY OF ENDERBY

Summary of Significant Accounting Policies

For the year ended December 31, 2025

period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

f. 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. The change in non-financial assets during the year, together with the excess of revenues over expenses provides the Change in Net Financial Assets for the year.

i. Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful life as follows:

Buildings	20 to 50 years
Engineering structures	15 to 65 years
Machinery and equipment	6 to 30 years
Hydrants	40 years
Planters	15 to 25 years
Roads	15 to 75 years
Storm system	25 to 80 years
Water mains	50 to 80 years
Water system	15 to 50 years
Sanitary sewer system	5 to 30 years
Sewer mains and lift stations	30 to 80 years

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. 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.

g. Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

1. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
2. The past transaction or event giving rise to the liability has occurred;
3. It is expected that future economic benefits will be given up; and

THE CORPORATION OF THE CITY OF ENDERBY

Summary of Significant Accounting Policies

For the year ended December 31, 2025

4. A reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date, which is amortized in accordance with the significant accounting policies.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to expenses over the useful life of the asset. The obligation is adjusted annually for accretion to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

h. Revenue Recognition

Taxation is recognized as revenue in the year it is levied. Sale of services and user fees are recognized when the service or product is provided by the City. Interest and penalties and all other revenue is recognized as it is earned and when it is measurable.

Government grants and transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for expenditures not yet incurred are included in deferred revenue.

i. Debt Charges

Debt charges, including principal, interest and foreign exchange are 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.

j. Reserves

Reserves for future expenditures are included in accumulated surplus and represent amounts set aside for future operating and capital expenditures.

k. Retirement Benefits

The City participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the City accounts for the plan as if it were a defined contribution plan. As such, no pension liability is included in the City's financial statements and contributions are recognized as an expense in the year to which they relate. All full-time employees are eligible to participate in the plan. Contributions are defined amounts based upon a set percentage of salary.

Employees are entitled to sick leave benefits, accrued monthly, to a maximum of 120 days. Sick leave benefits are not paid out at retirement and can only be taken during the term of employment.

l. Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the City 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 includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

m. Government Transfers

When the City is the recipient, government transfers are recognized as revenue in the financial statements when the

THE CORPORATION OF THE CITY OF ENDERBY

Summary of Significant Accounting Policies

For the year ended December 31, 2025

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 in the statement of operations as the stipulation liabilities are settled.

n. Budget Figures

The budget figures are from the Financial Plan Bylaw No. 1809, 2025 adopted May 5, 2025. They have been reallocated to conform to PSAB financial statement presentation. Subsequent amendments, if any, have been made by Council to reflect changes in the budget as required by law.

o. Use of Estimates

The financial statements of the City have been prepared by management in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board. As such, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results. The financial statements have, in the opinion of management, been prepared using careful judgment within the reasonable limits of materiality and within the framework of the accounting policies identified.

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

7. Deferred Revenue

Deferred revenue consists primarily of Development Cost Charges (DCCs), refundable deposits for building permits, conditional grants and prepaid revenues. DCCs are restricted by bylaw in their use for road, drainage, sewer and water expenses and the revenue is deferred until expenses are incurred. Refundable deposits include security deposits and building inspection surcharges that are refundable to the applicant if all conditions of the building permit are completed within 24 months of issuance. Conditional grants are recognized as revenue when all criteria have been met. Prepaid revenues are recognized in the year that the associated fee is levied.

	December 31, 2024	Inflows	Outflows	Interest	December 31, 2025
Development cost charges	\$ 1,082,865	\$ 26,149	\$ (221,200)	\$ 46,007	\$ 933,821
Refundable deposits	676,724	635,063	(479,413)	24,302	856,676
Conditional grants	529,048	42,000	(240,663)	-	330,385
Prepaid revenues	288,698	249,261	(276,366)	5,601	267,194
	\$ 2,577,335	\$ 952,473	\$ (1,217,642)	\$ 75,910	\$ 2,388,076

Housing Initiatives Capacity Funding

The City received funding from the Province of British Columbia to fund activities and projects to meet the local government housing initiatives legislative requirements. As there are specific conditions to the funding, the unexpended funds are included in deferred revenue as a conditional grant. The following shows how these funds have been expended and the amount still included in deferred revenue:

	2025	2024
Balance, beginning of year	\$ 164,430	\$ -
Funds received	-	164,430
Eligible costs incurred	(86,310)	-
Balance, end of year	\$ 78,120	\$ 164,430

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

8. Long-Term Debt

Bylaw number	Purpose	Term remaining	% Rate		
				<u>2025</u>	<u>2024</u>
General fund					
1590	Road upgrades	11	2.10	\$ 290,437	\$ 318,131
1544	Road upgrades			-	290,703
1525	Road upgrades	9	4.52	170,335	190,263
1494	Storm system upgrade	18	4.52	619,970	656,007
1502	Road upgrades	8	4.52	335,435	380,511
1503	Road upgrades	8	4.52	101,125	114,713
1815	New outdoor pool	20	3.73	1,800,000	-
				<u>\$ 3,317,302</u>	<u>\$ 1,950,328</u>

The municipality is committed to principal requirements, including sinking fund additions, over the next 5 years and thereafter as follows:

	<u>General fund</u>
2026	\$ 175,963
2027	182,040
2028	188,327
2029	194,832
2030	201,563
2031 and subsequent periods	<u>2,374,577</u>
	<u>\$ 3,317,302</u>

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

9. Asset Retirement Obligations

The City's asset retirement obligation consists of several obligations as follows:

a) Asbestos obligations

The City owns and operates several buildings and structures that are known to have asbestos, which represents a health hazard upon demolition or renovation of the assets. There is a legal obligation to remove and dispose of the hazardous materials and as such, the liability for asbestos removal has been recognized under *PS280 - Asset Retirement Obligations*. The assets have estimated remaining useful lives ranging from 10 to 40 years.

b) Lease obligations

The City holds several long-term lease properties, which there is a legal obligation to remove improvements on the property upon the termination of the lease and as such, the liability for the costs of removal have been recognized under *PS280 - Asset Retirement Obligations*. The assets have estimated remaining useful lives ranging from 14 to 78 years.

Estimated future cash flows totaling \$4,123,166 have been discounted using a present value calculation with a discount rate of 3.7% to provide an estimate of the City's current asset retirement obligation. No recoveries on the obligations are expected at this time.

	December 31, 2024	Change in asset cost	Accretion	Gain on revaluation	December 31, 2025
Asbestos obligations	\$ 337,668	\$ 152,734	\$ 14,857	\$ (63,932)	\$ 441,327
Lease obligations	980,180	321,856	43,128	(139,189)	1,205,975
	<u>\$ 1,317,848</u>	<u>\$ 474,590</u>	<u>\$ 57,985</u>	<u>\$ (203,121)</u>	<u>\$ 1,647,302</u>

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

10. Tangible Capital Assets

2025	Historical Cost					Accumulated Amortization				Net Book Value
	Opening	Additions	Additions due to ARO	Disposals	Closing	Opening	Additions	Disposal	Closing	
General fund										
Land	\$ 1,648,517	\$ -	\$ -	\$ -	\$ 1,648,517	\$ -	\$ -	\$ -	\$ -	\$ 1,648,517
Building sites and parks	3,034,872	97,696	130,051	-	3,262,619	2,087,474	85,704	-	2,173,178	1,089,441
Engineering structures	1,057,038	77,690	4,887	-	1,139,615	435,844	42,746	-	478,590	661,025
Furniture and equipment	463,938	88,802	-	13,219	539,521	264,273	47,310	13,219	298,364	241,157
Hydrants	186,643	-	-	-	186,643	162,641	2,460	-	165,101	21,542
Machinery and equipment	3,148,954	119,622	-	25,630	3,242,946	1,703,228	161,479	25,630	1,839,077	1,403,869
Planters	118,329	-	-	-	118,329	112,252	1,215	-	113,467	4,862
Roads	19,802,274	489,950	-	137,436	20,154,788	8,650,437	448,776	125,272	8,973,941	11,180,847
Storm system	10,523,612	340,453	1,481	61,972	10,803,574	4,533,934	119,055	61,972	4,591,017	6,212,557
Assets under construction	809,676	5,441,010	-	69,174	6,181,512	-	-	-	-	6,181,512
	40,793,853	6,655,223	136,419	307,431	47,278,064	17,950,083	908,745	226,093	18,632,735	28,645,329
Water fund										
Buildings	1,132,931	3,036,790	70,210	106,108	4,133,823	783,079	34,672	106,108	711,643	3,422,180
Water mains	12,573,030	206,211	254,396	28,947	13,004,690	7,061,644	204,170	28,947	7,236,867	5,767,823
Water system	4,132,248	-	-	-	4,132,248	3,254,866	117,785	-	3,372,651	759,597
Assets under construction	219,286	-	-	219,286	-	-	-	-	-	-
	18,057,495	3,243,001	324,606	354,341	21,270,761	11,099,589	356,627	135,055	11,321,161	9,949,600
Sewer fund										
Buildings	133,966	-	-	-	133,966	70,334	3,349	-	73,683	60,283
Sanitary sewer system	4,919,328	-	6,971	-	4,926,299	3,272,771	137,556	-	3,410,327	1,515,972
Sewer mains and lift stations	6,331,176	189,536	6,594	5,111	6,522,195	3,060,856	88,025	5,111	3,143,770	3,378,425
Assets under construction	15,374	-	-	-	15,374	-	-	-	-	15,374
	11,399,844	189,536	13,565	5,111	11,597,834	6,403,961	228,930	5,111	6,627,780	4,970,054
	\$ 70,251,192	\$ 10,087,760	\$ 474,590	\$ 666,883	\$ 80,146,659	\$ 35,453,633	\$ 1,494,302	\$ 366,259	\$ 36,581,676	\$ 43,564,983

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

10. Tangible Capital Assets - continued

2024	Historical Cost					Accumulated Amortization				Net Book Value
	Opening	Additions	Additions due to ARO	Disposals	Closing	Opening	Additions	Disposal	Closing	
General fund										
Land	\$ 1,648,517	\$ -	\$ -	\$ -	\$ 1,648,517	\$ -	\$ -	\$ -	\$ -	\$ 1,648,517
Building sites and parks	2,953,287	81,585	-	-	3,034,872	1,999,925	87,549	-	2,087,474	947,398
Engineering structures	1,039,037	18,001	-	-	1,057,038	396,939	38,905	-	435,844	621,194
Furniture and equipment	325,767	144,998	-	6,827	463,938	242,976	28,123	6,826	264,273	199,665
Hydrants	186,643	-	-	-	186,643	160,181	2,460	-	162,641	24,002
Machinery and equipment	2,519,032	869,053	-	239,131	3,148,954	1,824,884	96,058	217,714	1,703,228	1,445,726
Planters	118,329	-	-	-	118,329	111,037	1,215	-	112,252	6,077
Roads	18,060,670	1,777,877	-	36,273	19,802,274	8,247,359	436,734	33,656	8,650,437	11,151,837
Storm system	9,788,303	784,884	-	49,575	10,523,612	4,475,000	108,509	49,575	4,533,934	5,989,678
Assets under construction	511,397	687,863	-	389,584	809,676	-	-	-	-	809,676
	37,150,982	4,364,261	-	721,390	40,793,853	17,458,301	799,553	307,771	17,950,083	22,843,770
Water fund										
Buildings	1,132,931	-	-	-	1,132,931	750,030	33,049	-	783,079	349,852
Water mains	12,119,040	488,694	-	34,704	12,573,030	6,908,257	188,091	34,704	7,061,644	5,511,386
Water system	4,132,248	-	-	-	4,132,248	3,189,930	64,936	-	3,254,866	877,382
Assets under construction	96,208	123,078	-	-	219,286	-	-	-	-	219,286
	17,480,427	611,772	-	34,704	18,057,495	10,848,217	286,076	34,704	11,099,589	6,957,906
Sewer fund										
Buildings	133,966	-	-	-	133,966	66,985	3,349	-	70,334	63,632
Sanitary sewer system	4,919,328	-	-	-	4,919,328	3,135,614	137,157	-	3,272,771	1,646,557
Sewer mains and lift stations	5,847,714	492,543	-	9,081	6,331,176	2,984,111	82,534	5,789	3,060,856	3,270,320
Assets under construction	15,374	-	-	-	15,374	-	-	-	-	15,374
	10,916,382	492,543	-	9,081	11,399,844	6,186,710	223,040	5,789	6,403,961	4,995,883
	\$ 65,547,791	\$ 5,468,576	\$ -	\$ 765,175	\$ 70,251,192	\$ 34,493,228	\$ 1,308,669	\$ 348,264	\$ 35,453,633	\$ 34,797,559

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

11. Accumulated Surplus

The accumulated surplus consists of individual fund balances and reserves as follows:

Surplus	2025	2024
Invested in tangible capital assets	\$ 38,754,292	\$ 31,867,510
General surplus	3,456,612	3,611,703
Enderby / Area F Joint Services surplus	1,229,621	668,038
Sewer surplus	1,472,467	1,423,174
Water surplus	411,450	452,248
	45,324,442	38,022,673
 Reserve Funds		
Animal Control	35,271	32,796
Asset Management	612,265	333,676
Capacity Building	618,826	390,268
Cemetery	124,771	101,517
Community Works Fund (Gas Tax)	41,073	228,965
Computer Equipment	60,985	54,693
Equipment	805,027	774,174
Fire Department	351,450	264,759
Fortune Parks	1,301,181	1,054,163
Growing Communities Fund *	397,601	1,634,060
Parks	260,343	196,984
Riverside RV Park	119,528	97,445
Sewer System	1,286,237	1,140,313
Water System	76,684	817,090
	6,091,242	7,120,903
	\$ 51,415,684	\$ 45,143,576

*In 2023, the City received funding from the Province of British Columbia to assist in funding for capital infrastructure and amenities for future growth. The following shows how these funds were expended and the amount available for future years:

	2025	2024
Balance, beginning of year	\$ 1,634,060	\$ 1,672,413
Interest earned	68,474	84,725
Eligible costs incurred:		
Drinking water supply and distribution	(1,304,933)	(123,078)
Balance, end of year	\$ 397,601	\$ 1,634,060

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

12. COVID-19 Safe Restart Grant

The City received funding from the Province of British Columbia to fund increased operating costs and revenue shortfalls due to COVID-19. The following shows how these funds were expended and the amount available for future years:

	2025	2024
Balance, beginning of year	\$ 241,276	\$ 418,239
Eligible costs incurred:		
Computer and technology costs	(26,404)	(30,470)
Facility operating costs	(4,622)	(80,548)
Protective services	(201,455)	(65,945)
Total eligible costs incurred	(232,481)	(176,963)
Balance, end of year	\$ 8,795	\$ 241,276

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

13. Contingent Liabilities

- (a) Regional District of North Okanagan: The City is a member of the Regional District of North Okanagan and is liable for its portion of any operating deficits or long-term debt related to functions in which it participates.
- (b) Municipal Insurance Association of BC: Commencing December 31, 1987, the City of Enderby entered into a self insurance scheme with British Columbia municipalities and regional districts. The City is obliged under the scheme to pay a percentage of its fellow insurers' losses. The City pays an annual premium, which is anticipated to be adequate to cover any losses incurred.
- (c) Pension Liabilities: The Municipality and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of 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, 2024, the Plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 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, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The Corporation of the City of Enderby paid \$107,305 (2024 - \$96,720) for employer contributions to the plan in fiscal 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.

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

14. Taxation

Taxation revenue comprises the following amounts raised less transfers:

	Budget	2025	2024
Taxation			
General municipal purposes	\$ 2,195,226	\$ 2,159,862	\$ 2,047,157
1% utility taxes	72,190	72,184	73,665
Water parcel	364,500	369,499	337,242
Sewer parcel	292,900	294,050	284,742
Collections for other governments			
School District	1,347,403	1,357,025	1,319,138
Policing	222,261	223,965	220,777
Regional District	543,543	547,711	492,334
Regional Hospital District	201,625	203,171	201,556
Municipal Finance Authority	175	176	176
B.C. Assessment Authority	32,823	33,079	31,961
Okanagan Regional Library	127,654	128,666	123,053
	5,400,300	5,389,388	5,131,801
Transfers			
School District	1,347,403	1,357,025	1,319,138
Policing	222,261	223,965	220,777
Regional District	543,543	547,707	492,300
Regional Hospital District	201,625	203,140	201,536
Municipal Finance Authority	175	176	176
B.C. Assessment Authority	32,823	33,079	31,961
Okanagan Regional Library	127,654	128,653	123,033
	2,475,484	2,493,745	2,388,921
	\$ 2,924,816	\$ 2,895,643	\$ 2,742,880

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

15. Government Grants and Transfers

	Budget	2025	2024
Federal			
Community works fund - Gas tax	\$ 201,300	\$ 201,288	\$ 201,288
Provincial			
Conditional	366,380	232,106	56,999
Fortune Parks - conditional	5,300,100	4,105,925	1,011,300
Sewer - conditional	-	-	3,333
Small communities protection	480,000	476,000	530,700
Street lighting	1,400	1,395	1,395
Water - conditional	114,700	114,711	3,333
	6,262,580	4,930,137	1,607,060
Other			
Animal control	6,921	22,100	20,890
Cemetery	36,415	56,600	54,100
Fortune Parks	952,300	952,300	824,940
	995,636	1,031,000	899,930
	\$ 7,459,516	\$ 6,162,425	\$ 2,708,278

16. Sales of Service

	Budget	2025	2024
Animal control	\$ 12,100	\$ 12,169	\$ 12,741
Building permits	74,700	53,462	103,295
Business licenses	17,500	19,825	19,025
Cemetery	23,500	30,135	25,057
Fire protection	149,850	138,799	421,590
Fortune Parks	298,800	343,328	247,304
Garbage collection and disposal	125,900	124,097	119,280
Riverside RV Park & tourism	307,200	297,272	300,320
Sewer user fees	651,500	641,725	653,314
Water user fees	648,200	640,939	703,915
	\$ 2,309,250	\$ 2,301,751	\$ 2,605,841

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

17. Expenses by Object

	Budget	2025	2024
Accretion	\$ -	\$ 57,986	\$ 255,192
Advertising and publications	18,600	11,156	11,639
Amortization	-	1,494,303	1,308,668
Contracted services	875,250	524,143	456,510
Council grants	79,900	80,605	67,459
Insurance	84,600	78,556	75,113
Interest and bank charges	151,350	126,341	168,021
Maintenance	1,360,750	1,297,591	1,243,657
Materials and supplies	982,714	460,545	496,825
Professional fees	35,900	30,546	29,611
Salaries and benefits	1,986,341	1,987,061	1,785,497
Training, travel and conferences	98,950	83,813	73,755
Transfers	(14,780)	(6,214)	(21,630)
	<u>\$ 5,659,575</u>	<u>\$ 6,226,432</u>	<u>\$ 5,950,317</u>

18. Funds Held in Trust

The City operates and maintains the Cliffside Cemetery. As required under Provincial legislation, the City holds in trust a Cemetery Perpetual Care Fund for the future maintenance of the cemetery. The City has excluded the trust fund and associated cash from the Statement of Financial Position and related interest earnings and transactions from the Statement of Operations and Accumulated Surplus:

Cemetery Perpetual Care Fund:

	2025	2024
Balance, beginning of year	\$ 283,792	\$ 265,947
Care fund contributions	4,105	4,087
Interest earned	11,129	13,758
Balance, end of year	<u>\$ 299,026</u>	<u>\$ 283,792</u>

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

19. Financial Plan

The Financial Plan anticipated use of surpluses accumulated in previous years to balance against current year expenses in excess of current year revenues. The following shows how these amounts were combined:

	<u>2025</u>	<u>2024</u>
Budget surplus per Statement of Operations	7,723,357	5,045,367
Less:		
Capital expenditures	(15,103,500)	(7,729,000)
Debt principal payments	(357,900)	(93,560)
Transfers to reserve funds	(2,400,600)	(2,587,130)
Add back:		
Borrowing proceeds	3,885,000	-
Transfers from accumulated surplus and reserve funds	6,253,643	5,364,323
	<hr/>	<hr/>
Budget surplus per Financial Plan Bylaw	\$ -	\$ -

20. Financial Instruments

The City is exposed to interest rate risk, credit risk, and liquidity risk from its financial instruments. The City has practices in place to identify major risks, which are monitored and managed to the best of its ability.

There have not been any changes from the prior year in the City's exposure to these risks, or the policies, procedures and methods it uses to manage and measure the risks.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City is exposed to interest rate risk through its long-term debt and through the value of portfolio investments.

The City manages interest rate risk on its long-term debt by holding all debt through the Municipal Finance Authority at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark following the date of the original debt issuance. See Note 8 for interest rates and maturity dates for long-term debt.

Investments are primarily comprised of term deposits and are deemed to be low risk and not subject to significant changes in value due to changes in interest rates.

Credit Risk

Credit risk is the risk that the City will incur financial losses if a debtor fails to make payments when due. The City is exposed to credit risk from its cash, portfolio investments and accounts receivable.

The City manages its credit risk with respect to cash and portfolio investments by maintaining its investments with reputable financial institutions, while ensuring that investments are made in accordance with Section 183 of the *Community Charter*. The maximum exposure to credit risk to cash is limited to the balance held at year end and the maximum exposure to credit risk to portfolio investments is outlined in Note 3.

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

Financial Instruments - continued

The City manages its credit risk with respect to accounts receivable through signed agreements and credit policies. The City also has the ability to recover receivables associated with properties, such as utility fees, through the property tax collection process. The maximum exposure to credit risk to accounts receivable is outlined in Note 4.

Liquidity Risk

Liquidity risk is the risk that the City will not be able to meet its financial obligations as they become due. The City is exposed to liquidity risk through its accounts payable and long-term debt.

The City manages this risk by maintaining a balance of short term and/or highly liquid investments and closely monitoring cash flows and staggering maturity dates of its investment portfolio to meet cash flow needs. The City also has the ability to adopt a Revenue Anticipation Borrowing Bylaw under Section 177 of the *Community Charter* to borrow short term to finance its operations until revenue from property taxes is received.

The timing of cash flows to meet its financial obligations are within one year in relation to accounts payable, as outlined in Note 6 and the timing of principal payments in relation to long-term debt are outlined in Note 8.

It is management's opinion that the City is not exposed to significant interest, credit or liquidity risks arising from these financial instruments.

21. Comparative Figures

Certain comparative figures have been reclassified to conform to the financial presentation adopted for the current year.

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

22. Segmented Information

The City of Enderby is a municipality that is responsible for the good government of the community. This includes providing services, laws and other matters for community benefit, as well as providing stewardship of public assets and fostering economic well-being. The City fulfills these responsibilities through a range of services. For management reporting purposes, the City's services are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain defined objectives in accordance with special regulations, restrictions or limitations.

General Government

General Government is comprised of Executive and Administrative functions. The Executive function includes Mayor and Council, who are responsible for considering the well-being and interests of the municipality and the community, including contributing to the development and evaluation of the policies, programs, and bylaws of the municipality respecting its services, in accordance with governing legislation. The Administrative function is responsible for the overall management of the operations of the municipality and is responsible for ensuring that the policies, programs, and bylaws of Council are implemented. The Administrative function is also responsible for ensuring sound and effective financial management of the municipality, which includes functions such as financial planning, collecting taxes, and the investment of municipal funds.

Protective Services

Protective Services includes fire suppression, prevention and inspection services, community safety services, and emergency management including mitigation and prevention, preparedness, response, and recovery services.

Transportation Services

Transportation Services includes the design, operation, and maintenance of roads and drainage, including street sweeping, line painting, and snow and ice clearing.

Solid Waste Services

Solid Waste Services provides for the collection and disposal of residential solid waste, including curbside collection of garbage and the annual curbside collection of yard and garden waste.

Enderby / Area F Services

Enderby / Area F Services includes Fortune Parks, which is responsible for the administration, stewardship, and operation of park services that are shared with Area F of the Regional District of North Okanagan, including the pool, spray park, ball diamonds, and arena. Other services provided include Animal (Dog) Control within the City and part of Area F, and Cemetery Services for the City and Area F.

Riverside RV Park & Tourism

The Riverside RV Park is a campground operated by the City, which supports tourism and community events, including the operation of the Visitor Centre.

Community Development Services

Community Development Services provides for the City's current and long-range planning functions. Services include land use regulation, subdivision, and planning for future growth in accordance with the needs and goals of the community.

Recreational and Cultural Services

Recreational and Cultural Services provides for the planning, operation, and maintenance of City parks, such as Tuey Park, Belvedere Park, the Riverwalk, Veterans Park, and Johnston Park.

THE CORPORATION OF THE CITY OF ENDERBY

Notes to Financial Statements

For the year ended December 31, 2025

Segmented Information - continued

Water Services

Water Services provides for the treatment and distribution of safe, clean drinking water to the citizens of Enderby as well as nearby communities in accordance with the Drinking Water Protection Act and the *Guidelines for Canadian Drinking Water Quality*.

Sewer Services

Sewer Services provides for the collection and treatment of liquid waste, or sanitary wastewater, in accordance with the Environmental Management Act and the City's permit requirements.

The accounting policies used in these segments are consistent with those followed in preparation of the financial statements as disclosed in Note 2. For additional information see the Schedule of Segment Disclosure - Service (Schedule 1).

THE CORPORATION OF THE CITY OF ENDERBY

Schedule of Segment Disclosure - Service

For the year ended December 31, 2025

Schedule I

	General revenue fund									2025
	General Government	Protective Services	Transportation Services	Solid Waste Services	Enderby/ Area F Services	Riverside RV Park & Tourism	Other general Services*	Water Services	Sewer Services	
Revenues										
Taxation	\$ 2,232,094	\$	\$	\$	\$	\$	\$	\$ 369,499	\$ 294,050	\$ 2,895,643
Grants and subsidies	280,217	142,827	477,395		5,136,925	10,350		114,711		6,162,425
Sales of services	73,287	138,799		124,097	385,632	297,272		640,939	641,725	2,301,751
Other revenue from own sources	144,036									144,036
Interest and penalties	547,965				22,330	9,295				579,590
Developer contributions								221,200		221,200
	3,277,599	281,626	477,395	124,097	5,544,887	316,917	-	1,346,349	935,775	12,304,645
Expenses										
Accretion	8,317	3,113	138		1,371			43,421	1,626	57,986
Advertising and publications	1,923				5,589	3,644				11,156
Amortization	125,664	115,801	600,948		66,333			356,627	228,930	1,494,303
Contracted services	85,785	80,059		127,852	127,724	70,993	31,730			524,143
Council grants	13,348				67,257					80,605
Insurance	43,841				31,960	2,755				78,556
Interest and bank charges	101,883				16,962	7,496				126,341
Maintenance	60,402	82,315	371,407		185,148	24,614	110,918	230,472	232,315	1,297,591
Material and supplies	115,891	31,197	3,366	105	133,096	113,700		3,915	59,275	460,545
Professional fees	30,546									30,546
Salaries and benefits	769,197	111,631	269,293	483	437,493	4,204	26,763	208,278	159,719	1,987,061
Training, travel and conferences	49,892	28,398	685		1,793			2,776	269	83,813
Transfers	(296,050)		(155,994)	3,000	68,934	11,000		202,166	160,730	(6,214)
	1,110,639	452,514	1,089,843	131,440	1,143,660	238,406	169,411	1,047,655	842,864	6,226,432
Excess (deficiency) of revenue over expenses	2,166,960	(170,888)	(612,448)	(7,343)	4,401,227	78,511	(169,411)	298,694	92,911	6,078,213
Loss on disposal of tangible capital assets	(9,226)									(9,226)
Gain on revaluation of ARO	34,611	14,152	626		7,457			140,368	5,907	203,121
Annual surplus (deficit)	\$ 2,192,345	\$ (156,736)	\$ (611,822)	\$ (7,343)	\$ 4,408,684	\$ 78,511	\$ (169,411)	\$ 439,062	\$ 98,818	\$ 6,272,108

*Includes Community Development and Recreational and Cultural Services.

THE CORPORATION OF THE CITY OF ENDERBY

Schedule of Segment Disclosure - Service

For the year ended December 30, 2024

Schedule I (cont'd)

General revenue fund										
	General Government	Protective Services	Transportation Services	Solid Waste Services	Enderby/ Area F Services	Riverside RV Park & Tourism	Other General Services*	Water Services	Sewer Services	2024
Revenues										
Taxation	\$ 2,120,896							\$ 337,242	\$ 284,742	\$ 2,742,880
Grants and subsidies	105,790	142,827	532,095		1,911,230	9,670		3,333	3,333	2,708,278
Sales of services	122,320	421,590		119,280	285,102	300,320		703,915	653,314	2,605,841
Other revenue from own sources	114,627									114,627
Interest and penalties	655,709				36,290	12,306				704,305
Developer contributions	1,618,446							241,836	265,580	2,125,862
	4,737,788	564,417	532,095	119,280	2,232,622	322,296	-	1,286,326	1,206,969	11,001,793
Expenses										
Accretion	41,824	16,796	742		8,564			179,908	7,358	255,192
Advertising and publications	2,438				5,330	3,871				11,639
Amortization	101,636	65,019	570,759		62,138			286,076	223,040	1,308,668
Contracted services	89,070	44,729		115,021	116,269	65,069	26,352			456,510
Council grants	10,484				56,975					67,459
Insurance	48,783				24,540	1,790				75,113
Interest and bank charges	158,820				2,522	6,679				168,021
Maintenance	52,344	96,808	319,825		186,033	31,071	101,239	252,809	203,528	1,243,657
Material and supplies	87,978	7,656	22,515	105	161,972	132,357		51,599	32,643	496,825
Professional fees	28,597				1,014					29,611
Salaries and benefits	652,644	95,731	252,910	613	404,837	5,200	26,589	198,150	148,823	1,785,497
Training, travel and conferences	29,514	35,902	2,590		2,192			1,866	1,691	73,755
Transfers	(274,028)		(166,212)	2,500	67,965	9,500		197,184	141,461	(21,630)
	1,030,104	362,641	1,003,129	118,239	1,100,351	255,537	154,180	1,167,592	758,544	5,950,317
Excess (deficiency) of revenue over expenses	3,707,684	201,776	(471,034)	1,041	1,132,271	66,759	(154,180)	118,734	448,425	5,051,476
Loss on disposal of tangible capital assets	(8,946)									(8,946)
Annual surplus (deficit)	\$ 3,698,738	\$ 201,776	\$ (471,034)	\$ 1,041	\$ 1,132,271	\$ 66,759	\$ (154,180)	\$ 118,734	\$ 448,425	\$ 5,042,530

*Includes Community Development and Recreational and Cultural Services.

THE CORPORATION OF THE CITY OF ENDERBY

Enderby/Area F Services (Unaudited)

For the year ended December 31, 2025

Schedule II

	Fortune Parks	Animal Control	Cemetery	2025	2024
Revenue					
Grants and subsidies	\$ 5,058,225	\$ 22,100	\$ 56,600	\$ 5,136,925	\$ 1,911,230
Sale of services	343,328	12,169	30,135	385,632	285,102
Interest and penalties	14,083	1,935	6,312	22,330	36,290
	5,415,636	36,204	93,047	5,544,887	2,232,622
Expenses					
Accretion	1,371			1,371	8,564
Advertising	5,589			5,589	5,330
Amortization	66,333			66,333	62,138
Contracted services	113,844	13,880		127,724	116,269
Grants	60,257		7,000	67,257	56,975
Insurance	31,960			31,960	24,540
Interest and bank charges	16,962			16,962	2,522
Maintenance	153,845	8,383	22,920	185,148	186,033
Materials and supplies	133,096			133,096	161,972
Professional fees					1,014
Salaries and benefits	424,664	489	12,340	437,493	404,837
Training, travel and conferences	1,793			1,793	2,192
	1,009,714	22,752	42,260	1,074,726	1,032,386
Annual surplus (deficit)	\$4,405,922	\$ 13,452	\$ 50,787	\$ 4,470,161	\$ 1,200,236
Transfer to/from general fund					
Computer support	\$ 9,500	\$	\$	\$ 9,500	\$ 9,250
Finance overhead charges	25,650	5,310	9,810	40,770	39,710
Insurance allocation	3,522		790	4,312	4,905
Lease		4,990		4,990	4,860
Public works equipment allocation			9,362	9,362	9,240
Gain on revaluation of ARO	(7,457)			(7,457)	-
	31,215	10,300	19,962	61,477	67,965
Net change in financial assets	4,374,707	3,152	30,825	4,408,684	1,132,271
Opening surplus	417,976	58,668	191,394	668,038	655,556
Amortization	66,333			66,333	62,138
Capital expenditures	(5,490,489)			(5,490,489)	(766,327)
Debt issued	1,800,000			1,800,000	
Transfer from (to) reserves	(202,845)	(1,100)	(19,000)	(222,945)	(415,600)
Enderby / Area F accumulated surplus	\$ 965,682	\$ 60,720	\$ 203,219	\$ 1,229,621	\$ 668,038