



Tel: 250 763 6700
Fax: 250 763 4457
Toll-free: 1 800 928 3307
www.bdo.ca

BDO Canada LLP
1631 Dickson Avenue, Suite 400
Kelowna, BC, V1Y 0B5

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Penticton and its controlled entities (the "City"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of operations and accumulated surplus, the consolidated statement of change in net financial assets and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2025, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated 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 Consolidated 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 consolidated 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 unaudited schedules of the City's financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants

Penticton, British Columbia
May 5, 2026

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

	2025	2024
Financial Assets		
Cash	\$ 2,855,897	\$ 18,894,713
Investments (Note 1)	140,280,617	128,308,411
Accounts Receivable (Note 2)	20,321,978	21,071,817
	<u>163,458,492</u>	<u>168,274,941</u>
Financial Liabilities		
Accounts Payable and Accrued Liabilities	19,876,143	25,116,394
Development Cost Charges (Note 3)	17,400,647	18,268,378
Deferred Revenue (Note 4)	10,183,996	10,836,988
Deposits	5,015,212	6,110,584
Long Term Debt (Note 8)	33,924,901	21,373,477
Asset Retirement Obligations (Note 10)	5,294,912	5,061,034
	<u>91,695,811</u>	<u>86,766,855</u>
Net Financial Assets	\$ 71,762,681	\$ 81,508,086
Non-Financial Assets		
Tangible Capital Assets (Note 11)	\$ 360,376,406	\$ 341,035,579
Inventory	5,404,911	3,924,831
Prepaid Expenses	3,260,774	2,744,339
	<u>369,042,091</u>	<u>347,704,749</u>
Accumulated Surplus	<u>\$ 440,804,772</u>	<u>\$ 429,212,835</u>

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2025

	2025 Budget (Note 14)	2025	2024
Revenue			
Taxation (Note 15)	50,801,736	\$ 50,621,900	\$ 46,375,359
Sales of Services	88,748,735	86,494,308	80,782,196
Government Grants and Transfers (Note 16)	4,073,613	7,927,724	12,540,980
Other Revenue (Note 17)	11,473,204	15,444,922	16,285,318
Other Contributions	4,099,603	6,993,127	6,192,954
Gain (Loss) on Disposal	30,000	(32,195)	24,190
Contributed Asset (Note 11)	-	1,456,000	-
	<u>159,226,891</u>	<u>168,905,786</u>	<u>162,200,997</u>
Expenditure (Note 18)			
General Government	22,308,108	25,673,107	24,057,727
Protective Services	30,019,986	28,996,651	28,585,795
Transportation Services	11,361,729	13,791,973	12,868,356
Environmental Health Services	2,451,670	2,491,518	2,155,927
Public Health and Safety	437,416	435,577	461,252
Environmental Development Services	5,458,534	5,627,891	5,016,057
Recreation and Culture	15,057,230	17,743,475	15,597,621
Electrical Supply	44,162,565	46,126,421	43,304,408
Sewer System Utility	6,996,211	8,055,385	6,645,816
Water Utility Services	6,593,798	8,371,851	6,922,606
	<u>144,847,247</u>	<u>157,313,849</u>	<u>145,615,565</u>
Annual Surplus	14,379,644	11,591,937	16,585,432
Accumulated Surplus, Beginning of Year	<u>429,212,835</u>	<u>429,212,835</u>	<u>412,627,403</u>
Accumulated Surplus, End of Year	<u>443,592,479</u>	<u>\$ 440,804,772</u>	<u>\$ 429,212,835</u>

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2025

	2025 Budget	2025	2024
Annual surplus	14,379,644	\$ 11,591,937	\$ 16,585,432
Acquisition of Tangible Capital Assets (Note 11)	(30,312,903)	(35,138,964)	(33,679,407)
Amortization (Note 11)	16,229,000	17,287,193	17,083,341
Change Related to Asset Retirement Obligations (Note 10)	-	(187,049)	(1,715,276)
Net Disposal of Tangible Capital Assets (Note 11)	-	36,195	10,000
Contributed Tangible Capital Assets (Note 11)	-	(1,456,000)	-
Asset Reclassification (Note 11)	-	117,798	257,942
	<u>295,741</u>	<u>(7,748,890)</u>	<u>(1,457,968)</u>
Change in Prepaid Expenses	-	(516,435)	(172,314)
Change in Supplies Inventories	-	(1,480,080)	673,198
	<u>-</u>	<u>(1,996,515)</u>	<u>500,884</u>
Increase (Decrease) in Net Financial Assets	295,741	(9,745,405)	(957,084)
Net Financial Assets, Beginning of Year	81,508,086	81,508,086	82,465,170
Net Financial Assets, End of Year	<u>81,803,827</u>	<u>\$ 71,762,681</u>	<u>\$ 81,508,086</u>

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025**

	2025	2024
Operating Transactions		
Annual Surplus	\$ 11,591,937	\$ 16,585,432
Change in Non-Cash Operating Items		
Accounts Receivable	749,839	(5,211,595)
Accounts Payable and Accrued Liabilities	(5,240,251)	6,536,689
Development Cost Charges	(867,731)	763,895
Deferred Revenues	(652,992)	1,355,685
Deposits	(1,095,372)	(1,045,309)
Prepaid Expenses	(516,435)	(172,314)
Inventory	(1,480,080)	673,198
Net Disposal of Tangible Capital Assets	36,195	10,000
Amortization	17,287,193	17,083,341
Asset Retirement Obligation Settlements	(93,914)	-
Accretion	140,743	457,816
Contributed Tangible Capital Assets	(1,456,000)	-
Asset Reclassification	117,798	257,942
	<u>6,928,993</u>	<u>20,709,348</u>
Cash Provided by Operating Activities	18,520,930	37,294,780
Capital Transactions		
Cash Used to Acquire Tangible Capital Assets	(35,138,964)	(33,679,407)
Financing Transactions		
Debt Proceeds	16,000,000	-
Debt Repayment	(3,448,576)	(3,644,037)
Cash Provided by Financing Transactions	12,551,424	(3,644,037)
Investing Transactions		
Change in Investments	(11,972,206)	10,110,808
Change in Cash	(16,038,816)	10,082,144
Cash, Beginning of Year	<u>18,894,713</u>	<u>8,812,569</u>
Cash, End of Year	<u>\$ 2,855,897</u>	<u>\$ 18,894,713</u>

Note: Investment income recognized includes an actuarial addition to the sinking fund

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Nature of Business

The consolidated financial statements of the City have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board. The Corporation of the City of Penticton ("the City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the City. All inter-entity transactions and balances have been eliminated. The controlled organizations include:

Penticton Public Library

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

Investments

Investments include bank issued notes and bonds and provincial bonds and debentures maturing in the subsequent year.

Revenue Recognition

Taxation

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollected amounts.

Government Transfers

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

Other Sources of Revenue

Revenues from transactions with performance obligations are recognized when (at a point in time) or as (over a period of time) the City satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Revenue Recognition continued

Other Sources of Revenue continued

The City recognizes revenue from users of the electric, water, sewer, solid waste disposal, and rentals of City property services on a straight-line basis over the period of time that the relevant performance obligations are satisfied by the City.

The City recognizes revenue from administrative services, building permits, development permits, sales of goods and other licenses and permits at the point in time that the City has performed the related performance obligations and control of the related benefits has passed to the payors.

Revenue from transactions without performance obligation is recognized at realizable value when the City has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

The City recognizes revenue from tax penalties and interest, parking ticket fines, and other revenue without associated performance obligations at the realizable value at the point in time when the City is authorized to collect these revenues.

Financial Instruments

All financial instruments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

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

For investments measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded 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.

Inventory

The City holds consumable inventory which is recorded at the lower of cost and replacement value. Cost is determined on a weighted average basis.

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 CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Non-Financial Assets continued

Tangible Capital Assets

Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Tangible capital assets are written down when conditions indicate that they no longer contribute to the organization's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as an expense in the statement of operations. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to 70 years
Roads and Sidewalks	25 to 75 years
Machinery and Equipment	5 to 20 years
Water Infrastructure	50 to 100 years
Sewer Infrastructure	10 to 100 years
Electrical Infrastructure	20 to 50 years
Parks and Recreation Infrastructure	10 to 50 years
Vehicles	5 to 20 years
Furniture and Equipment	5 to 20 years
Computer Hardware and Software	5 to 13 years
Books and Library Materials	5 to 13 years
Construction in progress	No amortization taken

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of contribution, where fair value is reasonably determinable, with a corresponding amount recorded as revenue.

Works of Art and Historical Assets

The City holds several works of art and historic treasures that have not been included in the tangible capital assets, including displays at the museum and various works of art and decorations in the facilities.

Retirement and Employment Benefits

The City's retirement contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Retirement and Employment Benefits continued

On January 1 of each year, City employees belonging to CUPE local 608 are credited with the equivalent of two workweeks of paid leave to be used during the year. Unused sick leave is not eligible for payment upon retirement or termination, may not be used as vacation and may not be carried forward to subsequent years.

Reserve for Future Expenditure

Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Statutory Reserve Funds

The use of these funds is restricted by Municipal Bylaws established in accordance with the Community Charter. Statutory reserve funds are funded 100% by cash and temporary investments.

Measurement Uncertainty

The preparation of consolidated financial statements in accordance with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Collection of Taxes on Behalf of Other Taxation Authorities

The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these consolidated financial statements.

Contaminated Sites

A liability for contaminated sites is recognized when an accidental contamination occurs and the following criteria are met:

- a) An environmental standard exists
- b) Contamination exceeds the environmental standard
- c) The City is directly responsible or accepts responsibility for remediation
- d) It is expected that future economic benefits will be given up; and
- e) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at December 31, 2025 and 2024, the City has no liability for contaminated sites.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2025**

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirements costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and 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. The estimate of a liability includes costs directly attributable to asset retirement activities.

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 tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

DRAFT FOR DISCUSSION - COUNCIL MEETING JULY 5, 2025

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

1. Investments

	2025	2024
Municipal Finance Authority - Pooled High Interest Savings Account	\$ 36,625,769	\$ 35,358,620
Term Deposits - Chartered Banks	21,636,765	15,000,000
Term Deposits - BC Based Credit Unions	47,904,313	36,397,021
Term Deposits - Non BC Credit Unions	34,113,770	41,552,770
	<u>\$ 140,280,617</u>	<u>\$ 128,308,411</u>

Investments held by the City have a range of maturity dates with the earliest being February 21, 2026 and the latest being September 24, 2029. Interest rates vary between 2.2% and 6.0%.

2. Accounts Receivable

	2025	2024
Property Taxes	\$ 2,186,293	\$ 1,254,232
Other Receivables	2,320,074	2,280,257
Federal Government	1,521,878	1,417,198
Provincial Government	4,131,061	5,933,617
Other Government Agencies	-	88,309
Utility Rates Receivable	5,568,875	5,889,037
Accrued Interest Receivable	4,741,322	4,326,570
Cemetery Trust Fund Receivable (Payable)	(147,525)	(117,403)
	<u>\$ 20,321,978</u>	<u>\$ 21,071,817</u>

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

3. Development Cost Charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. When the related costs are incurred, the DCCs are recognized as revenue.

	2025	2024
DCC by Type		
Roads DCC	\$ 2,345,373	\$ 2,015,234
Parks DCC	1,244,385	761,694
Drainage DCC	1,406,817	1,344,555
Waste Water DCC	10,790,090	10,594,572
Water DCC	1,613,982	3,552,323
	<u>17,400,647</u>	<u>18,268,378</u>
DCC Activity		
Balance, Beginning of Year	18,268,378	17,504,483
Return on Investments	563,445	557,526
DCCs Levied in the Year	3,525,821	2,848,232
Transfers	(4,956,997)	(2,641,863)
	<u>\$ 17,400,647</u>	<u>\$ 18,268,378</u>

In 2010, Council adopted Economic Incentive Zone Bylaw and in 2022 adopted an updated Development Cost Charge Bylaw. The purpose of these bylaws was to spur development in key areas of the City, promote sustainable development and promote the development of affordable rental housing. The bylaws also contain provisions to encourage high-end hotel development.

The Development Cost Charges and Economic Incentive Tax Exemption Program have been implemented in accordance with the provisions of Section 933(1) of the Local Government Act and Section 226 of the Community Charter, respectively. In 2025, \$248,536 (2024 - \$282,929) of Economic Incentive tax exemptions were granted.

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

4. Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as Deferred Revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose. Deferred Revenue is comprised of the following:

	Taxes	Recreation	Other *	Total
Balance at December 31, 2024	\$ 7,507,024	710,495	\$ 2,619,469	\$ 10,836,988
Collected	14,381,944	1,248,774	939,957	16,570,675
Recognized	(13,988,930)	(1,172,495)	(2,062,242)	(17,223,667)
Balance at December 31, 2025	\$ 7,900,038	786,774	\$ 1,497,184	\$ 10,183,996

**Included in other deferred revenue is \$281,804 (2024 - \$303,494) from the Capacity Funding for Local Government Housing Initiatives. In the current year \$21,690 (2024 - \$10,960) was spent on this program.*

5. Pension Liability

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits 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 the average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation as at December 31, 2024 indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The City of Penticton paid \$3,191,462 (2024 - \$3,053,982) for employer contributions to the Plan in fiscal 2025.

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

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 CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

6. Contingent Liabilities

a. Regional District of Okanagan Similkameen

All monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2025, the long term debt of the Regional District aggregated \$87,944,741 (2024 - \$77,221,237).

b. General Contingencies

From time to time there are potential claims against the City for incidents which arise in the ordinary course of business. In the opinion of management and legal counsel, the outcomes of the claims are not determinable at this time and cannot be estimated. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

c. Municipal Insurance Association

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

7. Letters of Credit

In addition to the performance deposits reflected in the Consolidated Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of \$1,480,591 which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the consolidated financial statements but are available to satisfy liabilities arising from non-performance by the depositors.

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

8. Long Term Debt

Long term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2025	2024
Long Term Debt	\$ 33,924,901	\$ 21,373,477

Principal repayments relating to long term debt of \$33,924,901 outstanding are due as follows (in thousands):

	2026	2027	2028	2029	2030	Thereafter	Sinking Fund
General Fund	\$ 739	\$ 578	\$ 565	\$ 329	\$ 315	\$ 21	\$ 2,196
Sewer Fund	652	652	612	344	108	1,410	2,749
Water Fund	1,153	996	996	862	731	10,634	7,281
	<u>\$ 2,544</u>	<u>\$ 2,226</u>	<u>\$ 2,173</u>	<u>\$ 1,535</u>	<u>\$ 1,154</u>	<u>\$ 12,065</u>	<u>\$ 12,226</u>

Long term debt is secured by the assets of the City. The Long Term Debt is held by the Municipal Finance Authority. The principal payments are invested by the Municipal Finance Authority into a Sinking Fund. The principal repayments are currently estimated at between 3-3.75%. The 2025 earnings in the Sinking Fund were calculated to be \$1,448,456 and are included in Other Revenue on the Consolidated Statement of Operations.

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

9. Debt Issued and Outstanding

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2025 Payments	
										Interest	Principal
General Fund											
2004-11	1108/2004	93	06-Apr-05	Wine Information Centre	\$ 800,000	\$ -	20	2025	5.100	\$ 1,282	\$ 50,278
2004-20	1108-2004	93	06-Apr-05	Integrated Waterfront	520,000	-	20	2025	5.100	833	32,681
2004-21	614/2005	95	13-Oct-05	Youth Park	150,000	-	20	2025	0.910	1,365	6,112
2005-18	615/2005	95	13-Oct-05	Integrated Waterfront	825,000	-	20	2025	0.910	7,508	33,618
2006-15	17/17/2006	99	07-Nov-06	Road Works-Fairview/Ind	1,595,000	112,849	20	2026	1.530	24,404	53,563
2006-17	17/17/2006	99	07-Nov-06	Sportsfields	3,200,000	226,405	20	2026	1.530	48,960	107,462
2006-33	273/2007	102	02-Nov-07	Integrated Waterfront '06	350,000	48,239	20	2027	3.900	13,650	13,143
2006-76	024/2008	103	23-Apr-08	Wellness Centre	3,000,000	612,588	20	2028	3.790	113,700	100,745
2007-41	333/2008	104	20-Nov-08	Cemetery-Columbarium	2,500,000	510,490	20	2028	4.300	107,500	83,954
2007-52	333/2008	104	20-Nov-08	Indoor Soccer Facility	1,000,000	204,196	20	2028	4.300	43,000	33,582
2007-57	333/2008	104	20-Nov-08	Integrated Waterfront	530,000	108,224	20	2028	4.300	22,790	17,798
2007-52	638/2009	106	13-Oct-09	Indoor Soccer Facility	415,000	110,844	20	2029	4.100	17,015	13,936
2007-52	15/30/2010	110	08-Apr-10	Indoor Soccer Ph2	586,000	189,869	20	2030	3.380	13,654	21,542
2009-14	15/30/2010	110	08-Apr-10	Pool Upgrades	7,400,000	2,397,659	20	2030	3.380	172,420	272,037
2007-52	B25/2011	116	04-Apr-11	Indoor Soccer Facility	135,000	51,622	20	2031	1.470	1,985	4,963
2009-43	B25/2011	116	04-Apr-11	Road Works-Smythe Dr	447,000	170,927	20	2031	1.470	6,571	16,432
					<u>23,453,000</u>	<u>4,743,912</u>				<u>596,637</u>	<u>861,846</u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2026

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

9. Debt Issued and Outstanding continued

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2025 Payments	
										Interest	Principal
Water Fund											
2006-07	17/07/2006	99	07-Nov-06	Naramata Rd. Upgrade	4,670,000	330,411	20	2026	1.530	71,451	156,827
2007-83	333/2008	104	20-Nov-08	Water Filtration Plant	4,000,000	816,784	20	2028	4.300	172,000	134,327
2007-83	638/2009	106	13-Oct-09	Water Filtration Plant	3,900,000	1,041,667	20	2029	4.100	159,900	130,969
2022-33	394/2022	159	13-Jun-23	Ridgedale Reservoir	4,700,000	4,365,085	20	2043	4.150	195,050	164,496
2022-32	24/2025	166	25-Jun-25	Penticton Ave PRV	5,100,000	5,100,000	20	2045	4.130	105,315	-
2025-03	03/2025	167	22-Oct-25	Ellis 4 Dam	11,000,000	11,000,000	20	2045	3.730	-	-
					<u>33,370,000</u>	<u>22,653,947</u>				<u>703,716</u>	<u>586,619</u>
Sewer Fund											
2006-61	273/2007	102	02-Nov-07	Septage Handling Facility	1,050,000	144,717	20	2027	3.900	40,950	39,429
2008-10	332-2008	104	02-Nov-07	Sewer System Upgrade	8,000,000	1,633,568	20	2028	4.300	344,000	268,654
2008-10	638-2009	106	13-Oct-09	Sewer Plant Expansion	7,000,000	1,869,658	20	2029	4.100	287,000	235,072
2022-31	394-2022	159	13-Jun-23	AWWTP	3,100,000	2,879,099	20	2043	4.150	128,650	108,498
					<u>19,150,000</u>	<u>6,527,042</u>				<u>800,600</u>	<u>651,653</u>
					<u>\$ 75,973,000</u>	<u>\$ 33,924,901</u>				<u>\$ 2,100,953</u>	<u>\$ 2,100,118</u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2026

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

10. Asset Retirement Obligations

The City owns and operates several assets that are known to have asbestos and lead paint, which represent a health hazard upon demolition or renovation of the assets. There is a legal obligation to remove and dispose of the hazardous materials when it is disturbed. The City has recognized an obligation relating to the removal of the hazardous materials.

The value of the obligation is management's best estimate and has been inflated using an inflation rate of 2.40% (2024 - 1.80%) and discounted using the City's average borrowing rate of 4.13% (2024 - 4.05%). The timing of these expenditures is estimated to occur between 2026 and 2072 with the regular replacement renovation, or disposal of assets. No recoveries are expected at this time.

	2025	2024
Opening Asset Retirement Obligation	\$ 5,061,034	\$ 2,887,942
Increase due to Change in Estimates	156,099	1,688,981
Increase due to Accretion	140,743	457,816
Increase due to Additions	30,950	26,295
Decrease due to Settlement	(93,914)	-
	<u>\$ 5,294,912</u>	<u>\$ 5,061,034</u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2026

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

11. Tangible Capital Assets

The City of Penticton budgets for Tangible Capital Assets (TCA) as well as non-operating repairs and maintenance through the capital budget. During the year, the City incurred \$43,539,266 of expenditures that fall within the Capital Budget. Of this amount, \$35,138,964 met the TCA capitalization policy criteria while the remaining \$8,400,302 was expensed due to the expenditure being outside the TCA capitalization policy criteria or they were related to repairs and maintenance.

	Land	Buildings	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2025 Total
COST									
Opening Balance	\$ 55,957,078	\$ 177,714,393	\$ 66,643,740	\$ 62,338,079	\$ 67,038,778	\$ 91,696,118	\$112,979,452	\$ 22,840,641	\$ 657,208,279
Add: Additions	503,479	5,033,664	3,639,889	330,882	13,956,107	760,961	1,807,264	9,106,718	35,138,964
Add: Additions due to ARO (Note 10)	-	187,049	-	-	-	-	-	-	187,049
Add: Trsf to/from Construction in Progress	-	3,072,511	1,862,833	-	11,156,751	490,952	943,386	(17,526,433)	-
Add: Contributed Assets	688,000	-	768,000	-	-	-	-	-	1,456,000
Less: Disposals	-	113,991	1,112,850	-	-	-	-	-	1,226,841
Re-classification	-	-	-	-	-	-	-	(117,798)	(117,798)
	<u>57,148,557</u>	<u>185,893,626</u>	<u>71,801,612</u>	<u>62,668,961</u>	<u>92,151,636</u>	<u>92,948,031</u>	<u>115,730,102</u>	<u>14,303,128</u>	<u>692,645,653</u>
ACCUMULATED AMORTIZATION									
Opening Balance	-	106,382,483	44,038,005	18,833,913	25,913,241	51,567,482	69,437,576	-	316,172,700
Add: Amortization	-	5,616,550	3,938,524	1,280,385	1,380,489	2,063,256	3,007,989	-	17,287,193
Less: Acc Amortization on Disposals	-	81,796	1,108,850	-	-	-	-	-	1,190,646
	<u>-</u>	<u>111,917,237</u>	<u>46,867,679</u>	<u>20,114,298</u>	<u>27,293,730</u>	<u>53,630,738</u>	<u>72,445,565</u>	<u>-</u>	<u>332,269,247</u>
Net Book Value for Year Ended Dec. 31, 2025	<u>\$ 57,148,557</u>	<u>\$ 73,976,389</u>	<u>\$ 24,933,933</u>	<u>\$ 42,554,663</u>	<u>\$ 64,857,906</u>	<u>\$ 39,317,293</u>	<u>\$ 43,284,537</u>	<u>\$ 14,303,128</u>	<u>\$ 360,376,406</u>

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

11. Tangible Capital Assets continued

	Land	Buildings	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction In Progress	2024 Total
COST									
Opening Balance	\$ 55,598,373	\$ 173,775,017	\$ 61,941,126	\$ 60,897,256	\$ 65,561,081	\$ 86,490,294	\$105,519,305	\$ 12,572,917	\$ 622,355,369
Add: Additions	609,779	1,309,033	4,934,773	1,148,266	814,976	3,552,088	2,902,910	18,407,582	33,679,407
Add: Additions due to ARO recognition (Note 10)	-	1,715,276	-	-	-	-	-	-	1,715,276
Add: Trsf to/from Construction in Progress	-	663,993	51,672	292,557	662,721	1,653,736	4,557,237	(7,881,916)	-
Less: Disposals	-	-	283,831	-	-	-	-	-	283,831
Re-classification	(251,074)	251,074	-	-	-	-	-	(257,942)	(257,942)
	<u>55,957,078</u>	<u>177,714,393</u>	<u>66,643,740</u>	<u>62,338,079</u>	<u>67,038,778</u>	<u>91,696,118</u>	<u>112,979,452</u>	<u>22,840,641</u>	<u>657,208,279</u>
ACCUMULATED AMORTIZATION									
Opening Balance	-	100,376,116	40,806,882	17,578,349	24,870,741	49,519,964	66,211,138	-	299,363,190
Add: Amortization	-	6,006,367	3,504,954	1,255,564	1,042,500	2,047,518	3,226,438	-	17,083,341
Less: Acc Amortization on Disposals	-	-	273,831	-	-	-	-	-	273,831
	<u>-</u>	<u>106,382,483</u>	<u>44,038,005</u>	<u>18,833,913</u>	<u>25,913,241</u>	<u>51,567,482</u>	<u>69,437,576</u>	<u>-</u>	<u>316,172,700</u>
Net Book Value for Year Ended Dec. 31, 2024	<u>\$ 55,957,078</u>	<u>\$ 71,331,910</u>	<u>\$ 22,605,735</u>	<u>\$ 43,504,166</u>	<u>\$ 41,125,537</u>	<u>\$ 40,128,636</u>	<u>\$ 43,541,876</u>	<u>\$ 22,840,641</u>	<u>\$ 341,035,579</u>

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

12. Credit Facilities

The City holds a \$5,000,000 line of credit with the Valley First Credit Union. This line of credit has a borrowing rate of prime 4.5% (2024 - 5.5%) and is secured by promissory note as indicated in the Revenue Anticipation Borrowing Bylaw 2011 No. 5003.

As of December 31, 2025 there was no balance outstanding (2024 - \$NIL).

13. Municipal Finance Authority

Cash Deposits and Demand Notes - The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debt proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debt borrowing whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Proceeds on loan requests are 98.40% of the gross amount of the loan. 1% is deducted by the MFA for security against loan default (this is held in trust by the MFA in its Debt Reserve Fund and will be refunded to clients, with interest, at loan expiry). The remaining 0.60% is deducted as an issue expense to cover the costs of administering the Debt Reserve Fund.

As at December 31, 2025 the Debt Reserve Fund demand note requirements were \$2,142,094 (2024 - \$1,775,256). In addition, cash deposits totaling \$1,054,361 (2024 - \$907,349) were held by the MFA.

THE CITY OF PENTICTON
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2025

14. Budget

The Financial Plan (Budget) Bylaw No. 2024-40 adopted by Council on December 17, 2024 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget figures anticipated use of reserves accumulated in previous years to reduce current year expenditures in excess of current year revenues to Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Consolidated Statements of Operations and change in Consolidated Net Financial Assets represent the Financial Plan adopted by Council with adjustments as follows:

	<u>2025</u>
Financial Plan (Budget) Bylaw Surplus for the Year	\$ -
Add:	
Transfer to Funds/Reserves	38,840,450
Debt Principal Repayments	2,100,119
Budgeted Capital Expenditures - General	14,413,318
Budgeted Capital Expenditures - Electric	7,049,000
Budgeted Capital Expenditures - Sewer	3,541,300
Budgeted Capital Expenditures - Water	5,309,285
Less:	
Budgeted Transfers from Surplus	<u>56,873,828</u>
Budget Surplus per Consolidated Statement of Operations	<u><u>\$ 14,379,644</u></u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2025

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

15. Taxation

	<u>Budget</u>	<u>2025</u>	<u>2024</u>
Municipal Taxation			
Real Property	\$ 50,024,506	\$ 49,863,304	\$ 45,664,933
Special Assessments	87,230	87,228	87,228
Grants in Lieu	690,000	671,368	623,198
Total municipal taxation	<u>50,801,736</u>	<u>50,621,900</u>	<u>46,375,359</u>
Collections For other Governments			
School	21,006,098	21,965,146	20,895,033
Regional District	2,918,800	3,140,109	2,936,138
Regional Hospital	2,830,520	3,198,562	2,815,785
BC Assessment Authority	565,730	590,187	564,378
Total Collections for Other Taxing Authorities	<u>27,321,148</u>	<u>28,894,004</u>	<u>27,211,334</u>
Transfers to Other Governments	(27,321,148)	(28,892,078)	(27,210,187)
Supplemental Taxation Recovered (Remitted)	-	(1,926)	(1,147)
Net Taxation for Municipal Purposes	<u>\$ 50,801,736</u>	<u>\$ 50,621,900</u>	<u>\$ 46,375,359</u>

16. Transfers From Other Governments

	<u>2025</u>	<u>2024</u>
Community Building Fund (Gas Tax)	\$ 1,742,928	\$ 1,742,928
Capital Grants	4,465,662	8,560,985
Traffic Fine Revenue Sharing	394,000	377,000
Okanagan Basin Water Board Grants	218,719	173,697
Local Government Climate Action Program	-	554,023
Building Safer Communities	464,149	259,070
Library	242,057	227,225
Miscellaneous	400,209	646,052
	<u>\$ 7,927,724</u>	<u>\$ 12,540,980</u>

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025**

17. Other Revenue

Includes various revenue sources earned as part of normal business operations not reported elsewhere such as: investment income, Municipal and Regional District Tax Program income, gaming income, interest, penalties, licensing, rental income, non-government grants and donations.

18. Expenses by Object

	2025	2024
Salaries and Benefits	\$ 46,192,959	\$ 41,965,020
Goods and Services	71,766,794	64,199,302
Interest	2,389,656	2,111,111
Amortization	17,287,193	17,083,341
Accretion	140,743	457,816
Other Expenses	2,834,299	3,163,329
Vehicle & Equipment Maintenance	5,922,924	5,709,919
Policing Agreement	10,779,281	10,925,727
	<u>\$ 157,313,849</u>	<u>\$ 145,615,565</u>

19. Penticton Public Library

The establishment of a municipal public library in the City of Penticton Bylaw 2639 was passed December 8, 1969. The Bylaw indicates that the City exercises control over the Penticton Public Library and is required to fund its operations as per the Library Act. The Penticton Public Library assets as managed by the Library Board are recorded as assets of the City. The operations of the Penticton Public Library have been wholly consolidated by the City.

20. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

21. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in an asset in the future. The City's contractual rights arise because of contracts entered into for long-term land leases that grant rights to the City, upon termination of the lease, to any building(s) the tenant has constructed on the land. The following listing outlines the nature, amount, and timing for each of the City's contractual rights to future assets:

The Penticton Golf & Country Club

The Lease Agreement between The City of Penticton and The Penticton Golf & Country Club dated July 1, 2007, will result in the City gaining control of the Golf Clubhouse Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Golf Clubhouse Building to the City. This is a 26 year, 4 month Lease, due to expire in 2033.

Art Gallery of the South Okanagan (Inc. 9986)

The Lease Agreement between The City of Penticton and the Art Gallery of the South Okanagan (Inc. 9986) dated October 1, 1999, will result in the City gaining control of the Art Gallery Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Art Gallery Building to the City. The 5 year Lease expired in 2025 and the parties are currently working toward a further 5 year renewal.

Penticton Seniors' Drop-in Centre Society

The Lease Agreement between The City of Penticton and the Penticton Seniors' Drop-in Centre Society dated May 31, 2019, will result in the City gaining control of the Drop-In Centre Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Drop-In Centre Building to the City. This is a 20 year Lease, due to expire in 2039.

Gateway Casinos & Entertainment Limited

The Lease Agreement between The City of Penticton and Gateway Casinos & Entertainment Limited dated May 4, 2016, will result in the City gaining control of the Casino Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Casino Building to the City. This is a 20 year Lease, due to expire in 2036 with two 10-year extension options.

One Sky Community Resources Society

The Lease Agreement between the City of Penticton and One Sky Community Resources Society dated October 1, 2021, will result in the City gaining control of the Daycare Building upon expiry of the lease. The Lease Agreement grants the right of ownership of the Daycare Building to the City. This is a 60 year Lease, due to expire in 2081.

22. Financial Instruments

Financial Instrument Risk Management

The City is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the City's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The City is exposed to credit risk through its cash, accounts receivable, and portfolio investments.

The City manages its credit risk by selecting only investments that ensure preservation of capital and leveraging portfolio diversification. The City measures its exposure to credit risk based on portfolio constraints, credit ratings and exposure to asset classes. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as outlined in Notes 1 and 2. Accounts receivable arise primarily as a result of taxation, utilities, and grants receivable. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The City manages exposure to credit risk for portfolio investments by ensuring adequate diversification, including maintaining investments in the Municipal Finance Authority, which meets the investment requirements of Section 183 of the Community Charter of the Province of BC. As a result, the Municipality has reduced exposure to market or value risk.

Liquidity Risk

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with financial liabilities. The City is exposed to liquidity risk through its accounts payable and accrued liabilities, long-term debt, and investments.

The City manages this risk by selecting maturity dates that correspond to cash flow requirements. Also to help manage the risk, the City has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The City's five-year financial plan is approved by the Mayor and Council, which includes operational activities and capital investments. The City measures its exposure to liquidity risk based on financial forecasting and extensive budgeting.

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 the value of portfolio investments.

The City manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 9 for interest rates and maturity dates for long term debt.

THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

23. Cemetery Perpetual Trust Fund

The Cemetery Trust fund is established in accordance with the Cremation, Interment, and Funeral Services Act, to upkeep the cemetery grounds/facilities upon closure of the cemetery. As per legislation, current interest income earned on the Reserve balance may be used to offset cemetery operating and capital expenditures. Annual cemetery operating and capital expenditures are approved by Council through the annual budgeting process. The trust fund assets and liabilities are not included in the consolidated financial statements. At December 31, 2025, the balance of funds held in trust was \$1,472,417 (2024 - \$1,373,225).

24. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and electricity. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services

General Government operations are primarily funded by property taxation. This segment includes all of the revenues and expenses that relate to the operations of the City itself and cannot be directly attributed to one of the other specific segments including administration, financial services, human resources, information technology, and revenue and collections.

Protective Services

Protection is comprised of police services, fire protection, bylaw services, dog control and building and licensing services. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education.

Transportation Services

Transportation is responsible for the delivery of municipal public works services related to the City's public transit services, roads and maintenance, bridges, drainage systems, public works, street lighting and traffic control.

Environmental Health Services

Environmental services consists of providing waste disposal to citizens.

Public Health and Safety

Health services are comprised of public health services; this segment includes the operation of the City's Cemeteries.

Environmental Development Services

This segment includes city planning, land management, economic development and ensures all property development and land use is in line with City Bylaw's and policies and is in the best interest of the community.

24. Segmented Information continued

Recreation and Culture

This segment provides services meant to improve health and development of the City's citizens. Recreational programs and cultural programs like swimming and skating lessons are provided at the arenas, the aquatic centre and the community centre. Also, the City provides library services to assist with its citizens' informational needs and a museum that houses collections and artifacts. The segment also includes parks, land administration and the City's net contribution to the operations of the South Okanagan Events Centre.

Electrical Utility

The electrical supply system is responsible for distribution of electricity to the City's citizens and businesses. This segment includes all of the operating activities related to the supply of the City's electricity.

Sewer Utility

The City's sanitary sewer system collects, conveys and treats and disposes of domestic and industrial wastewater. This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the City.

Water Utility

The water utility is responsible for planning, designing, building and operating and maintaining the City's water system and includes all of the operating activities related to the treatment and distribution of water throughout the City.

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2025

THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2025

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Utility	Sewer Utility	Water Utility	2025 Total
REVENUE											
Taxation	\$ 50,621,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,621,900
Sales of Services	1,012,023	3,790,277	2,841,293	3,282,919	630,181	474,872	2,964,573	48,881,931	10,821,503	11,794,736	86,494,308
Government Grants and Transfers	2,177,019	242,136	985,906	-	-	502,770	3,654,863	-	218,719	146,311	7,927,724
Other Revenue	11,706,153	1,898,390	983	-	-	1,138,840	692,408	8,148	-	-	15,444,922
Other Contributions	268,487	-	1,058,782	-	-	-	22,875	924,394	1,467,602	3,250,987	6,993,127
Gain (Loss) on Disposal	(32,195)	-	-	-	-	-	-	-	-	-	(32,195)
Contributed Asset	1,456,000	-	-	-	-	-	-	-	-	-	1,456,000
	<u>67,209,387</u>	<u>5,930,803</u>	<u>4,886,964</u>	<u>3,282,919</u>	<u>630,181</u>	<u>2,116,482</u>	<u>7,334,719</u>	<u>49,814,473</u>	<u>12,507,824</u>	<u>15,192,034</u>	<u>168,905,786</u>
EXPENDITURE											
Salaries and Benefits	7,533,586	15,654,001	3,064,200	199,071	28,829	2,207,272	8,887,911	3,095,560	2,667,351	2,855,178	46,192,959
Goods and Services	5,913,857	1,724,672	5,363,685	2,283,093	297,942	2,053,481	7,756,895	40,554,960	2,727,727	3,090,482	71,766,794
Interest	223,184	-	31,797	-	107,500	-	458,161	-	792,159	776,855	2,389,656
Amortization	10,071,824	-	3,007,990	-	-	-	-	2,063,256	1,093,121	1,051,002	17,287,193
Accretion	140,743	-	-	-	-	-	-	-	-	-	140,743
Other Expenses	1,138,768	104,857	38,389	560	-	1,367,090	42,353	79,765	8,044	54,473	2,834,299
Vehicle & Equipment Maintenance	651,145	733,840	2,285,912	8,794	1,306	48	598,155	332,880	766,983	543,861	5,922,924
Policing Agreement	-	10,779,281	-	-	-	-	-	-	-	-	10,779,281
	<u>25,673,107</u>	<u>28,996,651</u>	<u>13,791,973</u>	<u>2,491,518</u>	<u>435,577</u>	<u>5,627,891</u>	<u>17,743,475</u>	<u>46,126,421</u>	<u>8,055,385</u>	<u>8,371,851</u>	<u>157,313,849</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41,536,280</u>	<u>\$ (23,065,848)</u>	<u>\$ (8,905,009)</u>	<u>\$ 791,401</u>	<u>\$ 194,604</u>	<u>\$ (3,511,409)</u>	<u>\$ (10,408,756)</u>	<u>\$ 3,688,052</u>	<u>\$ 4,452,439</u>	<u>\$ 6,820,183</u>	<u>\$ 11,591,937</u>

**THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2024**

	<u>General Government Services</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Health Services</u>	<u>Public Health and Safety</u>	<u>Environmental Development Services</u>	<u>Recreation and Culture</u>	<u>Electrical Utility</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>2024 Total</u>
REVENUE											
Taxation	\$ 46,375,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,375,359
Sales of Services	1,879,684	3,395,221	2,358,202	3,117,034	562,254	295,020	2,756,800	45,913,649	9,533,595	10,970,737	80,782,196
Government Grants and Transfers	2,211,252	165,982	855,243	-	-	847,420	1,144,930	19,880	173,697	7,122,576	12,540,980
Other Revenue	12,622,817	2,092,632	136	-	-	1,338,507	221,551	9,675	-	-	16,285,318
Other Contributions	426,710	51,261	1,442,298	-	-	-	81,004	1,271,707	1,530,602	1,389,372	6,192,954
Gain (Loss) on Disposal	-	-	-	-	-	-	24,190	-	-	-	24,190
	<u>63,515,822</u>	<u>5,705,096</u>	<u>4,655,879</u>	<u>3,117,034</u>	<u>562,254</u>	<u>2,480,947</u>	<u>4,228,475</u>	<u>47,214,911</u>	<u>11,237,894</u>	<u>19,482,685</u>	<u>162,200,997</u>
EXPENDITURE											
Salaries and Benefits	6,202,320	15,400,471	2,704,062	156,836	30,133	2,021,388	8,205,789	2,683,775	2,135,706	2,424,540	41,965,020
Goods and Services	4,865,078	1,497,862	4,523,286	1,990,907	322,251	1,756,145	6,242,790	38,277,219	2,022,471	2,701,293	64,199,302
Interest	290,010	-	44,794	-	107,500	-	422,109	-	699,993	546,705	2,111,111
Amortization	10,026,866	-	3,226,439	-	-	-	-	2,047,518	1,072,765	709,753	17,083,341
Accretion	457,816	-	-	-	-	-	-	-	-	-	457,816
Other Expenses	1,646,281	102,518	18,216	320	-	1,238,468	65,513	37,776	3,146	51,091	3,163,329
Vehicle & Equipment Maintenance	569,356	659,217	2,351,559	7,864	1,368	56	661,420	258,120	711,735	489,224	5,709,919
Policing Agreement	-	10,925,727	-	-	-	-	-	-	-	-	10,925,727
	<u>24,057,727</u>	<u>28,585,795</u>	<u>12,868,356</u>	<u>2,155,927</u>	<u>461,252</u>	<u>5,016,057</u>	<u>15,597,621</u>	<u>43,304,408</u>	<u>6,645,816</u>	<u>6,922,606</u>	<u>145,615,565</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,458,095</u>	<u>\$(22,880,699)</u>	<u>\$ (8,212,477)</u>	<u>\$ 961,107</u>	<u>\$ 101,002</u>	<u>\$ (2,535,110)</u>	<u>\$ (11,369,146)</u>	<u>\$ 3,910,503</u>	<u>\$4,592,078</u>	<u>\$ 12,560,079</u>	<u>\$ 16,585,432</u>

THE CITY OF PENTICTON
GENERAL REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	2025 Budget	2025	2024
Revenue			
Taxation	\$ 50,801,736	\$ 50,621,900	\$ 46,375,359
Sales of Services	21,408,426	21,873,089	20,875,687
Government Grants and Transfers	3,460,990	3,243,343	3,878,661
Transfer From Other Funds/Reserves	2,862,837	8,407,429	7,699,243
Other Revenue	11,297,382	15,300,225	16,275,642
Other Contributions	268,487	1,350,144	2,001,276
Sale of Assets	30,000	(32,194)	24,190
Collections for Other Governments	27,321,148	28,894,004	27,211,334
	<u>117,451,006</u>	<u>129,657,940</u>	<u>124,341,392</u>
Expenditure			
Salaries and Benefits	35,441,148	38,183,806	35,278,118
Goods and Services	23,259,003	27,793,329	23,541,116
Interest	512,783	820,643	864,413
Principal Payments	861,847	861,847	949,378
Other Expenses	2,663,050	2,692,016	3,071,315
Vehicle & Equipment Maintenance	3,721,524	4,279,199	4,250,840
Policing Agreement	12,585,000	10,779,281	10,925,727
Transfer to Other Funds/Reserves	11,085,503	15,456,480	17,688,800
Transfers to Other Governments	27,321,148	28,892,078	27,210,187
	<u>117,451,006</u>	<u>129,758,679</u>	<u>123,779,894</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(100,739)</u>	<u>561,498</u>
CHANGE IN FUND BALANCES	-	(100,739)	561,498
FUND BALANCES, BEGINNING OF YEAR	10,892,792	10,892,792	10,331,294
FUND BALANCES, END OF YEAR	<u>\$ 10,892,792</u>	<u>\$ 10,792,053</u>	<u>\$ 10,892,792</u>

THE CITY OF PENTICTON
 RESERVE FUNDS
 STATEMENT OF FINANCIAL POSITION
 YEAR ENDED DECEMBER 31, 2025
 (UNAUDITED)

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 65,556,891	\$ 64,691,940
Add		
Transfers from:		
Revenue Funds	28,477,425	21,795,456
Interest Earned	1,907,931	3,292,715
Deduct		
Transfers to:		
Capital Funds	22,657,842	24,163,389
Revenue Funds	99,597	59,831
	<u>\$ 73,184,808</u>	<u>\$ 65,556,891</u>
 STATUTORY RESERVE FUND BALANCES		
Affordable Housing Reserve	212,785	274,483
Alternative Transportation Reserve	256,584	248,603
Asset Sustainability Reserve	11,864,273	11,180,532
Capital Reserve	3,133,821	1,235,306
Community Works Reserve	2,555,005	2,762,362
Electric Capital Reserve	11,899,424	9,291,897
Equipment Replacement Reserve	8,163,045	7,567,128
Growing Communities Reserve	5,073,589	6,455,377
Land Acquisition Reserve	255,250	742,963
Local Improvement Reserve	1,497,495	1,437,478
Off-Street Parking Reserve	134,252	130,074
Parkland Acquisition Reserve	365,228	283,482
Public Amenity Reserve	94,642	132,643
Sewer Capital Reserve	12,807,883	9,840,717
Tax Sale Lands Reserve	9,428	9,135
Water Capital Reserve	14,862,104	13,964,711
Balance, End of Year	<u>\$ 73,184,808</u>	<u>\$ 65,556,891</u>

THE CITY OF PENTICTON
RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	Balance, Beginning of Year	Transfers In	Interest Earned	Transfers Out	2025 Total
Reserve					
Affordable Housing	\$ 274,483	\$ -	\$ 7,698	\$ (69,397)	\$ 212,784
Alternate Transportation	248,603	-	7,980	-	256,583
Asset Sustainability	11,180,532	2,427,516	364,026	(2,107,799)	11,864,275
Capital	1,235,306	1,895,225	39,079	(35,789)	3,133,821
Community Works	2,762,362	1,742,928	83,996	(2,034,283)	2,555,003
Electric Capital	9,291,897	8,360,000	277,177	(6,029,649)	11,899,425
Equipment Replacement	7,567,128	1,302,602	248,481	(955,166)	8,163,045
Growing Communities	6,455,377	-	182,117	(1,563,905)	5,073,589
Land Acquisition	742,963	-	15,768	(503,479)	255,252
Local Improvement	1,437,478	13,654	46,362	-	1,497,494
Off-Street Parking	130,074	-	4,175	-	134,249
Parkland Acquisition	283,482	71,500	10,247	-	365,229
Public Amenity	132,643	-	3,590	(41,590)	94,643
Sewer Capital	9,840,717	6,314,000	232,577	(3,579,411)	12,807,883
Tax Sale Lands	9,135	-	293	-	9,428
Water Capital	13,964,711	6,350,000	384,365	(5,836,971)	14,862,105
	\$ 65,556,891	\$ 28,477,425	\$ 1,907,931	\$ (22,757,439)	\$ 73,184,808

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2026

THE CITY OF PENTICTON
RESERVES
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	Balance, Beginning of Year	Transfers In	Transfers Out	Interest	Inter-fund (Borrowing)/ Repayment	2025 Total
Non-Statutory						
Asset Emergency	\$ 2,596,804	\$ 22,875	\$ (851,168)	\$ -	\$ -	\$ 1,768,511
Cemetery Land	133,000	-	-	-	-	133,000
Climate Action	642,349	-	(325,097)	-	-	317,252
Election	75,000	37,500	-	-	-	112,500
Electric Surplus	9,692,994	-	(5,370,322)	-	665,000	4,987,672
Financial Stabilization	3,244,432	-	(370,013)	-	-	2,874,419
Gaming	1,361,824	1,445,800	(1,609,823)	-	-	1,197,801
General Surplus	10,892,792	-	(100,739)	-	-	10,792,053
Marinas	546,542	63,759	(65,000)	-	-	545,301
Multi-Material BC	1,951,908	641,539	(429,000)	-	-	2,164,447
Online Accommodation Platform	641,941	258,007	-	-	-	899,948
Parking & Revitalization	51,765	-	-	-	-	51,765
RCMP	1,059,662	-	-	-	-	1,059,662
Sewer Equipment Replacement	350,000	76,115	(76,115)	-	-	350,000
Sewer Surplus	4,865,865	-	(1,625,197)	-	-	3,240,668
Storm Water	1,219,619	1,049,492	(257,508)	-	-	2,011,603
Urban Forest	13,750	-	-	-	-	13,750
Water Surplus	3,191,303	771,787	-	-	-	3,963,090
West Bench Capital	1,185,185	-	-	-	-	1,185,185
West Bench Water	1,096,704	-	(78,336)	-	-	1,018,368
	44,813,439	4,366,874	(11,158,318)	-	665,000	38,686,995
Statutory	65,556,891	28,477,425	(22,757,439)	1,907,931	-	73,184,808
DCC	18,268,378	3,525,821	(4,956,997)	563,445	-	17,400,647
	<u>\$ 128,638,708</u>	<u>\$ 36,370,120</u>	<u>\$ (38,872,754)</u>	<u>\$ 2,471,376</u>	<u>\$ 665,000</u>	<u>\$ 129,272,450</u>

* Inter-fund borrowing to be repaid by general fund (2024-2034)

THE CITY OF PENTICTON
 RESERVE
 GROWING COMMUNITIES RESERVE FUND
 YEAR ENDED DECEMBER 31, 2025
 (UNAUDITED)

	<u>2025</u>	<u>2024</u>
GROWING COMMUNITIES RESERVE FUND		
Balance, Beginning of Year	\$ 6,455,377	\$ 7,276,715
Interest	182,117	316,964
Deduct Eligible Costs:		
Arena Feasibility Study	30,200	29,860
Baseball Diamonds	116,058	-
City Hall Elevator Refurbishment	-	92,096
Cleland Theatre Lighting	200,000	-
Decorative Seasonal Lighting	113,955	72,714
Engineering Intersection Design	30,035	44,706
Fire Hall 2 - Garage	-	246,500
Hallway Flooring - SOEC	28,860	-
Kiwanis Walking Pier	34,018	58,445
Lake to Lake	75,071	-
Lawn Bowling Club House	34,430	-
Leir House	78,605	-
Safety Village	68,822	-
Skaha Pickleball Courts	130,326	-
Skaha Splash Pad	595,525	-
Skate & Basketball Court Lighting	-	400,000
Soccer Facility - Roof	28,000	193,981
	<u>1,563,905</u>	<u>1,138,302</u>
Balance, End of Year	<u>\$ 5,073,589</u>	<u>\$ 6,455,377</u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2026

THE CITY OF PENTICTON
SEWER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	2025 Budget	2025	2024
Revenue			
Sales of Services	\$ 10,960,090	\$ 10,925,503	\$ 9,637,595
Government Grants and Transfers	152,338	218,719	173,697
Other Contributions	1,258,132	1,467,602	1,530,602
Transfer From Other Funds/Reserves	651,653	6,302,771	2,746,960
	<u>13,022,213</u>	<u>18,914,595</u>	<u>14,088,854</u>
Expenditure			
Salaries and Benefits	2,647,012	2,667,352	2,135,707
Goods and Services	2,811,871	4,009,321	3,153,416
Interest	800,600	792,159	699,993
Principal Payments	651,653	651,653	651,653
Other Expenses	-	8,044	3,146
Vehicle & Equipment Maintenance	880,204	766,983	711,735
Transfer to Other Funds/Reserves	5,230,873	11,644,280	5,403,673
	<u>13,022,213</u>	<u>20,539,792</u>	<u>12,759,323</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(1,625,197)</u>	<u>1,329,531</u>
CHANGE IN FUND BALANCES	-	(1,625,197)	1,329,531
FUND BALANCES, BEGINNING OF YEAR	4,865,865	4,865,865	3,536,334
FUND BALANCES, END OF YEAR	<u>\$ 4,865,865</u>	<u>\$ 3,240,668</u>	<u>\$ 4,865,865</u>

THE CITY OF PENTICTON
WATER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	2025 Budget	2025	2024
Revenue			
Sales of Services	\$ 11,550,739	\$ 11,855,736	\$ 11,029,737
Transfer From Other Funds/Reserves	1,309,699	5,410,787	4,334,784
Other Contributions	609,621	3,250,987	1,389,372
	<u>13,470,059</u>	<u>20,517,510</u>	<u>16,753,893</u>
Expenditure			
Salaries and Benefits	2,518,077	2,855,177	2,424,539
Goods and Services	3,411,655	4,345,863	3,889,139
Interest	708,051	776,855	546,705
Principal Payments	586,619	586,619	586,619
Other Expenses	32,700	54,473	51,091
Vehicle & Equipment Maintenance	449,576	543,861	489,224
Transfer to Other Funds/Reserves	5,763,381	10,582,875	10,935,809
	<u>13,470,059</u>	<u>19,745,723</u>	<u>18,923,126</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>771,787</u>	<u>(2,169,233)</u>
CHANGE IN FUND BALANCES	-	771,787	(2,169,233)
FUND BALANCES, BEGINNING OF YEAR	3,191,303	3,191,303	5,360,536
FUND BALANCES, END OF YEAR	<u>\$ 3,191,303</u>	<u>\$ 3,963,090</u>	<u>\$ 3,191,303</u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2025

THE CITY OF PENTICTON
ELECTRIC REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	2025 Budget	2025	2024
Revenue			
Sales of Services	\$ 51,973,395	\$ 49,116,129	\$ 46,134,756
Government Grants and Transfers	-	-	19,880
Other Revenue	10,930	8,148	9,675
Other Contributions	-	924,394	1,271,707
Transfer From Other Funds/Reserves	4,008,683	7,310,756	8,024,276
	<u>55,993,008</u>	<u>57,359,427</u>	<u>55,460,294</u>
Expenditure			
Salaries and Benefits	2,309,627	3,095,560	2,683,775
Goods and Services	40,533,751	42,285,494	39,954,092
Other Expenses	58,500	79,765	37,776
Vehicle & Equipment Maintenance	287,030	332,880	258,120
Transfer to Other Funds/Reserves	12,804,100	16,936,050	15,361,715
	<u>55,993,008</u>	<u>62,729,749</u>	<u>58,295,478</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(5,370,322)</u>	<u>(2,835,184)</u>
CHANGE IN FUND BALANCES	-	(5,370,322)	(2,835,184)
FUND BALANCES, BEGINNING OF YEAR	15,454,666	15,454,666	18,289,850
FUND BALANCES, END OF YEAR	<u>\$ 15,454,666</u>	<u>\$ 10,084,344</u>	<u>\$ 15,454,666</u>

THE CITY OF PENTICTON
 STORM WATER
 STATEMENT OF REVENUE AND EXPENDITURE
 YEAR ENDED DECEMBER 31, 2025
 (UNAUDITED)

	2025 Budget	2025	2024
REVENUE			
Sales of Services	\$ 1,964,700	\$ 1,998,147	\$ 1,511,321
EXPENDITURE			
Salaries and Benefits	341,340	355,965	282,823
Goods and Services	248,425	225,047	155,290
Vehicle & Equipment Maintenance	46,500	28,135	31,440
Transfer to Other Funds/Reserves	1,328,435	339,508	414,417
	<u>1,964,700</u>	<u>948,655</u>	<u>883,970</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 1,049,492</u>	<u>\$ 627,351</u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2025

THE CITY OF PENTICTON
 CEMETERY PERPETUAL TRUST FUND
 YEAR ENDED DECEMBER 31, 2025
 (UNAUDITED)

	2025	2024
ASSETS		
Bank Term Deposits	\$ 1,324,892	\$ 1,255,822
Add:		
Due From General Revenue Fund	147,525	117,403
	<u>\$ 1,472,417</u>	<u>\$ 1,373,225</u>
SURPLUS		
Balance, Beginning of Year	\$ 1,373,225	\$ 1,279,463
Add:		
Care Fund Contributions	60,101	58,103
Interest Earned	69,091	65,659
	<u>129,192</u>	<u>123,762</u>
Deduct:		
Cemetery Maintenance	30,000	30,000
Balance, End of Year	<u>\$ 1,472,417</u>	<u>\$ 1,373,225</u>

DRAFT FOR DISCUSSION - COUNCIL MAY 5, 2026