



**Financial Statements**  
**For the year ended December 31, 2023**

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## Management's Responsibility for Financial Reporting

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The accompanying financial statements of the Regional District of Central Okanagan are the responsibility of management and have been approved by the Chairperson on behalf of the Board.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the financial statements are based on management's best estimates and judgements. Actual results could differ as additional information becomes available in the future. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Regional District of Central Okanagan maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Board's assets are appropriately accounted for and adequately safeguarded.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report.

The financial statements have been audited by external auditors BDO Canada LLP Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Board. The independent auditor's report expresses their opinion on these financial statements. The external auditors have full and free access to the accounting records and to the Board of the Regional District of Central Okanagan.

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Chief Administrative Officer

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Director of Financial Services  
April 25, 2024



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

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

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## Independent Auditor's Report

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### To the Directors of the Regional District of Central Okanagan

#### Opinion

We have audited the financial statements of the Regional District of Central Okanagan (the "Regional District"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, change in net financial assets and remeasurement gains, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2023, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Regional District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information included in the annual report or the information included in exhibits 1 through 27 of the Regional District's financial statements.

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

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

In preparing the financial statements, management is responsible for assessing the Regional District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional District or to cease operations, or has no realistic alternative but to do so.

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants

Kelowna, British Columbia  
April 25, 2024

## Regional District of Central Okanagan Statement of Financial Position

December 31

	2023	Restated 2022
<b>Financial Assets</b>		
Cash (Note 2)	\$ 61,936,266	\$ 37,625,933
Portfolio Investments (Note 3)	21,442,859	22,118,857
Accounts receivable (Note 4)	7,310,722	6,100,150
Deposits - Municipal Finance Authority (Note 5)	8,914,676	9,077,555
Agreements due from members (Note 6)	105,588,116	115,755,943
	<b>205,192,639</b>	<b>190,678,438</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	7,236,094	6,140,284
Deferred revenue (Note 7)	443,034	460,447
Development cost charges (Note 8)	16,937,529	11,354,729
Reserve - Municipal Finance Authority (Note 5)	8,844,686	9,009,675
Long term debt (Note 9)	109,316,379	119,638,183
Asset retirement obligation (Note 10)	1,245,567	1,201,126
	<b>144,023,289</b>	<b>147,804,444</b>
<b>Net Financial Assets</b>	<b>61,169,350</b>	<b>42,873,994</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	547,974	439,876
Tangible capital assets (Note 11)	116,088,259	116,352,740
	<b>177,805,583</b>	<b>159,666,610</b>
<b>Accumulated remeasurement losses (Note 3)</b>	<b>(342,335)</b>	<b>-</b>
<b>Accumulated Surplus (Note 12)</b>	<b>\$ 178,147,918</b>	<b>\$ 159,666,610</b>

Approved on behalf of the Board:

Chair

## Regional District of Central Okanagan Statement of Operations

For the year ended December 31

	2023		Restated 2022
	Actual	Budget (Note 18)	Actual
<b>Revenues</b>			
Electoral area tax requisitions	\$ 5,247,519	\$ 5,253,357	\$ 4,460,512
Electoral area parcel taxes	528,734	538,393	479,953
Members' requisitions			
General	21,846,127	21,886,765	19,294,003
Parcel taxes	377,970	377,970	377,008
Debt services	14,065,492	12,621,896	12,409,144
Federal government grants	788,427	364,000	847,271
Provincial government grants	10,436,953	975,510	931,362
Sale of services to other governments	4,855,462	5,299,190	4,328,152
Sale of services to others	2,880,600	3,030,906	2,716,710
Water and sewer fees	8,562,740	8,465,728	7,792,222
Community Works Funds revenue (Note 17)	818,058	-	783,945
Contributions from others	24,000	727,800	55,900
Contributions from sewer DCC reserve	35,002	1,257,260	-
Other revenue	5,609,365	1,382,010	3,850,097
	<b>76,076,449</b>	<b>62,180,785</b>	<b>58,326,279</b>
<b>Expenses (Note 16)</b>			
General government services	836,975	1,207,532	1,780,584
Protective services	14,019,645	11,675,406	10,701,105
Transportation services	53,507	71,336	27,401
Environmental health services	8,049,790	8,453,174	7,249,279
Development services	4,621,086	4,939,016	4,419,860
Recreation and cultural services	7,355,901	6,819,429	6,657,860
Fiscal services	14,877,174	12,621,896	12,963,355
Water services	1,617,450	1,257,449	1,487,049
Sewer services	6,163,615	5,377,118	6,029,255
	<b>57,595,143</b>	<b>52,422,356</b>	<b>51,315,748</b>
<b>Annual Surplus</b>	<b>18,481,306</b>	<b>9,758,429</b>	<b>7,010,531</b>
<b>Accumulated surplus</b> , beginning of the year, as previously stated	<b>159,666,611</b>	<b>159,666,611</b>	<b>153,179,109</b>
Adoption of asset retirement obligations standard (Note 1)	-	-	(523,029)
<b>Accumulated surplus</b> , beginning of the year, as restated	<b>159,666,611</b>	<b>159,666,611</b>	<b>152,656,080</b>
<b>Accumulated surplus</b> , end of year	<b>\$ 178,147,917</b>	<b>\$ 169,425,040</b>	<b>\$ 159,666,611</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Regional District of Central Okanagan**  
**Statement of Change in Net Financial Assets and Remeasurement Losses**

**For the year ended December 31**

	<b>2023</b>	Restated 2022
<b>Annual Surplus</b>	<b>\$ 18,481,306</b>	<b>\$ 7,010,531</b>
Acquisition of tangible capital assets	<b>(4,074,734)</b>	(2,984,277)
Amortization of tangible capital assets	<b>4,317,948</b>	4,244,280
(Gain) loss on disposal of tangible capital assets	<b>(66,218)</b>	130,212
Proceeds from disposal of tangible capital assets	<b>87,487</b>	31,194
Acquisition of prepaid expenses	<b>(108,098)</b>	(253,958)
Net change in landfill closure cost	-	476,974
Net change in asset retirement obligations	-	(1,158,264)
Net remeasurement losses	<b>(342,335)</b>	-
	<b>18,295,356</b>	<b>7,496,692</b>
<b>Net Financial Assets, beginning of year</b>	<b>42,873,994</b>	<b>35,377,302</b>
<b>Net Financial Assets, end of year</b>	<b>\$ 61,169,350</b>	<b>\$ 42,873,994</b>
<b>Accumulated Remeasurement Loss, Beginning of Year</b>	<b>\$ -</b>	<b>\$ -</b>
Unrealized loss on investments	<b>(342,335)</b>	-
<b>Accumulated Remeasurement Loss, End of Year (Note 3)</b>	<b>\$ (342,335)</b>	<b>\$ -</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements



**Regional District of Central Okanagan  
Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2023</b>	(Restated) <b>2022</b>
<b>Cash provided by (used in)</b>		
<b>Operating Activities</b>		
Cash receipts from grants, other governments, and own sources	\$ 71,041,003	\$ 55,403,021
Cash paid to employees and suppliers	(32,083,303)	(30,354,707)
Interest paid	(6,039,008)	(5,241,708)
Interest received	3,693,991	1,440,466
Landfill closure cost payments from reserve	(59,747)	(28,162)
	<u>36,552,936</u>	<u>21,218,910</u>
<b>Capital Activities</b>		
Purchase of tangible capital assets	(4,074,734)	(2,984,277)
Proceeds from sale of tangible capital assets	87,487	31,194
	<u>(3,987,247)</u>	<u>(2,953,083)</u>
<b>Investing Activities</b>		
Net portfolio investments sold (purchased)	<u>738,896</u>	<u>(16,118,857)</u>
<b>Financing Activities</b>		
Net long term debt reduction	<u>(8,994,252)</u>	<u>(7,880,891)</u>
<b>Increase (decrease) in cash during year</b>	<b>24,310,333</b>	<b>(5,733,921)</b>
<b>Cash, beginning of the year</b>	<u><b>37,625,933</b></u>	<u><b>43,359,854</b></u>
<b>Cash, end of year</b>	<u><b>\$ 61,936,266</b></u>	<u><b>\$ 37,625,933</b></u>

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## Regional District of Central Okanagan Summary of Significant Accounting Policies

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<b>Nature of Business</b>	The Regional District of Central Okanagan (the "Regional District") provides local government services such as protective, transportation, environmental health, environmental development, parks, water, sewer, and other general government services.
<b>Basis of Presentation</b>	The financial statements of the Regional District are the representations of management and are prepared in accordance with Canadian Public Sector Accounting Standards
<b>Development Cost Charges</b>	Development Cost Charge ("DCC") levies are restricted by bylaw in their use and the revenue is deferred until the expenses are incurred. When DCC expenses are made, a corresponding amount is recorded as "Contribution from DCC reserve".
<b>Reserve Fund Balances</b>	The Regional District has appropriated certain funds for future capital expenses for specific projects or studies. Expenses from a reserve can only be made with approval from the Ministry or in accordance with bylaw directives.
<b>Government Transfers</b>	<p>Government transfers, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. The transfer of revenue is initially deferred and then recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>When the Regional District is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.</p>

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## Regional District of Central Okanagan Summary of Significant Accounting Policies

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### Financial Instruments

The Regional District has elected to measure other specific financial instruments at fair value, to correspond with how they are evaluated and managed. These financial instruments includes MFA bond portfolio and guaranteed investment certificates.

Cash and equity instruments quoted in an active market are measured at fair value. All other 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.

Unrealized gains and losses from changes in the fair value of financial instruments 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. Interest and dividends attributable to financial instruments are reported in the statement of operations.

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 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.

For portfolio measurements 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.

### Non-Financial Assets

Non-financial assets are held for use in the provision of services and are not normally available to discharge liabilities. 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 net surplus (deficit) for the year, provides the change in net debt for the year.

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## Regional District of Central Okanagan Summary of Significant Accounting Policies

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### Asset Retirement Obligations

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

- There is a legal obligation to incur retirement 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

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations and Accumulated Surplus and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Assets under construction are recorded at cost and are not amortized until the asset is complete and in use. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	5 - 20 years
Buildings	10 - 75 years
Fleet	5 - 15 years
Machinery and equipment	3 - 20 years
Sewer system	10 - 80 years
Water system	10 - 100 years

### 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 statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.

### Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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## Regional District of Central Okanagan Summary of Significant Accounting Policies

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### Revenue Recognition

Taxes are recognized as revenue in the year they are levied. Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of services and other revenue is recognized on an accrual basis. Contributions of capital assets are recognized when the transfer occurs.

## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 1. Change in Accounting Policy - Asset Retirement Obligations

Effective January 1, 2023, the Regional District adopted the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard was as follows:

	2022 Restated	2022 as Originally presented	Restatement
Landfill liability	\$ -	\$ 388,899	\$ (388,899)
Tangible capital assets - cost	<b>173,324,401</b>	173,057,938	266,463
Accumulated amortization - tangible capital assets	<b>56,971,661</b>	56,835,334	136,327
Asset retirement obligation	<b>1,201,126</b>	-	1,201,126
Beginning Accumulated surplus	<b>152,656,080</b>	153,179,109	(523,029)
Annual surplus	<b>7,010,531</b>	7,169,593	(159,062)
Amortization of tangible capital assets	<b>4,244,280</b>	4,216,152	28,128
Accretion expense	<b>42,856</b>	-	42,856

### 2. Cash

Cash is held in a financial institution earning interest at a rate of 5.34% (2022 - 2.53%) per annum.

Included in cash, a portion has been specifically set aside for internally and externally restricted reserves.

## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 3. Portfolio Investments

	2023		2022	
	Fair Market Value	Amortized Cost	Fair Market Value	Amortized Cost
Guaranteed investment certificates	\$ 15,355,247	\$ 15,355,247	\$ 16,000,000	\$ 16,000,000
MFA pooled investments fund	6,087,612	6,429,948	5,779,010	6,118,857
	<u>\$ 21,442,859</u>	<u>\$ 21,785,195</u>	<u>\$ 21,779,010</u>	<u>\$ 22,118,857</u>

Portfolio investments are all carried at fair market value. The difference between fair market value and amortized cost of \$342,335 reflects the accumulated remeasurement losses at the end of the year. The effective interest method is used to calculate the amortized cost of portfolio investments above.

Guaranteed investment certificates earn fixed rates of interest ranging from 5.98% to 6.10% (2.90% to 4.15% in 2022) with maturity dates ranging from July 23, 2024 to August 18, 2025 (July 27, 2023 to August 17, 2023 in 2022).

MFA pooled bond fund earn rates of return that are based on the market performance of the baskets of bonds, with no fixed rate of return.

### 4. Accounts Receivable

	2023	2022
Local governments and Hospital District	\$ 3,296,050	\$ 3,924,462
Provincial government	2,686,555	340,045
Other	<u>1,328,117</u>	<u>1,835,643</u>
	<u>\$ 7,310,722</u>	<u>\$ 6,100,150</u>

## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 5. Deposit / Reserve - Municipal Finance Authority

#### Deposits:

The MFA provides financing for regional districts and member municipalities. The MFA is required to establish a Debt Reserve Fund for each debenture issue equal to one-half the average annual instalment of principal and interest. The debt reserve fund is comprised of cash deposits equal to 1% of the principal amount borrowed and a non-interest bearing demand note for the remaining requirement. Cash deposits held by the MFA are payable with interest to the ultimate borrower when the final obligations under the respective loan agreements have been made.

If, at any time, the Regional District has insufficient funds to meet payments due on its obligations to the MFA, the payments will be made from the debt reserve fund. The demand notes are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund. At December 31, 2023, \$6,011,117 (2022 - \$6,143,123) in callable demand notes were outstanding and have not been recorded in the statement of financial position.

	Demand Notes	Cash Deposits	2023	2022
Regional District	\$ 73,324	\$ 70,163	\$ 143,487	\$ 141,380
Member Municipalities				
Kelowna	4,013,452	1,853,940	5,867,392	5,813,359
Peachland	271,497	152,290	423,787	634,822
Lake Country	775,559	369,538	1,145,097	1,133,958
West Kelowna	573,274	306,372	879,646	971,334
Okanagan Regional Library	304,011	151,255	455,267	382,702
	<u>\$ 6,011,117</u>	<u>\$ 2,903,558</u>	<u>\$ 8,914,676</u>	<u>\$ 9,077,555</u>

#### Reserves and Demand Notes:

The Regional District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are held by the Municipal Finance Authority as a debt reserve fund and demand notes. The balances at year end are as follows:

	2023	2022
Regional District Reserves	\$ 73,497	\$ 73,500
Member Municipalities Reserves and Demand Notes		
Kelowna	5,867,392	5,813,359
Peachland	423,787	634,822
Lake Country	1,145,097	1,133,958
West Kelowna	879,646	971,334
Okanagan Regional Library Reserves and Demand Notes	455,267	382,702
	<u>\$ 8,844,686</u>	<u>\$ 9,009,675</u>



## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 6. Agreements Due from Members

Agreements due from members become receivable on the same terms as payable to the Municipal Finance Authority (Note 9). The Regional District borrows funds upon its credit at large and shall, in the event of default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable.

	2023	2022
City of Kelowna	\$ 62,427,286	\$ 70,868,257
District of Lake Country	18,345,449	19,666,130
District of Peachland	10,203,197	10,900,789
City of West Kelowna	5,274,772	6,585,002
Okanagan Regional Library District	9,337,412	7,735,765
	<u>\$ 105,588,116</u>	<u>\$ 115,755,943</u>

### 7. Deferred Revenue

	2023	2022
Balance, beginning of the year	\$ 460,447	\$ 482,996
Receipts		
Business licenses	43,963	42,543
Conditional grants	399,071	417,904
Recognized as revenue	<u>(460,447)</u>	<u>(482,996)</u>
Balance, end of the year	<u>\$ 443,034</u>	<u>\$ 460,447</u>

## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 8. Development Cost Charges

During the year, the Regional District collected and recognized as revenue, development cost charges ("DCC's") as follows:

	2023	2022
Balance, beginning of the year	\$ 11,354,729	\$ 7,788,954
Interest earned	726,634	242,509
DCC's collected in the year	4,891,168	3,323,266
DCC's recognized as revenue	(35,002)	-
Balance, end of the year	<u>16,937,529</u>	<u>11,354,729</u>

Developmental cost charges are allocated as follows:

	2023	2022
Westside Sewer Plant	11,777,843	7,679,840
East Trunk Sewer	5,159,686	3,674,889
	<u>\$ 16,937,529</u>	<u>\$ 11,354,729</u>

# Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2023

## 9. Long Term Debt

### Municipal Finance Authority Agreements

Security Issuing By-law	Issue number	Purpose	Year of Maturity	Interest Rate	2023	2022
764	68	District of Peachland	2023	2.650	-	275,025
818	70	District of Lake Country	2024	5.745	<b>334,520</b>	654,549
1007	79	City of West Kelowna	2023	2.250	-	149,759
1023	80	City of Kelowna	2023	2.850	-	2,995
1069	85	City of Kelowna	2024	2.250	<b>270,877</b>	528,856
1070	85	City of West Kelowna	2024	2.250	<b>77,348</b>	151,013
1122	95	City of West Kelowna	2025	0.910	<b>570,083</b>	842,733
1122	95	Regional District - Ridgeview Fire Protection	2025	0.910	<b>29,783</b>	44,026
1123	95	District of Peachland	2030	0.910	<b>1,189,581</b>	1,340,307
1125	95	City of Kelowna	2025	0.910	<b>1,009,947</b>	1,492,968
1147	99	City of West Kelowna	2026	1.530	<b>268,108</b>	350,692
1175	101	City of West Kelowna	2027	3.390	<b>755,611</b>	930,962
1196	101	City of West Kelowna	2027	3.390	<b>371,159</b>	457,292
1196	101	Regional District - Lakeshore Road Improvements	2027	3.390	<b>21,270</b>	26,206
1212	102	City of Kelowna	2027	3.900	<b>7,541,572</b>	9,270,313
1212	104	City of Kelowna	2028	2.900	<b>655,146</b>	771,451
1219	103	City of West Kelowna	2028	3.220	<b>46,038</b>	54,211
1227	133	City of Kelowna	2025	2.750	<b>1,713,164</b>	2,526,545
1227	137	City of Kelowna	2026	2.600	<b>1,179,054</b>	1,545,796
1227	139	City of Kelowna	2026	2.100	<b>994,799</b>	1,307,272
1227	141	City of Kelowna	2028	2.800	<b>3,486,059</b>	4,295,051
1239	104	District of Lake Country	2028	2.900	<b>549,340</b>	646,862
1245	104	Okanagan Regional Library - District Admin Building	2028	2.900	<b>1,474,078</b>	1,735,765
1246	104	City of Kelowna	2028	2.900	<b>3,471,429</b>	4,087,698
1251	105	City of West Kelowna	2029	2.250	<b>3,186,425</b>	3,648,340
1252	105	District of Lake Country	2029	2.250	<b>192,863</b>	220,821
1252	105	District of Lake Country	2024	2.250	<b>80,026</b>	156,975
1285	114	District of Lake Country	2026	1.170	<b>59,473</b>	77,918
1286	114	District of Lake Country	2026	3.650	<b>91,003</b>	119,227
1292	117	City of Kelowna	2031	1.470	<b>986,574</b>	1,091,881
1293	117	City of Kelowna	2026	1.470	<b>944,123</b>	1,237,790
1310	121	Regional District - Upper Fintry Shalal Road & Valley of the Sun	2042	3.390	<b>3,677,211</b>	3,812,008
1329	126	District of Lake Country	2033	3.850	<b>638,591</b>	689,734
1337	127	District of Lake Country	2029	3.300	<b>209,963</b>	240,400
1350	130	City of Kelowna	2034	3.000	<b>222,391</b>	238,247
1362	133	District of Lake Country	2035	2.750	<b>1,777,998</b>	1,895,644
1363	133	City of Kelowna	2035	2.750	<b>13,598,452</b>	14,498,235
1363	137	City of Kelowna	2036	2.600	<b>12,323,500</b>	13,062,453

Carried forward

**\$ 63,997,559    \$ 74,478,020**

## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 9. Long Term Debt (continued)

#### Municipal Finance Authority Agreements

Security			Year of Maturity	Interest Rate	2023	2022
Issuing By-law	Issue number	Purpose				
Brought forward					\$ 63,997,559	\$ 74,478,020
1363	142	City of Kelowna	2037	3.150	2,277,821	2,407,250
1363	145	City of Kelowna	2038	3.150	1,091,287	1,148,253
1364	133	City of Kelowna	2035	2.750	10,198,839	10,873,677
1420	146	City of Kelowna	2038	3.200	38,516	40,527
1497	157	City of Kelowna	2041	3.360	423,736	441,000
1498	157	District of Peachland	2047	3.360	9,013,616	9,285,456
1499	157	District of Lake Country	2041	3.360	5,884,263	6,124,000
1500	157	Okanagan Regional Library - Regional District	2051	3.360	5,863,334	6,000,000
1504	158	District of Lake Country	2042	4.090	8,527,408	8,840,000
1535	160	Okanagan Regional Library - Regional District	2053	4.970	2,000,000	-
Total long term debt					\$ 109,316,379	\$ 119,638,183

Future principal repayments on existing long-term debt for the next five years and thereafter:

2024	\$	12,346,230
2025		11,978,549
2026		10,644,170
2027		9,750,223
2028		6,786,228
Thereafter		<u>57,810,979</u>
	\$	<u>109,316,379</u>

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## Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2023

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### 10. Asset Retirement Obligations

The Regional District's asset retirement obligation consists of the following obligations:

#### a) Asbestos obligation

The Regional District owns and operates several buildings that are known or suspected to have asbestos which represents a health hazard upon remediation, that creates a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Regional District recognized an obligation relating to the removal of the asbestos in these buildings as estimated at January 1, 2022. The buildings all have an estimated useful life of 40 to 80 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 3.7% (2022 – 3.7%) and inflation rate of 1.99% (2022 - 1.99%) per annum

#### b) Lease agreements

The Regional District entered into a lease agreement for the use of land as a regional park. The leases require that the Regional District perform retirement activities upon termination of the agreements. The lease term is 5 years. Estimated costs have been discounted to the present value using a discount rate of 3.7% per annum (2022 – 3.7%) and inflation rate of 1.99% (2022 - 1.99%) per annum

#### c) Septic tanks

The Regional District owns and operates septic tanks that it is legally required to remove or fill once the tanks are no longer being used. Septic tanks have estimated useful lives between 5 to 80 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 3.7% per annum (2022 - 3.7%) and inflation rate of 1.99% (2022 - 1.99%) per annum

#### d) Wells

The Regional District owns and operates wells that it is legally required to be filled once the wells are no longer being used. Wells have estimated useful lives between 38 to 114 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 3.7% per annum (2022 - 3.7%) and inflation rate of 1.99% (2022 - 1.99%) per annum

#### d) Landfill

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

Capacity of the Westside Sanitary Landfill of 1,926,340 cubic meters was reached during the 2010 fiscal year. Closure involved covering the site with topsoil and vegetation, drainage control, and installing groundwater monitoring wells. Post-closure cost activities for the landfill are expected to occur for 30 years and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and landfill cover maintenance. Estimated costs have been discounted to the present value using a discount rate of 3.7% per annum (2022 - 3.7%) and inflation rate of 1.99% (2022 - 1.99%) per annum

**Regional District of Central Okanagan  
Notes to the Financial Statements**

**December 31, 2023**

**10. Asset Retirement Obligations (Continued)**

Changes in asset retirement obligations in the year are as follows:

	Asbestos obligations	Lease agreements	Septic tanks	Wells	Landfill	2023
Opening balance	201,008	127,391	107,440	11,541	753,746	<b>1,201,126</b>
Accretion Expense	7,437	4,713	3,975	427	27,889	<b>44,441</b>
Closing balance	208,445	<b>132,104</b>	111,415	11,968	781,635	<b>1,245,567</b>

	Asbestos obligations	Lease agreements	Septic tanks	Wells	Landfill	2022
Adjustment on adoption of PS3280	193,836	122,846	103,607	11,129	726,851	<b>1,158,269</b>
Accretion Expense	7,172	4,545	3,833	412	26,895	<b>42,857</b>
Closing balance	201,008	127,391	107,440	11,541	753,746	<b>1,201,126</b>

**Regional District of Central Okanagan  
Notes to the Financial Statements**

**December 31, 2023**

**11. Tangible Capital Assets**

									<b>2023</b>
	Land	Land Improvements	Buildings	Fleet	Machinery and Equipment	Sewer System	Water System	Assets Under Construction	Total
Cost, beginning of year	\$ 43,673,941	\$ 11,396,917	\$ 14,166,498	\$ 7,481,114	\$ 5,361,618	\$ 66,595,366	\$ 24,192,522	\$ 456,425	\$ 173,324,401
Additions	-	363,829	262,102	901,181	915,255	145,587	330,632	1,156,148	4,074,734
Disposals	-	(94,820)	-	(328,627)	(351,584)	(197,520)	(26,361)	-	(998,912)
Reallocation of Assets Under Construction	-	116,044	2,100	-	-	31,973	120,838	(270,955)	-
Cost, end of year	43,673,941	11,781,970	14,430,700	8,053,668	5,925,289	66,575,406	24,617,631	1,341,618	176,400,223
Accumulated amortization, beginning of year	-	4,491,926	8,310,102	5,475,342	2,954,029	28,236,662	7,503,600	-	56,971,661
Amortization	-	726,234	498,589	414,399	551,718	1,630,461	496,546	-	4,317,947
Disposals	-	(94,820)	-	(307,358)	(351,584)	(197,520)	(26,361)	-	(977,643)
Accumulated amortization, end of year	-	5,123,340	8,808,691	5,582,383	3,154,163	29,669,603	7,973,785	-	60,311,965
Net carrying amount, end of year	\$ 43,673,941	\$ 6,658,630	\$ 5,622,009	\$ 2,471,285	\$ 2,771,126	\$ 36,905,803	\$ 16,643,846	\$ 1,341,618	\$ 116,088,258

**Regional District of Central Okanagan  
Notes to the Financial Statements**

**December 31, 2023**

**11. Tangible Capital Assets (continued)**

	(Restated) <b>2022</b>								
	Land	Land Improvements	Buildings	Fleet	Machinery and Equipment	Sewer System	Water System	Assets Under Construction	Total
Cost, beginning of year	\$ 43,670,473	\$ 10,250,319	\$ 13,561,357	\$ 7,329,597	\$ 5,109,310	\$ 66,557,093	\$ 23,753,555	\$ 671,231	\$ 170,902,935
Additions	3,468	1,034,695	601,717	280,444	442,078	69,824	175,841	376,210	2,984,277
Addition due to ARO recognition	-	120,614	139,866	-	-	-	5,985	-	266,465
Disposals	-	(64,694)	(231,473)	(128,927)	(189,770)	(114,797)	(99,615)	-	(829,276)
Reallocation of Assets Under Construction	-	55,983	95,031	-	-	83,246	356,756	(591,016)	-
Cost, end of year	43,673,941	11,396,917	14,166,498	7,481,114	5,361,618	66,595,366	24,192,522	456,425	173,324,401
Accumulated amortization, beginning of year	-	3,864,064	7,914,160	5,234,003	2,549,947	26,677,800	7,047,078	-	53,287,052
Addition due to ARO recognition	-	46,190	60,221	-	-	-	1,788	-	108,199
Amortization	-	646,366	463,293	354,284	594,583	1,661,616	524,138	-	4,244,280
Disposals	-	(64,694)	(127,572)	(112,945)	(190,501)	(102,754)	(69,404)	-	(667,870)
Accumulated amortization, end of year	-	4,491,926	8,310,102	5,475,342	2,954,029	28,236,662	7,503,600	-	56,971,661
Net carrying amount, end of year	\$ 43,673,941	\$ 6,904,991	\$ 5,856,396	\$ 2,005,772	\$ 2,407,589	\$ 38,358,704	\$ 16,688,922	\$ 456,425	\$ 116,352,740



## Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2023

### 12. Accumulated Surplus

	2023	(Restated) 2022
<b>Current Funds</b>		
General revenue fund	\$ 2,435,308	\$ 2,028,609
<b>Capital Funds</b>		
General capital fund	60,032,412	59,279,781
Water capital fund	13,235,998	13,272,011
Sewer capital fund	37,846,016	38,717,581
	<b>111,114,426</b>	<b>111,269,373</b>
<b>Reserve Funds</b>		
Feasibility reserve fund	193,708	182,056
Equipment replacement reserve fund	5,721,510	4,933,356
Park reserve fund	1,898,640	809,436
Capital projects reserve fund	36,796,993	31,216,775
Operating reserve fund	19,987,533	9,227,004
	<b>64,598,384</b>	<b>46,368,627</b>
<b>Accumulated surplus total</b>	<b>\$ 178,148,118</b>	<b>\$ 159,666,609</b>

Capital funds represent amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by the Board for specific purposes.

### 13. Credit Facility

The Regional District has a credit facility agreement with a financial institution which provides for a total maximum borrowing of \$3,000,000 (2022 - \$22,700,000). At December 31, 2023, the Regional District had drawn an amount of \$Nil on this agreement (2022 - \$Nil).

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## Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2023

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### 14. Employee Benefits

#### **Retirement Benefits**

The Regional District 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 valuation for the Municipal Pension Plan as at December 31, 2022, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Regional District paid \$884,067 (2022 - \$818,212) for employer contributions to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024, with results available in 2025.

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

#### **Compensated Absences**

##### **Sick Leave**

After ten years of employment, 50% of earned sick leave is paid out upon termination of employment as per agreements. Sick leave obligations are attributed to the period beginning the employee's date of hire and ending on the date the employee ceases employment.

The Regional District determines its discount rates by reference to its cost of borrowing in accordance with Paragraph .044 of PS 3250. Actuarial gains and losses arise from the difference between the actual expense of the plan and that expected by the actuarial assumptions or from changes in actuarial assumptions. Actuarial gains and losses arising in a specific fiscal period will be amortized over the expected average remaining service life (EARS) of the related employee group in accordance with Paragraph .061 of PS 3250.

The sick leave benefits are adequately funded by an account reserved for employee benefits and insurance. The projected sick leave liability in 2023 is \$828,900 (2022 - \$876,500).

##### **Vacation**

Vacation is accrued as it is earned by employees for all full-time union and exempt staff.

## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 15. Contingent Liabilities

The Regional District is the defendant in various lawsuits. In the opinion of management, the overall estimation of loss is not determinable at this time but is not expected to be material. These claims have not been provided for in the financial statements. Settlement, if any, made with respect to these actions would be expected to be accounted for as a charge to expenses in the period in which realization is known, to the extent not covered by insurance.

### 16. Expense by Object

	2023	(Restated) 2022
Accretion	\$ 44,442	\$ 42,855
Advertising and promotion	191,847	241,256
Amortization	4,317,948	4,244,280
Contract Services	5,344,294	4,670,456
Education and training	1,408,215	1,305,526
Emergency services	3,636,510	1,924,271
Grants and other programs	333,303	373,204
Insurance, licenses and memberships	301,596	56,818
Interest on long-term debt and debt issue expense	191,798	171,793
Fiscal services for members	14,685,376	12,791,562
Leases and rentals	20,858	15,367
Loss on disposal of tangible capital assets	-	130,212
Office and administration	827,155	828,983
Planning and development	393,841	407,292
Professional fees	264,632	298,873
Repairs and maintenance	3,030,224	3,091,684
Supplies	1,231,571	1,172,618
Telephone and utilities	1,228,135	1,121,000
Transit services	24,054	16,386
Travel	118,513	138,155
Transfers to other agencies and governments	4,317,251	4,177,389
Wages and benefits	15,683,579	14,095,768
	<b>\$ 57,595,142</b>	<b>\$ 51,315,748</b>

## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 17. Community Funds

#### a) Community Works Funds

Community Works Funds are provided by the Government of Canada under the Community Works Funds Agreement. The use of the funding is established by a funding agreement between the Regional District and the Union of British Columbia Municipalities. Community Works Funds Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects. Funds are recognized as revenue when received and transferred to capital projects reserve funds (note 12) to be used in future years.

	<b>2023</b>	<b>2022</b>
Opening balance of unspent funds	\$ 5,845,246	\$ 4,941,734
Add: Amount received during the year	<b>818,058</b>	783,945
Interest earned	<b>374,060</b>	153,862
Less: Amount spent on projects	<b>(30,410)</b>	(34,294)
Closing balance of unspent community works funds	<b>\$ 7,006,954</b>	\$ 5,845,247

#### b) The Growing Communities Fund

The Growing Communities Fund was a one-time, conditional grant created by the Province of BC in March 2023 with the principal objective of increasing the local housing supply through investments in community infrastructure and amenities. The funding is for one-off costs to build required infrastructure and amenities and is intended to accelerate the delivery of capital projects. The funding may be used for public water supply; affordable housing; childcare facilities; wastewater, stormwater, and solid waste management; active transportation; natural hazard mitigation; parks and recreation related amenities. Funds are accounted for as an unconditional grant and have been recognized as revenue and transferred to capital reserves to be used in future years.

	<b>2023</b>
Opening balance of unspent funds	\$ -
Add: Amount received during the year	<b>7,170,164</b>
Closing balance of unspent growing communities fund	<b>\$ 7,170,164</b>

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## Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2023

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### 18. Budget

The budget data presented in these financial statements is based upon the 2023 - 2027 Financial Plan Bylaw 1525 approved by the Regional District Board on March 30, 2023.

The legislative requirements of the Financial Plan are that the cash inflows for the period must at a minimum equal cash outflows.

Budgeted Cash inflows and outflows include transfers to and from reserves and other funds, and prior year surplus/deficits carried forward, and principal repayments on debt. These transactions are not recognized as revenues and expenses in the Statement of Operations as they do not meet the inclusion requirements under public sector accounting standards.

	<u>2023</u>
Financial Plan Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	18,406,128
Principal repayments	98,456
Budgeted transfers to reserves	8,272,691
Less:	
Budgeted transfers from reserves	(16,517,596)
Proceeds from borrowing	(501,250)
	<u>\$ 9,758,429</u>

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## Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2023

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### 19. Segmented Information

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

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

**Protective Services** includes a number of different programs. These programs include Electoral Area Fire Protection; Regional Rescue; 911 Services; Crime Stoppers; Victim Services; Crime Prevention; Bylaw Enforcement (Business Licenses, Building Inspections, Dog Control, Mosquito Control, Starling Control, and Prohibited Animal Control). These services are designed to provide a safe environment to the community. They are responsible for providing these services to the unincorporated electoral areas of Central Okanagan East and Central Okanagan West, as well as to the member municipalities of Kelowna, West Kelowna, Peachland, and Lake country within the boundaries of the Regional District.

**Transportation Services** includes Transportation Demand Management, Road/Street Light Improvements and Transit Services.

**Environmental Health Services** includes a number of different services, including: Effluent Disposal; Solid Waste Management Services (Recycling, Collection, Transfer Stations, Management); Okanagan Basin Water Board; Air Quality Monitoring; Noise Abatement; Untidy Premises. The mandate of these programs is to coordinate delivery of the many day-to-day services required for community living.

**Environmental Development Services** includes the delivery of Insect & Weed Control, Sterile Insect Release, Economic Development and Planning. Economic Development provides assistance to businesses and entrepreneurs in the Regional District and to those interested in relocating to the region. The planning function is responsible for developing land use policies that provide guidance to elected officials, developers, the public and other decision makers. It puts land use plans and policies into action and ensures proper Infrastructure and orderly development. The program also evaluates applications and provides recommendations to decision makers; assist the public with land use regulations, applications, and processes; and invites and responds to public comments.

**Recreational/Cultural Service** includes the Community Halls, Regional Parks, Community Parks, and Okanagan Regional Library. The Parks department is responsible for 30 Regional Parks and more than a dozen community and neighbourhood parks making up over 1,900 hectares or parkland. The department is also responsible for future recreational opportunities through parkland acquisition on development.

**Fiscal Services** includes MFA debt servicing costs for 2 electoral areas and 4 member municipalities.

**Water Services** includes a total of six water systems that provides water services to local service areas within the electoral areas.

**Sewer Services** includes the Westside Wastewater Treatment Plant, the Ellison Sewer System and a number of Lift Stations/Collector Systems which service residents of West Kelowna, Peachland and Westbank First Nation.

## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 19. Segmented Information (continued)

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

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation/ Cultural Services	Fiscal Services	Water Services	Sewer Services	Other	Total 2023 Actual
<b>Revenues</b>											
General taxes	\$ 961,208	\$ 8,933,378	\$ 63,923	\$ 2,840,830	\$ 4,232,018	\$10,741,851	\$14,065,492	\$ 227,141	\$ -	\$ -	\$ 42,065,841
Utility Charges	-	-	-	-	-	-	-	1,951,938	6,610,802	-	8,562,740
Government grants - Federal	145,728	-	-	-	331,350	261,349	-	-	50,000	-	788,427
Government grants - Provincial	7,170,164	2,802,849	-	-	448,373	568	-	-	15,000	-	10,436,954
Sales of services	352,999	1,423,116	45,821	4,789,101	108,479	1,016,546	-	-	-	-	7,736,062
Other revenue	149,548	1,667,818	39	492,534	111,028	101,202	43,264	29,651	38,760	3,852,581	6,486,425
	8,779,647	14,827,161	109,783	8,122,465	5,231,248	12,121,516	14,108,756	2,208,730	6,714,562	3,852,581	76,076,449
<b>Expenses</b>											
Goods and services (net)	(4,501,382)	9,262,601	52,750	7,201,665	3,230,199	3,274,849	14,877,174	837,458	3,358,302	-	37,593,616
Wages and benefits	4,953,127	4,127,767	757	779,194	1,385,892	3,008,293	-	279,111	1,149,438	-	15,683,579
	451,745	13,390,368	53,507	7,980,859	4,616,091	6,283,142	14,877,174	1,116,569	4,507,740	-	53,277,195
<b>Capital</b>											
Amortization	385,230	629,277	-	68,931	4,995	1,072,759	-	500,881	1,655,875	-	4,317,948
	836,975	14,019,645	53,507	8,049,790	4,621,086	7,355,901	14,877,174	1,617,450	6,163,615	-	57,595,143
Excess (deficiency) in revenues over expenses	\$ 7,942,672	\$ 807,516	\$ 56,276	\$ 72,675	\$ 610,162	\$ 4,765,615	\$ (768,418)	\$ 591,280	\$ 550,947	\$ 3,852,581	\$ 18,481,306

## Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2023

### 19. Segmented Information (continued)

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation/ Cultural Services	Fiscal Services	Water Services	Sewer Services	Other	Total 2022 (Restated) Actual
<b>Revenues</b>											
General taxes	\$ 858,705	\$ 7,427,681	\$ 53,755	\$ 2,691,429	\$ 3,838,664	\$ 9,514,100	\$12,409,144	\$ 228,517	\$ -	\$ -	\$37,021,995
Utility Charges	-	-	-	-	-	-	-	1,866,321	5,923,501	-	7,789,822
Government grants - Federal	197,567	3,462	-	-	269,047	377,195	-	-	-	-	847,271
Government grants - Provincial	41,593	483,598	-	-	379,942	26,228	-	-	-	-	931,361
Sales of services	363,064	1,177,838	41,546	4,562,079	152,474	747,861	-	-	-	-	7,044,862
Other revenue	32,150	1,849,200	27	479,993	128,561	83,091	43,438	55,729	3,116	2,015,663	4,690,968
	1,493,079	10,941,779	95,328	7,733,501	4,768,688	10,748,475	12,452,582	2,150,567	5,926,617	2,015,663	58,326,279
<b>Expenses</b>											
Goods and services (net)	(3,096,379)	6,649,010	26,504	6,438,488	3,216,522	2,925,269	12,963,355	694,218	3,158,714	-	32,975,701
Wages and benefits	4,417,671	3,477,207	897	759,043	1,195,092	2,793,207	-	260,819	1,191,831	-	14,095,767
	1,321,292	10,126,217	27,401	7,197,531	4,411,614	5,718,476	12,963,355	955,037	4,350,545	-	47,071,468
<b>Capital</b>											
Amortization	459,292	574,888	-	51,748	8,246	939,384	-	532,012	1,678,710	-	4,244,280
	1,780,584	10,701,105	27,401	7,249,279	4,419,860	6,657,860	12,963,355	1,487,049	6,029,255	-	51,315,748
<b>Excess (deficiency) in revenues over expenses</b>	\$ (287,505)	\$ 240,674	\$ 67,927	\$ 484,222	\$ 348,828	\$ 4,090,615	\$ (510,773)	\$ 663,518	\$ (102,638)	\$2,015,663	\$ 7,010,531



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## Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2023

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### 20. Comparative Figures

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

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### 21. Financial Instruments

The Regional District is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Regional District'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.

#### Credit risk

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

The Regional District manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to \$100,000. The Regional District measures its exposure to credit risk based on how long amounts have been outstanding and historical experience regarding collections. 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 2 and 4. Accounts receivable are with residents for services such as utilities, other local governments, and grants receivable from the provincial and federal government. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

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

#### Liquidity risk

Liquidity risk is the risk that the Regional District will not be able to meet its financial obligations as they become due. The Regional District is exposed to liquidity risk through its accounts payable and accrued liabilities, long-term debt, and portfolio investments.

The Regional District manages this risk by maintaining a balance of short-term, highly liquid investments, holds a credit facility with its primary banking institution, staggers maturity dates of its investment portfolio for cash flow needs and monitors cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash flows arise. Also to help manage the risk, the Regional District has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Regional District's five-year financial plan is approved by the Board of Directors, which includes operational activities and capital investments. The Regional District measures its exposure to liquidity risk based on the results of cash forecasting and expected outflows and extensive budgeting.

## Regional District of Central Okanagan Notes to the Financial Statements

**December 31, 2023**

### 21. Financial instruments (continued)

#### Interest rate risk

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

The Regional District 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.

Investments that are subject to interest rate risk are MFA pooled investment funds (see Note 3). The risk is caused by changes in interest rates. As interest rates rise, the fair value of the MFA pooled investment funds decrease and, as interest rates fall, the fair value of these investments increase.

As a result of diversification by security type, only a portion of the overall investment portfolio is exposed to interest rate risk. As at December 31, 2023, the amount of the investment portfolio exposed was \$6,087,612 (2022 - \$5,779,010 ) per Note 3.

To mitigate interest rate risk and market risk on its portfolio investments, the Regional District holds its MFA long term pooled investment funds for 10 years or longer.

#### Financial instrument classification

The carrying value of the Regional District's financial instruments is provided in the following table.

	Fair value		Cost		2023
Cash	\$	-	\$	61,936,266	\$ 61,936,266
Accounts receivable		-		7,310,722	7,310,722
Guaranteed investment certificates		15,355,247		15,355,247	15,355,247
MFA pooled investment funds		6,087,612		6,429,948	6,087,612
Accounts payable and accrued liabilities		-		7,236,094	7,236,094
Long-term debt		-		109,316,379	109,316,379

  

	Fair value		Cost		2022
Cash	\$	-	\$	37,625,933	\$ 37,625,933
Accounts receivable		-		6,100,150	6,100,150
Guaranteed investment certificates		16,000,000		16,000,000	16,000,000
MFA pooled investment funds		5,779,010		6,118,857	5,779,010
Accounts payable and accrued liabilities		-		6,140,284	6,140,284
Long-term debt		-		119,638,183	119,638,183