



Regional Board Report

Request for Decision

Approved for Board Consideration

A handwritten signature in blue ink that reads "Brian Reardon".

Brian Reardon, CAO

To: Regional Board
From: Lyle Smith, Director of Financial Services
Date: June 24, 2022
Subject: 2021 Financial Statements

Voting Entitlement: *All Directors – Weighted Corporate Vote – Majority (LGA s.210)*

Purpose: To receive and consider the Regional District of Central Okanagan's Draft 2021 Financial Statements for approval.

Executive Summary:

In accordance with Section 376 of the *Local Government Act* and Section 167 of the *Community Charter*, the Audited Financial Statements must be presented for Board approval. The format and presentation of these financial statements are in accordance with Generally Accepted Accounting Principles (GAAP) for local government as recommended by the Public Sector Accounting Board (PSAB) standards of the Chartered Professional Accountants of Canada and have been applied on a basis that is consistent with that of the preceding year.

Recommendation(s):

THAT the Regional Board receive the Draft Regional District of Central Okanagan 2021 Financial Statements effective June 23, 2022

AND THAT the Regional Board approve the Draft Financial Statements as presented as the final Financial Statements for year ended December 31, 2021, effective June 23, 2022;

AND FURTHER THAT the Chair and Chief Financial Officer be authorized to sign the Regional District of Central Okanagan 2021 Financial Statements.

Respectfully Submitted:

A handwritten signature in blue ink that reads "Lyle Smith".

Lyle Smith, Director of Financial Services

Attachment(s): Draft 2021 RDCO Financial Statements
RDCO – 2021 – Final Report to the Board

Strategic Plan Alignment:

Priorities: Economic Development

Values: Transparency

Background:

Once the Draft Statements are approved and adopted by the RDCO Board, this date becomes the date of the Independent Auditor's Report and the Final RDCO Financial Statements for the year ended December 31, 2021.

The Financial Statements for the RDCO combine General, Water, Sewer, Capital and Reserve Funds and eliminate internal transactions. The Financial Statements are prepared using the accounting standards and reporting model prescribed by PSAS which requires the elimination of Transfers to/from Reserves, and allocations between functions. The use of assets is recorded through amortization expense and capital expenditures are capitalized, not expensed in the year.

The Financial Statements are comprised of the following:

- Statement of Financial Position
- Statement of Operations and Accumulated Surplus
- Statement of Changes in Net Financial Assets
- Statement of Cashflow
- Notes to the Financial Statements

The RDCO is in a Net Asset position which means that the district has sufficient financial assets (\$158.75M) to settle existing liabilities (\$123.37M). As the RDCO's total assets exceed total liabilities, the RDCO is in an accumulated surplus position, meaning that the RDCO has net positive resources that, subject to direction of the Board, could be used to provide future services.

The RDCO has an annual surplus of \$7.12M (2020 \$8.25M). The RDCO generated approximately \$21.06M in cash from operations and those funds were used to acquire \$8.51M in tangible capital assets, repay \$8.07M in financing, and the remaining was added to available cash resources

Considerations:

Organizational/External:

Once approved, the Financial Statements will be submitted to the province and posted on the RDCO website.

Financial:

Financial considerations are outlined in this report and auditor presentation.

Legal/Statutory Authority:

Section 376 of the *Local Government Act* and Section 167 of the *Community Charter*.
