



**2019**

**FINANCIAL  
STATEMENTS**

**REGIONAL DISTRICT OF NORTH OKANAGAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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## MANAGEMENT REPORT

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These financial statements and accompanying schedules of the Regional District of North Okanagan are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards.

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

The Audit Committee is responsible for reviewing the financial statements and recommending their approval to the Board of Directors. The Audit Committee meets periodically with management and the auditors to discuss internal controls, financial reporting issues, the audit report and any issues that arise during the course of the audit.

These financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Regional District. The following Independent Auditor's Report describes their responsibilities, scope of examination and opinion on the Regional District's financial statements. The external auditors have full access to the Board of Directors.



Stephen Panmen, MBA  
General Manager, Finance  
April 22, 2020

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## Independent Auditor's Report

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To the Directors of the Regional District of North Okanagan

### Opinion

We have audited the financial statements of Regional District of North Okanagan (the Regional District), which comprise the statement of financial position as at December 31, 2019, and the statement of operations and accumulated surplus, change in net financial assets (debt), 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, 2019, and its results of operations, change in net financial assets (debt), and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

### 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.

*BDO Canada LLP*

Chartered Professional Accountants

Vernon, British Columbia  
April 22, 2020





## STATEMENT OF FINANCIAL POSITION

As at December 31

2019

2018

**FINANCIAL ASSETS**

Cash	\$ 17,645,900	\$ 11,540,708
Portfolio investments (Note 2)	77,194,451	73,405,682
Accounts receivable (Note 3)	7,573,303	9,063,054
Loan receivable (Note 4)	7,596,272	8,082,376
Debt recoverable from municipalities (Note 10 , Schedule A)	19,072,327	22,988,121
Debt reserve fund - Municipal Finance Authority (Note 5)	2,245,133	2,651,326

	<b>131,327,386</b>	<b>127,731,267</b>
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**FINANCIAL LIABILITIES**

Accounts payable and accrued liabilities (Note 6)	6,319,110	9,683,067
Deferred revenue (Note 7)	1,936,524	2,332,181
Refundable deposits (Note 8)	827,271	941,246
Restricted revenues (Note 9)	11,648,790	8,345,981
Long term debt (Note 10 , Schedule A)	81,056,822	90,670,658
Debt reserve fund - Municipal Finance Authority (Note 5)	2,245,133	2,651,326
Landfill closure and post-closure obligation (Note 11)	9,362,081	9,078,304

	<b>113,395,731</b>	<b>123,702,763</b>
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**NET FINANCIAL ASSETS**

	<b>17,931,655</b>	<b>4,028,504</b>
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**NON-FINANCIAL ASSETS**

Prepaid expenses	77,896	38,518
Inventories	-	14,856
Tangible capital assets (Note 12 , Schedule B)	213,103,651	210,187,903
	<b>213,181,547</b>	<b>210,241,277</b>

**ACCUMULATED SURPLUS** (Note 13)

	<b>\$ 231,113,202</b>	<b>\$ 214,269,781</b>
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Contingent liabilities (Note 15)

Stephen Banmen, MBA  
General Manager, Finance



**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

**For the years ended December 31**

	(Note 19)	2019	2018
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>REVENUE</b> (Schedule C)			
Tax revenue (Note 16)	\$ 18,618,850	\$ 18,618,907	\$ 17,781,607
Government transfers (Note 17)	5,752,289	3,235,342	6,884,447
Sale of services	32,073,178	32,522,218	32,088,998
Investment income	1,859,845	3,495,254	2,913,596
Developer contributions	4,414,000	454,913	454,105
Other revenue (Note 18)	1,195,183	1,215,187	1,288,251
Contributed capital assets (Note 12)	-	785,555	222,838
	<b>63,913,345</b>	<b>60,327,376</b>	<b>61,633,842</b>
<b>EXPENSES</b> (Schedule C)			
General government services	2,328,197	1,914,555	2,085,257
Development services	2,154,682	1,935,829	1,913,092
Parks, recreation and culture	9,190,463	11,155,062	22,018,534
Transportation and transit services	1,025,135	934,007	969,524
Environmental services	5,992,235	6,044,167	6,038,172
Health, social services and housing	425,776	417,735	428,575
Sewer and septage services	517,707	994,584	615,809
Water services	15,927,221	17,301,507	18,788,535
Protective services	2,866,933	2,786,509	2,440,478
	<b>40,428,349</b>	<b>43,483,955</b>	<b>55,297,976</b>
<b>Operating Surplus</b>	<b>23,484,996</b>	<b>16,843,421</b>	<b>6,335,866</b>
<b>Accumulated Surplus, Beginning of Year</b>	<b>214,269,781</b>	<b>214,269,781</b>	<b>207,933,915</b>
<b>Accumulated Surplus, End of Year</b>	<b>\$ 237,754,777</b>	<b>\$ 231,113,202</b>	<b>\$ 214,269,781</b>



**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS / (DEBT)**

<b>For the years ended December 31</b>	<b>(Note 19)</b>	<b>2019</b>	<b>2018</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Operating Surplus</b>	\$ 23,484,996	\$ 16,843,421	\$ 6,335,866
Amortization of tangible capital assets	-	6,182,886	5,381,987
Acquisition of tangible capital assets	(35,643,946)	(10,592,097)	(12,844,301)
Developer contribution of tangible capital assets	-	(785,555)	(222,838)
Proceeds on disposal of tangible capital assets	-	925,619	-
Loss on disposal and write-down of tangible capital assets	-	626,786	89,920
Transfer of capital assets to member municipalities	-	726,615	11,605,239
Net consumption of inventories and prepaids	-	(24,524)	6,683
<b>Increase (Decrease) in Net Financial Assets</b>	(12,158,950)	<b>13,903,151</b>	10,352,556
<b>Net Financial Assets/(Debt), Beginning of Year</b>	4,028,504	<b>4,028,504</b>	(6,324,052)
<b>Net Financial Assets/(Debt), End of Year</b>	\$ (8,130,446)	\$ <b>17,931,655</b>	\$ 4,028,504





**STATEMENT OF CASH FLOW**

**For the years ended December 31**

**2019**

**2018**

**OPERATING**

<b>Operating Surplus</b>	<b>\$ 16,843,421</b>	<b>\$ 6,335,866</b>
Non-cash items:		
Amortization	6,182,886	5,381,987
Loss on disposal of tangible capital assets	626,786	89,920
Developer contribution of tangible capital assets	(785,555)	(222,838)
Landfill closure and post-closure	283,777	604,888
Actuarial addition to sinking fund	(1,667,951)	(1,485,104)
Transfer of tangible capital assets to member municipalities	726,615	11,605,239
Change in non-cash working capital:		
Accounts receivable	1,489,754	(849,884)
Prepaid expenses and inventories	(24,524)	6,683
Accounts payable	(3,363,958)	3,683,341
Loans receivable	486,104	467,408
Deferred revenue	(395,659)	(82,070)
Refundable deposits and other liabilities	(113,975)	270,195
Restricted revenues	3,302,809	1,167,449
	<b>23,590,530</b>	<b>26,973,080</b>

**CAPITAL**

Acquisition of tangible capital assets	(10,592,097)	(12,844,301)
Proceeds from disposal of tangible capital assets	925,619	-
	<b>(9,666,478)</b>	<b>(12,844,301)</b>

**INVESTING**

Net portfolio investments purchased	(3,788,769)	(856,503)
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**FINANCING**

Issuance of long term debt	-	125,000
Repayment of long term debt	(4,030,091)	(3,940,811)
	<b>(4,030,091)</b>	<b>(3,815,811)</b>

<b>Increase in Cash</b>	<b>6,105,192</b>	<b>9,456,465</b>
<b>Cash, Beginning of Year</b>	<b>11,540,708</b>	<b>2,084,243</b>
<b>Cash, End of Year</b>	<b>\$ 17,645,900</b>	<b>\$ 11,540,708</b>

Supplemental Cash Flow Information

Interest paid	\$ (3,395,506)	\$ (3,246,776)
Interest received	\$ 1,983,917	\$ 1,462,110



The Regional District of North Okanagan ("the Regional District") was incorporated as a regional district on November 9, 1965 under the Municipal Act (replaced by the Local Government Act) of British Columbia ("BC"). The Regional District is composed of the member municipalities of the City of Armstrong, the District of Coldstream, the City of Enderby, the Village of Lumby, the Township of Spallumcheen, the City of Vernon and Electoral Areas B through F.

Regional districts provide a political framework and administrative framework for region-wide services and sub-regional services as well as act as the local government for electoral areas. The Board of Directors is composed of appointees from each member municipality and a director elected from each electoral area. Municipal directors serve until council decides to change the appointment. Directors from electoral areas serve for a four year term. The number of directors and the number of votes each may cast is based upon the population of the municipality or electoral area.

## 1. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS).

### Basis of Accounting

The Regional District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and/or the creation of a legal obligation to pay.

### Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. Significant estimates in these financial statements include the determination of the useful lives of tangible capital assets, valuation of the landfill closure and post-closure obligation, valuation of the contaminated sites obligation and assessment of legal claims. For common financial statement items, such as accounts payable and allowances for doubtful accounts, measurement uncertainty is inherent but not assessable. These estimates and assumptions are based on management's judgment and the best information available at the time of preparation and may differ significantly from actual results. Estimates are reviewed annually to reflect new information as it becomes available.

### Segment Disclosures

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information. For each reported segment, revenues and expenses are recorded that are either directly attributable to the segment or are allocated to the segment on a reasonable, consistent basis. The accounting policies used for these segments are consistent with those followed in the preparation of the financial statements as described in Note 1. The Regional District has provided definitions of the segments in Note 20, as well as presented financial information in segmented format for the current and prior year in Schedule C.

### Budget Figures

The budget figures presented are compiled from the five-year financial plan adopted by bylaw prior to March 31st each year. Certain amounts have been reallocated to conform with PSAS presentation requirements where required (see Note 19). Subsequent amendments to the budget bylaw are not reflected in the budget figures.

### Contaminated Sites

Liabilities for remediation of contaminated sites are recognized when an environmental standard exists, contamination exceeds the standard, the Regional District has responsibility for remediation of the site, future economic benefits will be given up and a reasonable estimate of the amount can be made.



**1. Significant Accounting Policies (Continued)**

Financial Instruments

The Regional District's financial instruments consist of cash and cash equivalents, accounts receivable, loan receivable, debt recoverable from municipalities, accounts payable and accrued liabilities and long term debt, which are measured at cost, and portfolio investments, which are valued on an amortized cost basis. Interest is measured using the effective interest method. The carrying values of these financial instruments approximates their fair values, except where noted.

Credit Risk

Credit risk is the risk that the Regional District will incur financial losses if a debtor fails to make payments when due. The Regional District is exposed to credit risk on its loan receivable, debt recoverable from municipalities and accounts receivable. Risk in respect of the loan receivable and debt recoverable from municipalities is managed primarily by the policies put in place by the Municipal Finance Authority ("MFA"). The maximum exposure to credit risk in respect of accounts receivable is limited to the carrying amount of trade and other receivables as disclosed in Note 3, which is managed by credit policies such as limiting the amount of credit extended and obtaining security deposits where appropriate.

Liquidity Risk

Liquidity risk is the risk that the Regional District will encounter difficulty in meeting obligations associated with its accounts payable and long term debt. The Regional District manages this risk by holding a sufficient amount of funds in highly liquid investments, maintaining a credit facility with its primary banking institution, closely monitoring cash flows and staggering the maturity dates of its investment portfolio.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate because of changes in market prices. Market risk is composed of currency risk, interest rate risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the Regional District's debt servicing costs and the value of certain investments will fluctuate due to changes in interest rates. In respect of debt servicing costs, the risk is minimal as all of the Regional District's long term debt is fixed rate, and is usually refinanced every five to ten years as that is when most of the underlying debentures issued by the MFA mature. Investments subject to interest rate risk include principal protected notes and government bonds as disclosed in Note 2. The amount of risk is minimal due to the relatively small amount invested.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to changes in foreign exchange rates. The Regional District is not exposed to any currency risk, and does not hold any financial instruments in a foreign currency as at the year end.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of the Regional District's investments will fluctuate due to changes in market prices other than those arising from interest rate risk or currency risk. Investments subject to other price risk include principal protected notes and government bonds as disclosed in Note 2. The amount of risk is minimal due to the nature of the instruments and the relatively small amount invested.



## **1. Significant Accounting Policies (Continued)**

### Portfolio Investments

Portfolio investments include chartered bank accrual notes and bonds, guaranteed investment certificates, principal protected notes and government bonds, all with a maturity of one year or more at the date of acquisition. These investments are carried at amortized cost.

### Refundable Deposits

Refundable deposits consists of the refundable portion of development permits and building permits, performance security deposits, and waterworks guarantees and securities. These deposits are recorded as a liability when received and will be refunded in the fiscal year in which the service contract expires or the performance obligations have been met. If a security deposit is drawn upon, it is recognized as revenue in the fiscal year in which the services are performed or the expenses are incurred.

### Landfill Closure and Post-Closure Obligation

The estimated costs to close and monitor solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to operations as the landfill site's capacity is used. The change in liability is recorded as an operational expense. These estimates are reviewed and adjusted annually.

### Employee Future Benefits

The Regional District and its employees participate in the Municipal Pension Plan, a multi-employer defined benefit pension plan. Payments to the plan are expensed when paid. The Regional District also provides accumulated sick leave as a post-employment benefit. Employees are entitled to a payout of their unused sick leave balance upon satisfaction of pre-established criteria. This District's cost of the sick leave benefits are accounted for based on the actuarial valuation. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the employee group.

### Revenue Recognition

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occurred, provided that reasonable estimates of the amounts can be made. Amounts received in advance of services rendered or obligations fulfilled are recorded as deferred revenue until the services have been provided or the obligation that led to the collection of funds has been discharged.

### Tax Revenue

Tax revenue is the compulsory payment of financial resources to a government in a non-exchange transaction. Each municipality and electoral area within the Regional District is requisitioned for its portion of each service participated in. These funds are then levied by the municipalities and the province (on behalf of electoral areas) to individual taxpayers and provided to the Regional District by August 1st of each year. Tax revenue is recognized in the year levied, provided that the effective date of the tax has passed and the related bylaws have been approved by the Board.

### Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from senior levels of government that are not the result of an exchange transaction, not expected to be repaid in the future, and not expected to generate a financial return to the transferor.

- Transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.
- Transfers with eligibility criteria but no stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria are met.
- Transfers with or without eligibility criteria but with stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria are met, except to the extent that the transfer gives rise to an obligation.



## 1. Significant Accounting Policies (Continued)

### 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 accumulated surplus for the year, provides the change in net financial assets for the year.

### Tangible Capital Assets

Tangible capital assets, including assets held under capital lease, are recorded at cost in the period in which they are acquired or constructed. Cost includes all amounts that are directly attributable to the acquisition, construction, development or improvement of the asset. Costs of repairs and maintenance are charged to operations, and expenses that improve or extend the useful life of an existing asset are capitalized.

### Contributed Assets

Contributed or donated assets are capitalized and recorded at their estimated fair value upon acquisition, with a corresponding entry to revenue in the period received.

### Assets Under Capital Lease

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are recorded as capital leases. At inception, the capital lease is recorded at the lessor of the present value of minimum lease payments and the leased assets fair value at the beginning of the lease. All others are accounted for as operating leases and charged to expense as incurred.

### Assets Under Construction

Assets under construction are projects that are currently under planning, development or construction that will result in a tangible capital asset at a future date. These costs are not amortized until the asset is available and ready for productive use. Interest incurred on borrowed funds used during construction is not capitalized.

### Intangible Assets

Intangible assets, such as software, right-of-ways, easements, licenses of occupation, works of art and cultural or historical assets are not recorded in these financial statements.

### Amortization

Land used for the operation of solid waste landfills is amortized over the life of the landfill, and the annual amortization expense is based on the capacity used during the year. The cost of tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land	Not amortized*
Land improvements	15 to 20 years
Buildings	10 to 50 years
Furniture and equipment	5 to 15 years
Vehicles	
Light and medium duty	7 years
Heavy duty	10 years
Fire trucks	15 years
Computer equipment	5 to 7 years
Leasehold improvements	50 years or life of lease
Infrastructure	
Water infrastructure	12 to 50 years
Sewer infrastructure	30 to 50 years
Solid waste infrastructure	25 years or life of landfill

\*Except land used for solid waste landfills.



## 2. Portfolio Investments

The Regional District's investments include redeemable and non-redeemable Guaranteed Investment Certificates and Principal Protected Notes issued by chartered banks and bonds guaranteed by Canada or a province.

Guaranteed investment certificates earn fixed rates of interest ranging from 1.85% to 3.37% (1.60% to 3.37% in 2018) with various maturity dates. Principal protected notes earn interest at rates that are based on market performance of a basket of securities, with no fixed rate of return. Bonds earn interest ranging from floating to 3.47% (floating to 3.12% in 2018).

	<u>2019</u>		<u>2018</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Money market funds	\$ -	\$ -	\$ 102,830	\$ 102,830
Guaranteed investment certificates	<b>63,767,721</b>	<b>63,767,721</b>	57,918,860	57,918,860
Principal protected notes	<b>3,455,565</b>	<b>3,733,812</b>	3,712,108	3,669,299
Bonds	<b>9,971,165</b>	<b>9,963,935</b>	11,671,884	11,448,187
	<b>\$ 77,194,451</b>	<b>\$ 77,465,468</b>	<b>\$ 73,405,682</b>	<b>\$ 73,139,176</b>

These investments also include performance and security deposits of \$827,271 (\$941,246 in 2018) with specific terms of various contracts which are held and invested in the course of normal operations.

## 3. Accounts Receivable

	<u>2019</u>	<u>2018</u>
Government of Canada	\$ 272,168	\$ 290,971
Province of British Columbia	<b>139,343</b>	2,313,484
Local governments	<b>4,701,871</b>	4,350,766
Trade and other receivables, net of allowance for doubtful accounts	<b>2,296,033</b>	1,907,271
Accrued interest receivable	<b>163,888</b>	200,562
	<b>\$ 7,573,303</b>	<b>\$ 9,063,054</b>

## 4. Loan Receivable

In April 2011, the Okanagan Regional Library ("ORL") borrowed \$11 million through the Regional District towards construction of its library facility in Vernon, BC, which was completed in May 2012. Pursuant to the loan agreement, the Regional District is reimbursed by the ORL for all principal and interest payments made to the MFA in respect of the borrowing. The repayment terms are the same as member municipalities follow when borrowing funds from the MFA through the Regional District. The loan is secured by a first charge on the library facility located at 2808 - 30th Avenue, Vernon, British Columbia. The term of the loan is 20 years and the interest rate is 4.20%. Principal is paid annually and interest is paid semi-annually.

	<u>2019</u>	<u>2018</u>
Original amount	\$ 11,000,000	\$ 11,000,000
Sinking fund	<b>(3,403,728)</b>	(2,917,624)
	<b>\$ 7,596,272</b>	<b>\$ 8,082,376</b>





**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**5. Debt Reserve Fund - Municipal Finance Authority**

The Regional District is required to issue its long term debt through the Municipal Finance Authority ("MFA"). As a condition of borrowing, 1% of the gross debenture proceeds are withheld by the MFA as a debt reserve fund. The debt reserve fund is invested by the MFA and interest earned and expenses incurred are reported annually to the Regional District. If at any time the MFA does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments will be made from the debt reserve fund. Details of cash deposits held in the debt reserve fund are as follows:

Debt Reserve Fund - Cash Deposits

	2019	2018
Regional District	\$ 1,662,850	\$ 1,637,832
Member municipalities	582,283	1,013,494
	<b>\$ 2,245,133</b>	<b>\$ 2,651,326</b>

The Regional District is also required to execute a demand note for each borrowing in the amount of one-half of the average annual principal and interest due, less the amount held back for the debt reserve fund. The demand notes payable to the MFA are only callable in the event that a local government defaults on its loan obligation. As there has never been a default in the history of the MFA, it is unlikely that the demand notes will be called; therefore, the contingent liability has not been recorded in the financial statements. Details of demand notes are as follows:

Demand Notes

	2019	2018
Regional District	\$ 3,144,666	\$ 3,165,730
Member municipalities	991,566	1,896,005
	<b>\$ 4,136,232</b>	<b>\$ 5,061,735</b>

**6. Accounts Payable and Accrued Liabilities**

	2019	2018
Trade payables	\$ 1,395,400	\$ 2,384,288
Wages and benefits	535,131	303,747
Banked time	78,360	73,767
Vacation	343,682	386,594
Employee future benefits	632,131	674,859
Holdbacks	165,334	741,403
Accrued interest payable	743,706	899,243
Local governments	2,289,215	3,941,823
Province of British Columbia	134,996	277,343
Government of Canada	1,155	-
	<b>\$ 6,319,110</b>	<b>\$ 9,683,067</b>

Employee Future Benefits

The Regional District provides post-employment benefits to employees through the payout of accumulated sick leave upon leaving the employment of the Regional District subject to specific eligibility requirements being met.

	2019	2018
Accrued benefit obligation, beginning of year	\$ 674,859	\$ 605,400
Current service cost	61,300	61,900
Interest cost	19,400	19,400
Benefits paid	(123,428)	(11,841)
Accrued benefit obligation, end of year	<b>\$ 632,131</b>	<b>\$ 674,859</b>

Sick time is vested after a minimum of five years of service. A detailed actuarial valuation for these employee future benefits is used to determine the accrued benefit obligation as at December 31, 2019. An update to the valuation is undertaken annually. The actuarial assumptions used to determine the District's accrued benefit obligation is based on a 2.6% (2018 - 3.2%) discount rate and 2.5% wage inflation.



**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**7. Deferred Revenue**

Deferred revenue consists primarily of building inspection surcharges, various fees charged for water system capital improvements and conditional grants received from government and non-government sources. Building inspection surcharges are refundable to the applicant if all conditions of the building permit are completed within 24 months of issuance. After this time, the surcharge is recognized as revenue. Various fees charged in respect of water system capital improvements are deferred when received and recognized as revenue when the capital works have been constructed. Conditional grants are recognized as revenue when all criteria have been met.

	2019	2018
Building inspection surcharges	\$ 75,800	\$ 85,300
Grants	67,650	19,725
Prepaid recreation services	88,943	152,067
Prepaid solid waste tipping fees	10,652	7,257
Prepaid dog licenses	12,676	22,355
Future capital works	1,652,603	1,861,877
Other	28,200	183,600
	<b>\$ 1,936,524</b>	<b>\$ 2,332,181</b>

**8. Refundable Deposits**

Refundable deposits consists primarily of the refundable portion of development permits and building permits, performance security deposits and waterworks guarantees and securities. In addition to refundable deposits, the Regional District holds irrevocable letters of credit and performance bonds in the aggregate amount of \$22,002,843 (\$13,575,442 in 2018) received from developers to ensure the performance of capital works to be undertaken. The letters of credit and performance bonds are not reflected in the financial statements.

	2019	2018
Development and building permits	\$ 346,593	\$ 381,411
Solid waste performance security	38,643	37,923
Septage facility security	-	12,327
Waterworks securities and guarantees	442,035	509,585
	<b>\$ 827,271</b>	<b>\$ 941,246</b>

**9. Restricted Revenues**

Development Cost Charges

Development Cost Charges (DCC's) are imposed by the Regional District for the purposes of providing funds to pay the capital costs of providing, constructing, altering or expanding water infrastructure, as well as acquiring and improving parkland. The funds are recorded as restricted revenues when received, and are recognized as revenue when the related expenses are incurred. In accordance with the Local Government Act, these funds and any interested earned on them are deposited into a separate reserve fund for each purpose, each of which is established by bylaw.

	2018	Contributions	Interest	Expenditures	2019
Greater Vernon Parks	\$ 5,567,158	\$ 2,538,396	\$ 189,832	\$ (163,203)	\$ 8,132,183
White Valley Parks	272,675	1,500	7,891	-	282,066
Fortune Parks	349,488	16,380	10,323	-	376,191
Greater Vernon Water	2,156,602	629,417	71,326	-	2,857,345
Silver Star Water	58	932	15	-	1,005
	<b>\$ 8,345,981</b>	<b>\$ 3,186,625</b>	<b>\$ 279,387</b>	<b>\$ (163,203)</b>	<b>\$ 11,648,790</b>

In accordance with Section 569 of the Local Government Act, no DCC's were waived or reduced for eligible development as defined under Section 563 of the Act.



## 10. Long Term Debt

The Regional District incurs long term debt directly as well as on behalf of member municipalities. Loan agreements with the MFA provide that if at any time the payments from member municipalities are not sufficient to meet their obligations in respect of such borrowings, the resulting deficiency becomes a liability of the Regional District.

All long term debt is reported net of sinking fund balances. Sinking fund instalments are invested by the MFA and earn income, which together with principal payments are expected to be sufficient to retire the debt issue at maturity. Where the MFA has determined that sufficient funds exist to retire a debt issue on its maturity date without further instalments, payments are suspended by the MFA and the Regional District's liability is reduced to nil. Should those funds prove to be insufficient at maturity, the resulting deficiency becomes a liability of the Regional District.

Debentures issued mature at various dates ranging from December 2020 to October 2039, with interest rates ranging from 1.75% to 5.10%. The weighted average interest rate on long term debt was 2.98% (3.11% in 2018), and interest expense was \$3,276,643 (\$3,425,931 in 2018).

Principal payments and sinking fund instalments due in the next five years and thereafter are as follows:

	Total Payment	Total Recoverable	Net Payment
2020	\$ 5,195,440	\$ 1,169,151	\$ 4,026,289
2021	4,159,388	822,219	3,337,169
2022	4,096,700	809,734	3,286,966
2023	4,101,913	807,246	3,294,667
2024	4,115,210	807,246	3,307,964
Thereafter	27,019,010	5,470,982	21,548,028
Total principal payments	48,687,661	9,886,578	38,801,083
Expected actuarial adjustment on sinking fund	32,369,161	9,185,749	23,183,412
Total	\$ 81,056,822	\$ 19,072,327	\$ 61,984,495

### Authorized but Unissued Debt

The following debt is the amount unissued at year end:

	2019	2018
Greater Vernon Multi-Purpose Cultural Facility (Bylaw 2786, 2018)	\$ 25,000,000	\$ 25,000,000
Vernon Search and Rescue Building (Bylaw 2779, 2018)	3,500,000	3,500,000
Multi-Use Facility Expansion (Bylaw 2680, 2015)	93,305	93,305
North Okanagan Wastewater Recovery System (Bylaw 2798, 2019)	5,200,000	-
	<b>\$ 33,793,305</b>	<b>\$ 28,593,305</b>



# **11. Landfill Closure and Post-Closure Obligation**

The Regional District has three active and four closed landfills within its boundaries and is responsible for the costs of their closure and post-closure activities. The costs related to these activities are provided for over the estimated remaining life of active landfill sites based on usage.

Closure activities include covering, grading and surface water management. Post-closure activities include leachate and environmental monitoring, maintenance and reporting. Post-closure activities are expected to occur for approximately 30 years for open landfills and 25 years for closed landfills.

Key variables used in estimating the value of the closure and post-closure obligation include the cost of capital, inflation rate, timing of closure and post-closure activities and total capacity. In management's opinion, the assumptions used represent the most likely scenario. As the projections are made over a long period of time, the amount of the obligation is very sensitive to changes in the variables, and could range from approximately \$4 million to \$20 million (\$5 million to \$24 million in 2018).

The Regional District has estimated the costs associated with these activities based on engineering studies required by the Ministry of Environment. These studies were updated in 2017 and resulted in changes in the liability as a result of settling of waste, changes in fill rates and changes in regulatory requirements. Changes in the liability as a result of cumulative capacity used are recognized prospectively. In 2019, estimated expenses were calculated as the net present value (NPV) of future cash flows associated with closure and post-closure costs, discounted using the Regional District's weighted average cost of capital of 2.98% (2018 - 3.11%) and inflated using an average inflation rate of 1.67% (2018 - 1.61%) (annual average BC CPI over the last 20 years). The annual provision is reported as an expense and the accumulated liability is reported on the Statement of Financial Position.

	Total Estimated Capacity (m3)	Cumulative Capacity Used (m3)	Estimated Remaining Life (years)	Years for Post- closure Care	Estimated Future Closure Costs (NPV)	<b>2019 Liability for Closure</b>	Future Closure Liability
Greater Vernon	4,322,857	1,794,323	40	30	\$ 12,794,253	<b>\$ 5,310,613</b>	\$ 7,483,640
Armstrong/Spall	820,360	675,738	8	30	3,124,967	<b>2,574,065</b>	550,902
Lumby	414,313	167,014	52	30	1,888,056	<b>761,097</b>	1,126,959
Kingfisher	22,000	22,000	-	9	51,474	<b>51,474</b>	-
Ashton Creek	25,000	25,000	-	3	20,095	<b>20,095</b>	-
Pottery Road	800,000	800,000	-	21	541,997	<b>541,997</b>	-
Cherryville	20,587	20,587	-	14	102,740	<b>102,740</b>	-
					<b>\$ 18,523,582</b>	<b>\$ 9,362,081</b>	\$ 9,161,501
Less: expenses previously recognized						<b>9,078,304</b>	
<b>2019 Increase in the liability for landfill closure</b>						<b>\$ 283,777</b>	

	Total Estimated Capacity (m3)	Cumulative Capacity Used (m3)	Estimated Remaining Life (years)	Years for Post- closure Care	Estimated Future Closure Costs (NPV)	2018 Liability for Closure	Future Closure Liability
Greater Vernon	4,322,857	1,750,162	41	30	\$ 12,114,366	\$ 4,904,651	\$ 7,209,715
Armstrong/Spall	820,360	654,041	9	30	3,001,026	2,392,601	608,425
Lumby	414,313	163,034	53	30	2,566,265	1,009,837	1,556,428
Kingfisher	22,000	22,000	-	10	43,556	43,556	-
Ashton Creek	25,000	25,000	-	4	20,127	20,127	-
Pottery Road	800,000	800,000	-	22	566,346	566,346	-
Cherryville	20,587	20,587	-	15	141,186	141,186	-
					<b>\$ 18,452,872</b>	<b>\$ 9,078,304</b>	\$ 9,374,568
Less: expenses previously recognized						<b>8,473,416</b>	
<b>2018 Increase in the liability for landfill closure</b>						<b>\$ 604,888</b>	



## 12. Tangible Capital Assets

	2019	2018
Land	\$ 45,775,606	\$ 45,070,044
Land improvements	11,025,880	10,135,919
Buildings	29,549,142	29,842,915
Furniture and equipment	1,314,310	1,290,548
Vehicles	2,499,552	1,465,670
Computer equipment	397,259	441,683
Leasehold improvements	897,054	670,676
Water infrastructure	117,697,984	116,221,925
Sewer infrastructure	70,272	1,274,308
Solid waste infrastructure	3,876,592	3,774,215
Net Book Value	<b>\$ 213,103,651</b>	<b>\$ 210,187,903</b>

### Assets Under Construction

Assets under construction with a cost of \$4,103,521 (\$9,830,680 in 2018) have not been amortized. Amortization will commence when these assets are put into service. No interest was capitalized during 2019 or 2018.

### Contributed Tangible Capital Assets

Contributed tangible capital assets of \$785,555 (2018 - \$222,838) were received from developers and recorded in the financial statements.

### Transfer of Tangible Capital Assets to Member Municipalities

The following assets were transferred at net book value to the member municipalities of the City of Vernon and the District of Coldstream in 2019.

	Cost	Accumulated Amortization	Net Book Value
Land	\$ 601,318	\$ -	\$ 601,318
Land improvements	516,821	(502,206)	14,615
Buildings	368,938	(258,256)	110,682
Vehicles	103,122	(103,122)	-
Capital assets transferred to member municipalities	<b>\$ 1,590,199</b>	<b>\$ (863,584)</b>	<b>\$ 726,615</b>



**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**13. Accumulated Surplus**

	2019	2018
<u>Operating Reserve Funds and Surplus</u>		
General government services	3,505,098	3,461,149
Development services	1,418,703	1,198,629
Parks, recreation and culture	6,293,260	5,788,944
Transportation and transit services	992,672	869,981
Environmental services	5,651,940	5,549,793
Health, social services and housing	189,275	172,734
Sewer and septage services	2,392,457	1,365,266
Water services	24,507,049	19,674,304
Protective services	3,093,968	3,935,556
	<b>48,044,422</b>	<b>42,016,356</b>
<u>Capital Reserve Funds</u>		
GVPRD Land Acquisition	934,808	1,971,590
Festival of the Arts Legacy	110,982	109,403
Greater Vernon Cultural Facilities	-	173,887
Greater Vernon Cultural Reserve	157,340	-
Landfill Closure/Post-Closure	1,050,993	(411,889)
Greater Vernon Water Capital Works	17,325,961	16,312,634
	<b>19,580,084</b>	<b>18,155,625</b>
<u>Community Works Fund</u>		
Opening balance	3,510,058	3,577,282
Contributions	1,623,058	861,838
Interest earned	190,858	73,024
Expenditures	(550,706)	(1,002,085)
	<b>4,773,268</b>	<b>3,510,059</b>
<u>Equity in Tangible Capital Assets</u>		
General government services	1,650,343	1,694,383
Parks, recreation and culture	47,438,909	43,404,236
Transportation and transit services	-	6,713
Environmental services	10,517,330	10,482,529
Health, social services and housing	9,049	12,669
Sewer and septage services	(806,795)	599,353
Water services	96,512,626	92,076,179
Protective services	3,393,966	2,311,679
	<b>158,715,428</b>	<b>150,587,741</b>
Total Accumulated Surplus	<b>\$ 231,113,202</b>	<b>\$ 214,269,781</b>



#### **14. Contractual Obligations**

The Regional District has entered into various agreements and contracts for services with periods ranging from one to forty years.

#### **15. Contingent Liabilities**

##### Legal Claims

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. These claims have not been provided for in the financial statements. Settlement, if any, made with respect to these actions will be accounted for as a charge to expenses in the period in which realization is known to the extent not covered by insurance.

##### Municipal Insurance Association - Liability Insurance

Commencing December 31, 1987, the Regional District entered into a self-insurance program with British Columbia municipalities and regional districts. The Regional District is obliged under the program to pay a percentage of its fellow insureds' losses. The Regional District pays an annual premium, which is anticipated to be adequate to cover any losses incurred.

##### Municipal Pension Plan

The Regional District and its employees contribute to the Municipal Pension Plan ("the plan"), a jointly trustees 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 provided are based on a formula. The plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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 unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2.9 billion funding surplus for basic pension benefits on a going concern basis.

The Regional District paid \$585,448 for employer contributions to the plan in fiscal 2019 (\$550,762 in 2018).

The next valuation will be at December 31, 2021 with results available in 2022.

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 the individual employers participating in the plan.

##### Credit Facilities

The Regional District has a credit facility in the amount of \$3 million with an interest rate equal to the Bank of Montreal's prime rate. No amounts were drawn against this credit facility during 2019 or 2018.



**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**16. Tax Revenue**

	2019 Budget	2019 Actual	2018 Actual
Property taxes	\$ 18,184,621	\$ 18,184,621	\$ 17,351,928
Parcel taxes	434,229	434,286	429,679
	<b>\$ 18,618,850</b>	<b>\$ 18,618,907</b>	<b>\$ 17,781,607</b>

**17. Government Transfers**

	2019 Budget	2019 Actual	2018 Actual
Federal government, transfers with stipulations	\$ 2,000	\$ 150,033	\$ 78,978
Provincial government, transfers without stipulations	180,000	183,439	180,702
Provincial government, transfers with stipulations	292,273	93,610	5,132,422
Grants-in-lieu of taxes from federal/provincial governments	83,083	127,067	123,442
Regional and other external transfers	5,194,933	2,681,193	1,368,903
	<b>\$ 5,752,289</b>	<b>\$ 3,235,342</b>	<b>\$ 6,884,447</b>

**18. Other Revenue**

	2019 Budget	2019 Actual	2018 Actual
MFA surplus payout from retired debenture issues	\$ -	\$ 14,299	\$ 7,804
Loan payments received	932,737	887,737	941,886
Gain on disposal of tangible capital assets	-	24,241	12,322
Miscellaneous	262,446	288,910	326,239
	<b>\$ 1,195,183</b>	<b>\$ 1,215,187</b>	<b>\$ 1,288,251</b>



**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2019**

**19. Budget Reconciliation**

The unaudited budget figures presented in these financial statements are compiled from the five-year financial plan approved by the Board of Directors in Bylaw 2769 on March 7, 2018. The Regional District's annual budget is prepared on a cash basis. In order to facilitate comparison to actual results, the budget has been presented in the financial statements on an accrual basis by removing inter-service revenues, debt transactions related to borrowing, principal and actuarial adjustment, loans receivable, capital expenditures and transfers to/from surplus and reserves.

The following is a reconciliation of the approved budget to the budget figures used in these financial statements for presentation purposes:

	<b>Approved Budget</b>	<b>Capital &amp; Amortization</b>	<b>Debt Adjustments</b>	<b>Transfers &amp; Other</b>	<b>Presented Budget</b>
<b>Revenue</b>					
Tax revenue	\$ 18,618,850	\$ -	\$ -	\$ -	\$ 18,618,850
Government transfers (grants)	5,752,289	-	-	-	5,752,289
Sale of services	32,112,178	-	-	(39,000)	32,073,178
Investment income	1,859,845	-	-	-	1,859,845
Developer contributions	124,000	-	-	4,290,000	4,414,000
Other	1,564,583	-	(369,400)	-	1,195,183
Transfers from accum. surplus	33,270	-	-	(33,270)	-
Transfers from reserves	22,620,529	-	-	(22,620,529)	-
Borrowing	3,500,000	-	(3,500,000)	-	-
	<b>\$ 86,185,544</b>	<b>\$ -</b>	<b>\$ (3,869,400)</b>	<b>\$ (18,402,799)</b>	<b>\$ 63,913,345</b>
<b>Expenses</b>					
General government services	\$ 3,378,197	\$ (213,000)	\$ -	\$ (837,000)	\$ 2,328,197
Development services	2,154,682	-	-	-	2,154,682
Parks, recreation and culture	25,108,354	(12,259,300)	(3,438,567)	(220,024)	9,190,463
Transportation and transit services	1,035,135	(10,000)	-	-	1,025,135
Environmental services	9,030,917	(2,018,000)	-	(1,020,682)	5,992,235
Health, social services and housing	425,776	-	-	-	425,776
Sewer and septage services	665,812	(20,000)	(132,888)	4,783	517,707
Water services	35,615,466	(16,994,646)	(2,025,201)	(668,398)	15,927,221
Protective services	8,771,205	(5,474,000)	(101,387)	(328,885)	2,866,933
	<b>\$ 86,185,544</b>	<b>\$ (36,988,946)</b>	<b>\$ (5,698,043)</b>	<b>\$ (3,070,206)</b>	<b>\$ 40,428,349</b>



## **20. Segment Disclosures**

The Regional District is a diversified local government that functions as a partnership of the municipalities and electoral areas within its boundaries. The Regional District provides a number of specific and agreed upon services directly to the public and to its member municipalities, such as planning and development, building inspection and bylaw enforcement, parks, recreation and culture, solid waste management and recycling, water treatment and fire protection. For management reporting purposes, individual services are grouped into the following departments:

### General government services

This department is responsible for the overall direction and monitoring of regional initiatives. This includes bylaw administration, records management, legislative review and management, bylaw preparation and interpretation, elections and referenda administration, human resource management, financial services and information services.

### Development services

This department is responsible for building inspection, bylaw enforcement and development services. Development services includes regional planning, sustainability and zoning. The department is responsible for land use planning for all unincorporated electoral areas.

### Parks, recreation and culture

This department is responsible for the management and provision of community parks, recreational programs and cultural facilities within the Regional District.

### Transportation and transit services

This department is responsible for the development of transportation infrastructure priorities through cooperation with neighbouring jurisdictions and promotion of alternative transportation methods.

### Environmental services

This department is responsible for solid waste and recycling services, including regional waste management and disposal, and various communication and education programs.

### Health, social services and housing

This department is responsible for the provision of services such as the Safe Communities program and the Victims' Assistance Program.

### Sewer and septage services

This department is responsible for the operation of the wastewater facility as well as short and long term planning in order to accommodate population growth and ensure efficient and reliable service.

### Water services

This department is responsible for the safe and efficient supply and distribution of water to domestic, commercial, industrial, institutional and agricultural customers in the Regional District.

### Protective services

This department protects the citizens of the Regional District through the provision of a variety of services, including 9-1-1 Emergency Telephone, Fire Dispatch, Search and Rescue, Animal Control, Emergency Management and Fire Protection.



**21. Contaminated Sites**

During 2019, the Regional District evaluated all sites for which an environmental standard exists and for which it is directly responsible, and has concluded that no contamination exists that exceeds an environmental standard. Accordingly, no amount has been accrued in the financial statements as a liability for contaminated sites.

**22. Subsequent Events**

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Due to the dynamic nature of this pandemic, there is uncertainty related to the Regional District's future cashflows, assets, liabilities and ability to deliver its services. At this time, the full potential financial impact of COVID-19 on the Regional District is not known and cannot be reasonably estimated.

**23. Comparative Figures**

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



## SCHEDULE A - LONG TERM DEBT

For the year ended December 31, 2019

Purpose	Date of Issue	Term	Rate	Amount Borrowed	Sinking Fund	2019 Balance	Interest Paid	Principal	Actuarial	2018 Balance
GVW Aberdeen Reservoir	1999	20	1.05%	\$ 168,000	\$ 168,000	\$ -	\$ 1,764	\$ 5,569	\$ 7,033	\$ 12,602
GVW 11th Avenue Watermain	1999	20	1.05%	70,450	70,450	-	740	2,335	2,949	5,284
GVW Haddo Reservoir	1999	20	2.10%	375,000	375,000	-	7,875	12,431	15,698	28,129
Community Theatre	2000	20	2.10%	7,050,000	6,522,773	527,227	148,050	233,702	270,821	1,031,750
Multi-Use Facility	2000	20	2.10%	14,250,000	13,184,329	1,065,671	299,250	472,376	547,405	2,085,452
Silver Star Water	2001	20	1.75%	165,000	140,381	24,619	2,888	4,990	6,447	36,056
Community Theatre	2001	20	1.75%	500,000	425,398	74,602	8,750	15,121	19,537	109,260
Community Theatre	2001	20	1.75%	1,000,000	850,796	149,204	17,500	30,243	39,074	218,520
Silver Star Fire Department	2001	20	1.75%	100,000	85,080	14,920	1,750	3,024	3,907	21,852
Community Theatre	2001	20	1.75%	470,000	399,874	70,126	8,225	14,214	18,365	102,704
Multi-Use Facility	2002	20	2.25%	135,000	105,500	29,500	3,038	4,083	4,829	38,412
Multi-Use Facility	2003	20	2.85%	165,000	118,052	46,948	4,703	4,990	5,384	57,322
Multi-Use Facility	2003	20	1.75%	200,000	156,296	43,704	3,500	6,049	7,155	56,907
Gunter-Ellison Water	2004	20	2.63%	64,000	41,766	22,234	1,680	1,936	1,897	26,066
Septage Disposal Facility	2005	20	5.10%	2,000,000	1,291,183	708,817	38,905	108,070	-	816,887
GVW Master Water Plan Capital	2005	20	5.10%	10,000,000	6,455,915	3,544,085	194,527	540,352	-	4,084,437
Lumby Fire Department	2005	20	1.80%	204,000	125,993	78,007	3,672	7,499	4,007	89,513
Septage Disposal Facility	2005	20	1.80%	440,000	271,750	168,250	7,920	16,175	8,643	193,068
GVW Master Water Plan Capital	2005	20	1.80%	3,000,000	1,852,842	1,147,158	54,000	110,285	58,927	1,316,371
GV Parks Land Acquisition	2006	20	1.75%	813,000	453,945	359,055	14,228	27,302	16,409	402,766
Lumby Fire Department	2006	20	1.75%	486,000	271,362	214,638	8,505	16,320	9,809	240,768
Pat Duke Memorial Arena	2007	20	2.25%	200,000	100,919	99,081	4,500	6,717	3,623	109,421
Kingfisher School Land Acquisition	2008	20	2.65%	175,000	79,257	95,743	4,638	5,877	2,822	104,442
GV Parks Land Acquisition	2008	20	2.65%	1,040,054	471,036	569,018	27,561	34,927	16,773	620,719
Silver Star Water - Vance Creek Reservoir	2009	30	4.13%	7,200,000	1,541,305	5,658,695	297,360	128,377	54,343	5,841,416
GVW - Duteau Water Treatment Plant	2009	20	4.13%	18,000,000	7,257,350	10,742,650	743,400	604,472	255,880	11,603,002
GV Parks Land Acquisition	2010	20	3.73%	5,646,946	2,006,861	3,640,085	210,631	189,634	69,893	3,899,612
GVW Master Water Plan Capital	2010	20	3.73%	4,000,000	1,421,555	2,578,445	149,200	134,327	49,510	2,762,283
Okanagan Regional Library	2011	20	4.20%	11,000,000	3,403,728	7,596,272	462,000	369,399	116,705	8,082,376
Greater Vernon Athletics Park	2015	20	2.20%	7,530,000	1,122,308	6,407,692	165,660	266,269	28,948	6,702,909
GVW - Claremont	2015	20	2.75%	700,000	104,331	595,669	19,250	24,753	2,691	623,112
BX-Swan Lake Fire Department	2016	20	2.60%	1,500,000	164,759	1,335,241	39,000	53,041	3,778	1,392,060
Multi-Use Facility Expansion	2017	20	2.80%	13,156,695	993,960	12,162,735	368,387	489,636	14,689	12,667,059
N. Okanagan Shuswap Rail Trail	2018	20	3.10%	2,300,000	85,596	2,214,404	72,450	85,596	-	2,300,000
				<b>\$ 114,104,145</b>	<b>\$ 52,119,650</b>	<b>61,984,495</b>	<b>\$ 3,395,507</b>	<b>\$ 4,030,091</b>	<b>\$ 1,667,951</b>	<b>67,682,537</b>
Debt recoverable from municipalities						<b>19,072,327</b>				<b>22,988,121</b>
						<b>\$ 81,056,822</b>				<b>\$ 90,670,658</b>





## SCHEDULE B - TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2019

	Cost				Accumulated Amortization				2019	2018
	Opening Balance	Acquisitions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Net Book Value	Net Book Value
<b>Capital Assets</b>										
Land	\$ 46,452,388	\$ 2,213,634	\$ (936,319)	\$ 47,729,703	\$ (1,526,962)	\$ (463,211)	\$ -	\$ (1,990,173)	\$ 45,739,530	\$ 44,925,426
Land improvements	5,261,367	2,232,516	(175,969)	7,317,914	(1,817,222)	(332,705)	154,641	(1,995,286)	5,322,628	3,444,145
Buildings	21,614,940	43,407	(368,938)	21,289,409	(2,780,796)	(477,535)	258,257	(3,000,074)	18,289,335	18,834,144
Furniture and equipment	3,432,044	235,229	-	3,667,273	(2,141,496)	(211,468)	-	(2,352,964)	1,314,309	1,290,548
Vehicles	4,351,762	1,365,149	(380,443)	5,336,468	(2,886,356)	(329,625)	379,067	(2,836,914)	2,499,554	1,465,406
Computer equipment	1,092,668	105,972	(293,145)	905,495	(650,985)	(143,230)	285,978	(508,237)	397,258	441,683
Leasehold improvements	696,256	16,860	-	713,116	(25,580)	(14,094)	-	(39,674)	673,442	670,676
Water infrastructure	155,301,601	10,350,767	-	165,652,368	(47,300,800)	(3,308,126)	-	(50,608,926)	115,043,442	108,000,801
Sewer infrastructure	2,097,969	-	(2,003,579)	94,390	(823,661)	(1,888)	801,432	(24,117)	70,273	1,274,308
Solid waste infrastructure	5,390,005	-	-	5,390,005	(1,657,712)	(215,197)	-	(1,872,909)	3,517,096	3,732,293
	245,691,000	16,563,534	(4,158,393)	258,096,141	(61,611,570)	(5,497,079)	1,879,375	(65,229,274)	192,866,867	184,079,430
<b>Assets Under Capital Lease</b>										
Land	9,212	-	-	9,212	-	-	-	-	9,212	9,212
Land improvements	7,243,341	120,187	(491,403)	6,872,125	(1,899,899)	(330,375)	491,403	(1,738,871)	5,133,254	5,343,442
Buildings	19,360,227	421,091	-	19,781,318	(8,435,089)	(355,432)	-	(8,790,521)	10,990,797	10,925,138
	26,612,780	541,278	(491,403)	26,662,655	(10,334,988)	(685,807)	491,403	(10,529,392)	16,133,263	16,277,792
<b>Assets Under Construction</b>										
Land	135,406	(108,542)	-	26,864	-	-	-	-	26,864	135,406
Land improvements	1,348,332	(778,335)	-	569,997	-	-	-	-	569,997	1,348,332
Buildings	83,633	185,376	-	269,009	-	-	-	-	269,009	83,633
Vehicles	264	(264)	-	-	-	-	-	-	-	264
Leasehold improvements	-	223,611	-	223,611	-	-	-	-	223,611	-
Water infrastructure	8,221,124	(5,566,580)	-	2,654,544	-	-	-	-	2,654,544	8,221,124
Solid waste infrastructure	41,922	317,574	-	359,496	-	-	-	-	359,496	41,922
	9,830,681	(5,727,160)	-	4,103,521	-	-	-	-	4,103,521	9,830,681
	\$ 282,134,461	\$ 11,377,652	\$ (4,649,796)	\$ 288,862,317	\$ (71,946,558)	\$ (6,182,886)	\$ 2,370,778	\$ (75,758,666)	\$ 213,103,651	\$ 210,187,903



## SCHEDULE C - SEGMENT DISCLOSURES AND EXPENSES BY OBJECT - CURRENT YEAR

For the year ended December 31, 2019

	General government services	Development services	Parks, recreation and culture	Transportation and transit services	Environmental services	Health, social services and housing	Sewer and sewage services	Water services	Protective services	Total
<b>Revenues</b>										
Tax revenue	\$ 1,252,723	\$ 906,327	\$ 11,154,491	\$ 697,503	\$ 946,928	\$ 322,195	\$ 180,057	\$ 686,895	\$ 2,471,788	\$ 18,618,907
Government transfers	1,900,543	19,337	690,492	5,729	36,227	97,105	4,679	284,991	196,239	3,235,342
Sale of services	15,260	1,171,666	392,729	321,595	6,338,273	-	368,633	23,687,372	226,690	32,522,218
Investment income	215,059	37,233	1,389,421	25,157	307,935	5,143	62,080	1,331,996	121,230	3,495,254
Developer contributions	-	-	165,003	-	-	-	-	289,910	-	454,913
Other	5,035	21,340	639,220	-	15,634	6,212	180	516,305	11,261	1,215,187
Contributed capital assets	-	-	-	-	-	-	-	785,555	-	785,555
	3,388,620	2,155,903	14,431,356	1,049,984	7,644,997	430,655	615,629	27,583,024	3,027,208	60,327,376
<b>Expenses</b>										
Administrative overhead	161,765	306,530	161,914	29,735	275,466	18,187	31,170	1,068,102	171,613	2,224,482
Administrative recovery	(2,224,482)	-	-	-	-	-	-	-	-	(2,224,482)
Amortization	186,253	-	1,376,328	-	771,996	3,620	1,888	3,415,948	426,853	6,182,886
Board remuneration	345,785	12,637	18,156	-	-	-	-	19,524	1,019	397,121
Government transfers	-	-	1,951,771	-	-	-	-	-	-	1,951,771
Grants and assistance	44,113	-	1,083,650	-	11,655	40,500	-	-	40,200	1,220,118
Insurance	15,016	30,418	122,904	2,650	40,847	2,428	4,216	138,063	40,973	397,515
Interest	-	-	1,815,542	-	-	-	45,527	1,362,647	52,927	3,276,643
Landfill closure obligation	-	-	-	-	366,594	-	-	-	-	366,594
Loss on disposal	7,167	-	-	6,713	-	-	637,148	-	-	651,028
Materials	22,890	4,824	2,471	-	13,806	565	1,581	620,855	79,245	746,237
Operations and management	158,109	34,699	394,234	1,300	823,618	2,781	10,178	3,075,532	108,528	4,608,979
Professional fees	47,852	58,730	45,546	-	3,696	225	-	30,288	2,417	188,754
Rentals and leases	26,963	2,312	-	-	-	-	315	-	26,992	56,582
Repairs and maintenance	622,096	-	434,359	2,246	9,315	-	19,567	442,931	128,817	1,659,331
Salaries and benefits	2,257,097	1,407,506	566,627	37,050	1,101,015	318,803	24,011	2,601,458	705,296	9,018,863
Subcontracts	135,879	41,079	2,968,822	813,854	2,563,918	26,193	192,225	3,772,419	839,020	11,353,409
Telephone and utilities	88,798	4,669	208,500	40,459	46,456	2,255	26,758	709,602	81,799	1,209,296
Vehicle	19,254	32,425	4,238	-	15,785	2,178	-	44,138	80,810	198,828
	1,914,555	1,935,829	11,155,062	934,007	6,044,167	417,735	994,584	17,301,507	2,786,509	43,483,955
<b>Net surplus (deficit)</b>	<b>\$ 1,474,065</b>	<b>\$ 220,074</b>	<b>\$ 3,276,294</b>	<b>\$ 115,977</b>	<b>\$ 1,600,830</b>	<b>\$ 12,920</b>	<b>\$ (378,955)</b>	<b>\$ 10,281,517</b>	<b>\$ 240,699</b>	<b>\$ 16,843,421</b>



## SCHEDULE C - SEGMENT DISCLOSURES AND EXPENSES BY OBJECT - PRIOR YEAR

For the year ended December 30, 2018

	General government services	Development services	Parks, recreation and culture	Transportation and transit services	Environmental services	Health, social services and housing	Sewer and sewage services	Water services	Protective services	Total
<b>Revenues</b>										
Tax revenue	\$ 1,197,161	\$ 880,900	\$ 10,616,935	\$ 684,919	\$ 947,409	\$ 313,564	\$ 218,964	\$ 662,289	\$ 2,259,466	\$ 17,781,607
Government transfers	1,171,450	3,252	462,539	5,664	51,272	112,395	7,479	5,047,751	22,645	6,884,447
Sale of services	13,100	1,038,503	393,900	310,468	6,493,292	-	541,466	22,815,878	482,391	32,088,998
Investment income	146,149	23,373	1,216,131	16,448	278,322	3,376	34,503	1,102,450	92,844	2,913,596
Developer contributions	-	-	434,627	-	-	-	1,408	18,070	-	454,105
Other	96,676	550	603,398	-	1,800	12,588	120	546,870	26,249	1,288,251
Contributed capital assets	-	-	-	-	-	-	-	222,838	-	222,838
	2,624,536	1,946,578	13,727,530	1,017,499	7,772,095	441,923	803,940	30,416,146	2,883,595	61,633,842
<b>Expenses</b>										
Administrative overhead	169,032	308,836	157,635	29,369	277,411	16,217	31,207	1,046,508	151,625	2,187,840
Administrative recovery	(2,186,760)	-	-	-	-	-	-	-	-	(2,186,760)
Amortization	178,043	-	1,212,284	3,240	305,931	3,620	69,162	3,255,477	354,230	5,381,987
Board remuneration	285,547	7,195	11,332	1,419	2,079	-	-	15,330	154	323,056
Government transfers	-	-	13,203,301	-	-	-	-	-	-	13,203,301
Grants and assistance	54,433	-	1,181,882	-	-	40,462	-	-	40,200	1,316,977
Insurance	18,457	20,929	117,092	4,233	38,754	2,302	4,141	125,343	37,503	368,754
Interest	-	-	1,821,619	-	-	-	51,002	1,500,383	52,927	3,425,931
Landfill closure obligation	-	-	-	-	707,922	-	-	-	-	707,922
Loss on write down (Note 12)	-	-	29,858	-	-	-	-	60,062	-	89,920
Materials	23,771	3,063	1,120	-	2,232	712	4,945	683,941	64,280	784,064
Operations and management	175,275	46,555	346,763	1,775	990,545	23,153	53,795	4,030,784	150,827	5,819,472
Professional fees	42,158	57,059	101,257	-	18,862	190	-	66,738	-	286,264
Rentals and leases	35,630	2,200	-	-	-	-	-	-	22,778	60,608
Repairs and maintenance	941,814	95,340	365,502	4,262	3,826	-	91,420	486,481	109,680	2,098,325
Salaries and benefits	2,126,365	1,296,736	432,451	42,157	893,702	311,975	23,715	2,461,285	719,557	8,307,943
Subcontracts	107,581	41,132	2,814,620	847,582	2,776,752	25,200	258,922	4,258,696	592,850	11,723,335
Telephone and utilities	92,609	6,319	212,353	35,487	7,336	2,565	27,500	755,242	80,582	1,219,993
Vehicle	21,302	27,728	9,465	-	12,820	2,179	-	42,265	63,285	179,044
	2,085,257	1,913,092	22,018,534	969,524	6,038,172	428,575	615,809	18,788,535	2,440,478	55,297,976
<b>Net surplus (deficit)</b>	<b>\$ 539,279</b>	<b>\$ 33,486</b>	<b>\$ (8,291,004)</b>	<b>\$ 47,975</b>	<b>\$ 1,733,923</b>	<b>\$ 13,348</b>	<b>\$ 188,131</b>	<b>\$ 11,627,611</b>	<b>\$ 443,117</b>	<b>\$ 6,335,866</b>