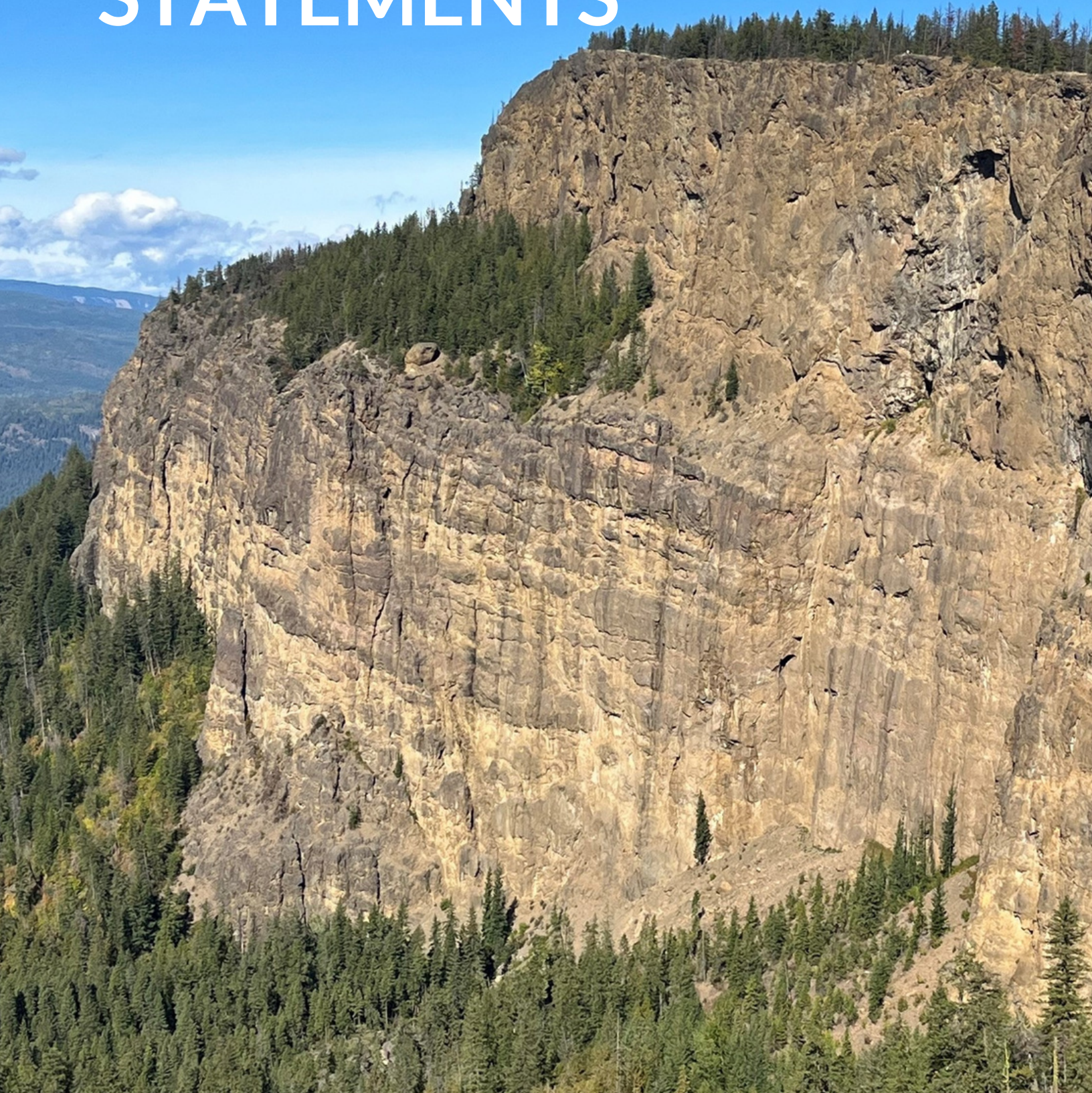




REGIONAL DISTRICT
NORTH OKANAGAN

2025 FINANCIAL STATEMENTS



**REGIONAL DISTRICT OF NORTH OKANAGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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MANAGEMENT REPORT

These financial statements and accompanying schedules of the Regional District of North Okanagan (the Regional District) 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 KPMG LLP Canada, 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 Barman, MBA
General Manager, Finance
April 15, 2026



KPMG LLP
4th Floor – 3205 32nd Street
Vernon, BC V1T 5M7
Canada
Tel 250 503 5300
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Regional District of North Okanagan

Opinion

We have audited the financial statements of Regional District of North Okanagan (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets and remeasurement gains for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations, its changes in net financial assets and remeasurement of gains, 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 auditor’s report.

We are independent of the Entity 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 the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Vernon, Canada

April 15, 2026

REGIONAL DISTRICT OF NORTH OKANAGAN




STATEMENT OF FINANCIAL POSITION

As at December 31

| | 2025 | 2024 |
|--|-----------------------|-----------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 14,579,132 | \$ 12,774,455 |
| Portfolio investments (Note 2) | 188,432,602 | 159,528,508 |
| Accounts receivable (Note 3) | 9,838,733 | 8,162,069 |
| Loan receivable (Note 4) | 4,206,248 | 4,826,692 |
| Debt recoverable from municipalities (Note 10, Schedule A) | 94,225,881 | 47,084,705 |
| Debt reserve fund - Municipal Finance Authority (Note 5) | 2,429,077 | 2,213,595 |
| | <u>313,711,673</u> | <u>234,590,024</u> |
| FINANCIAL LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 6) | 13,182,666 | 8,444,894 |
| Deferred revenue (Note 7) | 25,245,304 | 11,896,110 |
| Refundable deposits (Note 8) | 1,131,576 | 1,111,342 |
| Restricted revenue (Note 9) | 14,440,205 | 13,391,865 |
| Long term debt (Note 10, Schedule A) | 129,128,099 | 88,098,081 |
| Debt reserve fund - Municipal Finance Authority (Note 5) | 1,583,069 | 2,213,595 |
| Asset retirement obligations (Note 11) | 27,488,813 | 30,460,816 |
| | <u>212,199,732</u> | <u>155,616,703</u> |
| NET FINANCIAL ASSETS | <u>101,511,941</u> | <u>78,973,321</u> |
| NON-FINANCIAL ASSETS | | |
| Prepaid expenses | 333,085 | 238,442 |
| Purchased intangibles | 1,594,236 | 1,353,314 |
| Tangible capital assets (Note 12, Schedule B) | 266,941,528 | 252,982,720 |
| | <u>268,868,849</u> | <u>254,574,476</u> |
| ACCUMULATED SURPLUS | <u>\$ 370,380,790</u> | <u>\$ 333,547,797</u> |
| Accumulated surplus is comprised of: | | |
| Accumulated surplus (Note 13) | \$ 358,467,240 | \$ 327,711,573 |
| Accumulated remeasurement gains | 11,913,550 | 5,836,224 |
| | <u>\$ 370,380,790</u> | <u>\$ 333,547,797</u> |

Contingent liabilities (Note 15)



 Stephen Barman, MBA
 General Manager, Finance

REGIONAL DISTRICT OF NORTH OKANAGAN



STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the years ended December 31

| | (Note 19) Budget | 2025 Actual | 2024 Actual |
|---|---------------------|------------------------------|----------------|
| REVENUE (Schedule C) | | | |
| Tax revenue (Note 16) | \$ 25,429,800 | \$ 25,561,809 | \$ 22,260,691 |
| Sale of services | 42,042,870 | 41,468,194 | 40,726,468 |
| Government transfers (Note 17) | 16,976,179 | 3,987,350 | 2,104,897 |
| Investment income | 1,521,837 | 8,287,284 | 6,974,132 |
| Developer contributions (Note 9) | 4,712,459 | 181,507 | 306,643 |
| Other revenue (Note 18) | 1,746,474 | 3,667,233 | 780,734 |
| Contributed capital assets (Note 12) | - | 3,043,433 | 2,321,818 |
| | 92,429,619 | 86,196,810 | 75,475,383 |
| EXPENSES (Note 21, Schedule C) | | | |
| General government services | 2,672,308 | 2,073,570 | 2,133,135 |
| Development services | 2,933,921 | 2,419,614 | 2,187,831 |
| Parks, recreation and culture | 13,165,311 | 13,426,956 | 12,052,324 |
| Transportation and transit services | 1,419,159 | 1,285,101 | 1,246,001 |
| Environmental services | 8,641,989 | 9,160,750 | 8,286,080 |
| Health, social services and housing | 248,736 | 248,774 | 228,819 |
| Sewer and septage services | 1,647,529 | 61,177 | 144,210 |
| Water services | 23,399,408 | 21,761,570 | 19,178,381 |
| Protective services | 5,717,437 | 5,003,631 | 4,245,846 |
| | 59,845,798 | 55,441,143 | 49,702,627 |
| Operating Surplus | 32,583,821 | 30,755,667 | 25,772,756 |
| Accumulated Surplus, Beginning of Year | 327,711,573 | 327,711,573 | 301,938,817 |
| Accumulated Surplus, End of Year | \$ 360,295,394 | \$ 358,467,240 | \$ 327,711,573 |

REGIONAL DISTRICT OF NORTH OKANAGAN



STATEMENT OF CHANGE IN NET FINANCIAL ASSETS AND REMEASUREMENT GAINS

For the years ended December 31

| | (Note 19) | 2025 | 2024 |
|--|---------------|-----------------------|---------------|
| | Budget | Actual | Actual |
| Operating Surplus | \$ 32,583,821 | \$ 30,755,667 | \$ 25,772,756 |
| Amortization of tangible capital assets | 6,832,600 | 6,102,638 | 6,258,438 |
| Acquisition of tangible capital assets | (59,611,936) | (21,143,927) | (12,585,928) |
| Contributed tangible capital assets (Note 12) | - | (3,043,433) | (2,321,818) |
| Proceeds on disposal of tangible capital assets | - | 24,690 | 17,096 |
| Net loss on disposal of tangible capital assets | - | 218,376 | 81,202 |
| Transfer of tangible capital assets to member municipalities (Note 12) | - | - | 146,195 |
| Acquisition of purchased intangibles | - | (240,922) | (296,499) |
| Net consumption of prepaids | - | (94,643) | (58,502) |
| Net change in asset retirement obligations | - | 3,691,260 | 417,957 |
| Net change in Municipal Finance Authority debt reserve fund | - | 191,588 | - |
| Net remeasurement gains | - | 6,077,326 | 5,306,531 |
| Increase (Decrease) in Net Financial Assets | (20,195,515) | 22,538,620 | 22,737,428 |
| Net Financial Assets, Beginning of Year | 78,973,321 | 78,973,321 | 56,235,893 |
| Net Financial Assets, End of Year | \$ 58,777,806 | \$ 101,511,941 | \$ 78,973,321 |
| Accumulated Remeasurement Gains, Beginning of Year | | \$ 5,836,224 | \$ 529,693 |
| Unrealized gains on portfolio investments | | 6,077,326 | 5,306,531 |
| Accumulated Remeasurement Gains, End of Year (Note 2) | | \$ 11,913,550 | \$ 5,836,224 |

REGIONAL DISTRICT OF NORTH OKANAGAN



STATEMENT OF CASH FLOW

For the years ended December 31

| | 2025 | 2024 |
|--|----------------------|----------------------|
| OPERATING | | |
| Operating Surplus | \$ 30,755,667 | \$ 25,772,756 |
| Non-cash items: | | |
| Amortization | 6,102,638 | 6,258,438 |
| Net loss on disposal of tangible capital assets | 218,376 | 81,202 |
| Contributed tangible capital assets | (3,043,433) | (2,321,818) |
| Transfer of tangible capital assets to member municipalities | - | 146,195 |
| Change in asset retirement obligations | 43,026 | 55,560 |
| Accretion expense | 676,230 | 654,659 |
| Net change in Municipal Finance Authority debt reserve fund | (654,419) | - |
| Actuarial addition to sinking fund | (1,374,538) | (1,242,310) |
| Change in non-cash working capital: | | |
| Accounts receivable | (1,676,664) | 411,822 |
| Prepaid expenses | (94,643) | (58,502) |
| Accounts payable | 4,737,772 | 944,843 |
| Loans receivable | 620,444 | 599,464 |
| Deferred revenue | 13,349,194 | (1,335,658) |
| Refundable deposits | 20,234 | 51,530 |
| Restricted revenue | 1,048,340 | 1,262,319 |
| | 50,728,224 | 31,280,500 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (21,143,927) | (12,585,928) |
| Proceeds from disposal of tangible capital assets | 24,690 | 17,096 |
| Purchased intangibles | (240,922) | (296,499) |
| | (21,360,159) | (12,865,331) |
| INVESTING | | |
| Net portfolio investments purchased | (22,826,768) | (20,035,988) |
| FINANCING | | |
| Issuance of long term debt | - | 3,500,000 |
| Repayment of long term debt | (4,736,620) | (3,301,273) |
| Repayment of temporary debt | - | (3,500,000) |
| | (4,736,620) | (3,301,273) |
| Increase (Decrease) in Cash | 1,804,677 | (4,922,092) |
| Cash, Beginning of Year | 12,774,455 | 17,696,547 |
| Cash, End of Year | \$ 14,579,132 | \$ 12,774,455 |
| <u>Supplemental Cash Flow Information</u> | | |
| Interest paid | \$ (2,578,957) | \$ (1,835,513) |
| Interest received | \$ 7,393,904 | \$ 6,415,168 |



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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 asset retirement obligations, 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 Note 21 and 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.

Refundable Deposits

Refundable deposits consist of the refundable portion of development and building permits, performance security deposits and waterworks securities and guarantees. 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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Significant Accounting Policies (Continued)

Financial Instruments

The Regional District classifies its financial instruments as either fair value or amortized cost. The Regional District's accounting policy for each category is as follows:

Fair Value

This category includes portfolio investments quoted in an active market. Portfolio investments include guaranteed investment certificates, bonds, MFA pooled investments funds and structured notes all with a maturity of one year or more at the date of acquisition. The Regional District has classified its guaranteed investment certificates and bond portfolio in the fair value category rather than the amortized cost category, as it operationally manages and reports on these instruments' performance on a fair value basis.

Portfolio investments are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value on unrestricted investments are recognized in the statement of remeasurement gains until they are realized, when they are transferred to the statement of operations. Changes in fair value on restricted investments are recognized as deferred contributions until the restriction on its use is realized, at which time the balance is transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized Cost

This category includes cash, accounts receivable, loans receivable, debt recoverable from municipalities, accounts payable, accrued liabilities and long term debt. These financial instruments are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Asset Retirement Obligations

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

- 1) There is a legal obligation to incur retirement costs;
- 2) The past transaction or event giving rise to the liability has occurred;
- 3) It is expected that future economic benefits will be given up; and
- 4) A reasonable estimate of the amount can be made.

The liability for closure and post-closure costs relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the Regional District has also been recognized based on estimated future expenses. Assumptions used in subsequent calculations are reviewed annually.

The liability is discounted using a net present value calculation and adjusted annually for accretion expense. The recognition of a liability results in an accompanying increase to the respective tangible capital assets, which is amortized in accordance with the significant accounting policies. Asset retirement obligations related to closed landfill sites are expensed as incurred.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Significant Accounting Policies (Continued)

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. The Regional 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 for exchange transactions within Sale of Services is recorded in the period in which the transaction or event that gives rise to the revenue occurs, provided that reasonable estimates of the amounts can be made and underlying performance obligations have been satisfied. Amounts received in advance of services rendered or performance obligations fulfilled are recorded as deferred revenue until the services have been provided or the performance obligation that led to the collection of funds has been discharged.

Revenue for non-exchange transactions within Sale of Services is recorded in the period in which the authority to claim or retain the related revenue occurs.

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 the Regional District) 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.

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 lesser of the present value of minimum lease payments and the leased asset's fair value at the beginning of the lease. All others are accounted for as operating leases and charged to expense as incurred.

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Significant Accounting Policies (Continued)

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.

Amortization

The cost of tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|----------------------------|---|
| Land | Not amortized, except land used for landfills |
| Land improvements | 15 to 50 years |
| Buildings | 15 to 80 years |
| Furniture and equipment | 15 to 30 years |
| Vehicles | 10 to 20 years |
| Computer equipment | 5 to 15 years |
| Leasehold improvements | 15 to 60 years or life of lease |
| Infrastructure | |
| Water infrastructure | 20 to 80 years |
| Sewer infrastructure | 20 to 80 years |
| Solid waste infrastructure | 30 to 40 years or life of landfill |

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.

Purchased Intangibles

Purchased intangible assets, such as statutory rights-of-way and licenses of occupation, are recorded at cost in the period in which they are acquired. Works of art and cultural or historical treasures are not recorded in these financial statements.

Change in Accounting Policy

During the year, the Regional District changed its accounting policy related to the Debt Reserve Fund – Municipal Finance Authority (MFA) as disclosed in Note 5. This policy was changed to better align with *PS1201 Financial Statement Presentation* and has been applied prospectively.

Historically, the Regional District recorded an expense or capitalized the 1% cash holdback related to MFA borrowings at the time of debt issuance, and recognized revenue when the debt matured and the cash holdback was returned with interest. The Regional District's MFA debt reserve fund was recorded as both a receivable and a liability on the Statement of Financial Position.

Under the new accounting policy, the 1% cash holdback is recorded as a receivable at the time of debt issuance, with interest earnings recognized as revenue each year, and a settlement of the receivable when the debt matures. There is no longer an offsetting liability recorded on the Statement of Financial Position for MFA holdbacks, except for member municipality and Okanagan Regional Library long term debt.

As a result of adopting this new accounting policy, Debt Reserve Fund – Municipal Finance Authority Liability decreased by \$1,157,136, Tangible Capital Assets decreased by \$191,588 and \$965,548 in transaction adjustments were recorded through Other Revenue (Note 18) in the current year.

The comparative figures have not been restated from the presentation used by the Regional District in the previous year.

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

2. Portfolio Investments

| | <u>2025</u> | | <u>2024</u> | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Fair Market Value | Amortized Cost | Fair Market Value | Amortized Cost |
| Guaranteed investment certificates | \$ 93,819,576 | \$ 93,819,576 | \$ 82,790,208 | \$ 82,790,208 |
| MFA pooled investments funds | 56,098,061 | 48,631,129 | 50,497,662 | 46,124,305 |
| Bonds | 27,968,907 | 27,568,224 | 18,509,964 | 18,277,648 |
| Structured notes | 10,546,058 | 6,500,123 | 7,730,674 | 6,500,123 |
| | \$ 188,432,602 | \$ 176,519,052 | \$ 159,528,508 | \$ 153,692,284 |

Portfolio investments are all carried at fair market value. The difference between fair market value and amortized cost of \$11,913,550 (2024 - \$5,836,224) reflects the accumulated remeasurement gains at the end of the year. The effective interest method is used to calculate the amortized cost of portfolio investments above.

Portfolio investments also include performance and security deposits of \$1,131,576 (2024 - \$1,111,342) with specific terms of various contracts which are held and invested in the course of normal operations.

Guaranteed Investment Certificates:

The following table outlines the rates of return and maturity dates for guaranteed investment certificates held by the Regional District:

| <u>Maturity Date</u> | Minimum Rate | Maximum Rate | Fair Market Value | Amortized Cost |
|----------------------|--------------|--------------|----------------------|----------------------|
| 2026 | 1.45% | 6.00% | \$ 19,121,893 | \$ 19,121,893 |
| 2027 | 3.40% | 6.03% | 22,902,445 | 22,902,445 |
| 2028 | 3.55% | 5.63% | 15,612,215 | 15,612,215 |
| 2029 | 3.65% | 4.35% | 15,849,685 | 15,849,685 |
| 2030 | 3.51% | 3.96% | 15,294,476 | 15,294,476 |
| Thereafter | 3.93% | 4.04% | 5,038,862 | 5,038,862 |
| | | | \$ 93,819,576 | \$ 93,819,576 |

MFA Pooled Investment Funds:

MFA pooled investment funds earn rates of return that are based on the market performance of a basket of securities, with no fixed rate of return.

Bonds:

The following table outlines the rates of return and maturity dates for bonds held by the Regional District:

| <u>Maturity Date</u> | Minimum Rate | Maximum Rate | Fair Market Value | Amortized Cost |
|----------------------|--------------|--------------|----------------------|----------------------|
| 2026 | 4.17% | 4.17% | \$ 1,599,885 | \$ 1,583,030 |
| 2028 | 4.33% | 6.36% | 5,357,030 | 5,199,999 |
| 2029 | 3.57% | 4.20% | 7,691,717 | 7,601,105 |
| 2030 | 3.92% | 4.13% | 7,167,449 | 7,125,639 |
| Thereafter | 3.34% | 5.27% | 6,152,826 | 6,058,451 |
| | | | \$ 27,968,907 | \$ 27,568,224 |

Structured Notes:

Structured notes have guaranteed returns of at least the principal amount invested, with earnings based on the market performance of a basket of securities, and maturities ranging from February 2027 to August 2028 (February 2027 to August 2028 in 2024). Structured notes are expected to be held to maturity.

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

3. Accounts Receivable

| | <u>2025</u> | <u>2024</u> |
|------------------------------|---------------------|---------------------|
| Local governments | \$ 5,968,268 | \$ 5,647,310 |
| Trade and other receivables | 2,353,745 | 1,677,306 |
| Accrued interest receivable | 890,549 | 499,662 |
| Government of Canada | 515,725 | 323,532 |
| Province of British Columbia | 110,446 | 14,259 |
| | <u>\$ 9,838,733</u> | <u>\$ 8,162,069</u> |

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 1.47% (2024 - 1.47%). Principal is paid annually and interest is paid semi-annually.

| | <u>2025</u> | <u>2024</u> |
|----------------------|---------------------|---------------------|
| Original amount | \$ 11,000,000 | \$ 11,000,000 |
| Principal repayments | (6,793,752) | (6,173,308) |
| | <u>\$ 4,206,248</u> | <u>\$ 4,826,692</u> |

5. Debt Reserve Fund - Municipal Finance Authority

The Regional District is required by legislation 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 earnings are reported annually to the Regional District. If at any time the MFA does not have sufficient funds to meet its payment or sinking fund obligations, the payments will be made from the debt reserve fund. Upon loan expiry, the debt reserve funds are refundable to the Regional District as follows:

MFA Debt Reserve Fund - Receivable

| | <u>2025</u> | <u>2024</u> |
|---------------------------|---------------------|---------------------|
| Regional District | \$ 846,008 | \$ 1,157,136 |
| Okanagan Regional Library | 164,490 | 159,707 |
| Member municipalities | 1,418,579 | 896,752 |
| | <u>\$ 2,429,077</u> | <u>\$ 2,213,595</u> |

Upon loan expiry, MFA debt reserve funds are in turn repayable to member municipalities and the Okanagan Regional Library (Note 4).

MFA Debt Reserve Fund - Payable

| | <u>2025</u> | <u>2024</u> |
|---------------------------|---------------------|---------------------|
| Regional District | \$ - | \$ 1,157,136 |
| Okanagan Regional Library | 164,490 | 159,707 |
| Member municipalities | 1,418,579 | 896,752 |
| | <u>\$ 1,583,069</u> | <u>\$ 2,213,595</u> |

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

5. Debt Reserve Fund - Municipal Finance Authority (Continued)

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:

| <u>Demand Notes</u> | <u>2025</u> | <u>2024</u> |
|-----------------------|---------------------|---------------------|
| Regional District | \$ 1,747,564 | \$ 2,291,294 |
| Member municipalities | 2,370,958 | 1,442,697 |
| | \$ 4,118,522 | \$ 3,733,991 |

6. Accounts Payable and Accrued Liabilities

| | <u>2025</u> | <u>2024</u> |
|--------------------------------|----------------------|---------------------|
| Trade payables | \$ 4,039,156 | \$ 2,096,848 |
| Local governments | 4,947,320 | 3,353,675 |
| Accrued interest payable | 1,419,773 | 994,973 |
| Employee future benefits | 913,300 | 844,343 |
| Construction project holdbacks | 637,271 | 63,282 |
| Vacation and banked time | 534,696 | 533,129 |
| Wages and benefits | 349,167 | 253,080 |
| Province of British Columbia | 250,540 | 228,084 |
| Government of Canada | 91,443 | 77,480 |
| | \$ 13,182,666 | \$ 8,444,894 |

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.

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| Accrued benefit obligation, beginning of year | \$ 844,343 | \$ 757,643 |
| Amortization of net actuarial gain | (14,543) | (10,600) |
| Current service cost | 70,200 | 72,100 |
| Interest cost | 29,700 | 27,000 |
| Benefits paid | (16,400) | - |
| Immediate recognition of past service cost | - | (1,800) |
| Accrued benefit obligation, end of year | \$ 913,300 | \$ 844,343 |

A portion of unused sick time is vested after five and ten years of service. An actuarial valuation for these employee future benefits is used to determine the accrued benefit obligation as at December 31, 2025. Actuarial valuations are updated annually with a detailed valuation performed every three years. The most recent detailed valuation of the obligation was performed at December 31, 2023 and the next detailed valuation will be performed December 31, 2026. The actuarial assumptions used to determine the Regional District's accrued benefit obligation is based on a 4.4% discount rate and 2.5% wage inflation.

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

7. Deferred Revenue

Deferred revenue consists primarily of building inspection surcharges, various unearned deferred fees such as solid waste tipping fees, building and development permits and other application fees, contributions received for future capital works and unearned conditional grants.

Building inspection surcharges are refundable to the applicant if all conditions of the building permit are completed within 36 months of issuance. After this time, the surcharge is recognized as revenue. Other deferred fees are recognized as revenue when the related performance obligations have been completed. Contributions collected for future capital works are deferred and recognized as revenue when the related infrastructure has been constructed. Conditional grants are recognized as revenue when all criteria have been met.

| | 2024 | Received | Refunded | Recognized as Revenue | 2025 |
|--------------------------------|----------------------|----------------------|--------------------|-----------------------|----------------------|
| Conditional grants | \$ 10,022,894 | \$ 11,597,867 | \$ - | \$ (614,918) | \$ 21,005,843 |
| Capital works contributions | 1,639,502 | 2,783,944 | (3,219) | (712,514) | 3,707,713 |
| Building & development permits | 104,628 | 315,391 | (1,050) | (60,079) | 358,890 |
| Other deferred fees | 57,186 | 85,601 | - | (51,079) | 91,708 |
| Building inspection surcharges | 71,900 | 73,500 | (46,364) | (17,886) | 81,150 |
| | \$ 11,896,110 | \$ 14,856,303 | \$ (50,633) | \$ (1,456,476) | \$ 25,245,304 |

8. Refundable Deposits

Refundable deposits consist primarily of the refundable portion of development and building permits, performance security deposits and waterworks securities and guarantees. In addition to these refundable deposits, the Regional District holds irrevocable letters of credit in the aggregate amount of \$13,562,748 (2024 - \$639,468) received from developers to ensure the performance of certain capital works to be undertaken. The Regional District also has a registered mortgage over a property in the amount of \$413,913 (2024 - \$413,913) related to the performance of soil remediation. The letters of credit and mortgage are not reflected in the financial statements.

| | 2025 | 2024 |
|--------------------------------------|---------------------|---------------------|
| Development and building permits | \$ 840,847 | \$ 770,061 |
| Waterworks securities and guarantees | 277,954 | 329,356 |
| Solid waste performance securities | 11,225 | 11,225 |
| Other performance securities | 1,550 | 700 |
| | \$ 1,131,576 | \$ 1,111,342 |

9. Restricted Revenue

Development Cost Charges

Development Cost Charges (DCCs) 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 revenue 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.

| | 2024 | Contributions | Interest | Expenditures | 2025 |
|----------------------|----------------------|-------------------|-------------------|---------------------|----------------------|
| Greater Vernon Parks | \$ 6,706,275 | \$ 291,826 | \$ 316,938 | \$ (89,517) | \$ 7,225,522 |
| Greater Vernon Water | 5,858,900 | 273,978 | 279,537 | (62,522) | 6,349,893 |
| Fortune Parks | 445,408 | 21,839 | 20,696 | (29,468) | 458,475 |
| White Valley Parks | 380,106 | 7,000 | 17,978 | - | 405,084 |
| Silver Star Water | 1,176 | - | 55 | - | 1,231 |
| | \$ 13,391,865 | \$ 594,643 | \$ 635,204 | \$ (181,507) | \$ 14,440,205 |

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

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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 October 2026 to April 2044, with interest rates ranging from 1.28% to 4.44%. The weighted average interest rate on long term debt was 3.15% (2024 - 2.22%) and interest expense was \$2,306,433 (2024 - \$1,869,329).

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

| | Total Payment | Total Recoverable | Net Payment |
|---|-----------------------|----------------------|----------------------|
| 2026 | \$ 5,001,042 | \$ 2,592,233 | \$ 2,408,809 |
| 2027 | 4,984,721 | 2,592,233 | 2,392,488 |
| 2028 | 4,879,959 | 2,487,471 | 2,392,488 |
| 2029 | 4,801,545 | 2,414,934 | 2,386,611 |
| 2030 | 4,179,672 | 2,397,532 | 1,782,140 |
| Thereafter | 50,980,758 | 41,820,450 | 9,160,308 |
| Total principal payments | 74,827,697 | 54,304,853 | 20,522,844 |
| Expected actuarial adjustment on sinking fund | 54,300,402 | 39,921,028 | 14,379,374 |
| Total | \$ 129,128,099 | \$ 94,225,881 | \$ 34,902,218 |

Authorized but Unissued Debt

The following debt is the amount unissued at year end:

| | 2025 | 2024 |
|---|----------------------|---------------|
| North Okanagan Wastewater Recovery System (Bylaw 2798, 2019) | \$ 5,200,000 | \$ 5,200,000 |
| Greater Vernon Multi-Purpose Cultural Facility (Bylaw 2910, 2022) | 28,000,000 | 28,000,000 |
| Silver Star Sewer Utility System (Bylaw 2972, 2023) | 4,500,000 | 4,500,000 |
| Mission Hill Water Treatment Plant Filtration (Bylaw 3032, 2025) | 18,000,000 | - |
| | \$ 55,700,000 | \$ 37,700,000 |

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

11. Asset Retirement Obligations

The Regional District's asset retirement obligations consists of two main categories as follows:

a) Landfill obligations

The Regional District has three active and three closed landfills within its boundaries and is responsible for the costs of their closure and post-closure activities. The liability for closure of operational sites and post-closure care has been recognized under *PS3280 - Asset Retirement Obligation*. The Regional District has estimated the costs associated with these activities based on engineering studies required by the Ministry of Environment. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites including 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. The open landfills have an estimated remaining useful life ranging from 3 to 29 years.

b) Building obligations

The Regional District owns several buildings throughout its operations that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. The liability for asbestos removal and post-removal care in the buildings has been recognized under *PS3280 - Asset Retirement Obligations*. The buildings have estimated remaining useful lives ranging from 4 to 44 years.

Key variables used in estimating the Regional District's asset retirement obligations include the cost of capital (discount rate), inflation rate and timing of future costs. In 2025, estimated expenses were calculated at the net present value of future cash flows, discounted using the Regional District's weighted average cost of capital of 3.15% (2024 - 2.22%) and inflated using an average inflation rate of 2.01% (2024 - 2.02%), being BC CPI over the last 20 years.

Significant estimates and assumptions are made in determining the asset retirement costs. 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, resulting in measurement uncertainty.

Measurement uncertainties may result in future actual expenditures that are different than the amounts currently recorded. As more information is obtained, the estimates of timing, discount rate and inflation may change. Adjustments to these factors are accounted for as adjustment to the asset retirement obligation and related tangible capital asset on a prospective basis. Changes to asset retirement obligations for closed landfill sites are expensed.

Changes to the asset retirement obligations during the year are as follows:

| | 2024 | Accretion | Change in Estimate | 2025 |
|---|----------------------|-------------------|-----------------------|----------------------|
| Active Landfills & Buildings | | | | |
| Greater Vernon Landfill | \$ 20,341,795 | \$ 451,588 | \$ (3,618,160) | \$ 17,175,223 |
| Armstrong Spallumcheen Landfill | 3,253,503 | 72,228 | 980,780 | 4,306,511 |
| Lumby Landfill | 5,778,996 | 128,294 | (958,139) | 4,949,151 |
| Buildings | 605,766 | 13,448 | (141,035) | 478,179 |
| | 29,980,060 | 665,558 | (3,736,554) | 26,909,064 |
| Closed Landfills | | | | |
| Kingfisher | 16,175 | 359 | (6,408) | 10,126 |
| Pottery Road | 415,513 | 9,224 | 107,400 | 532,137 |
| Cherryville | 49,068 | 1,089 | (12,671) | 37,486 |
| | 480,756 | 10,672 | 88,321 | 579,749 |
| Total | \$ 30,460,816 | \$ 676,230 | \$ (3,648,233) | \$ 27,488,813 |

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

12. Tangible Capital Assets

| | <u>2025</u> | <u>2024</u> |
|----------------------------|-----------------------|-----------------------|
| Land | \$ 54,942,936 | \$ 56,170,291 |
| Land improvements | 15,650,898 | 14,834,231 |
| Buildings | 41,277,440 | 34,140,090 |
| Furniture and equipment | 2,452,239 | 2,247,766 |
| Vehicles | 2,540,891 | 2,627,438 |
| Computer equipment | 362,528 | 371,973 |
| Leasehold improvements | 1,465,122 | 1,454,867 |
| Water infrastructure | 142,891,357 | 137,903,071 |
| Sewer infrastructure | 53,581 | 58,151 |
| Solid waste infrastructure | 5,304,536 | 3,174,842 |
| | <u>\$ 266,941,528</u> | <u>\$ 252,982,720</u> |

Assets Under Construction

Assets under construction with a cost of \$12,890,058 (2024 - \$4,190,862) have not been amortized. Amortization will commence when these assets are put into service. No interest was capitalized during 2025 or 2024.

Contributed Tangible Capital Assets

Contributed tangible capital assets were recorded at fair market value during the year as follows:

| | <u>2025</u> | <u>2024</u> |
|----------------------|---------------------|---------------------|
| Land | \$ 1,638,211 | \$ 85,700 |
| Land improvements | 250,325 | 358,859 |
| Water infrastructure | 1,154,897 | 1,877,259 |
| | <u>\$ 3,043,433</u> | <u>\$ 2,321,818</u> |

Transfer of Tangible Capital Assets to Member Municipalities

No assets were transferred to member municipalities in 2025. Land and land improvements with a net book value of \$146,195 were transferred to a member municipality in 2024.

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

13. Accumulated Surplus

| | 2025 | 2024 |
|---|---------------------------|---------------------------|
| <u>Operating Reserve Funds and Surplus</u> | | |
| General government services | \$ 3,604,383 | \$ 3,933,459 |
| Development services | 3,797,531 | 3,763,104 |
| Parks, recreation and culture | 10,342,324 | 9,524,713 |
| Transportation and transit services | 1,660,245 | 1,566,319 |
| Environmental services | 8,991,418 | 10,415,391 |
| Health, social services and housing | 178,122 | 171,690 |
| Sewer and septage services | 3,011,662 | 2,487,462 |
| Water services | 20,279,685 | 21,929,403 |
| Protective services | 7,214,441 | 6,132,361 |
| Climate Action Reserve | 367,208 | 350,772 |
| COVID-19 Safe Restart Fund (Note 23) | - | 70,263 |
| Growing Communities Fund (Note 24) | 1,547,717 | 3,353,000 |
| | 60,994,736 | 63,697,937 |
| <u>Capital Reserve Funds</u> | | |
| Festival of the Arts Legacy | - | 126,825 |
| Parkland Acquisition Reserve | 1,569,259 | 2,425,787 |
| Greater Vernon Cultural Facilities Reserve | - | 293,742 |
| Landfill Closure/Post-Closure | 22,492,912 | 20,165,256 |
| Greater Vernon Water Capital Works | 59,348,252 | 48,553,788 |
| | 83,410,423 | 71,565,398 |
| <u>Community Works Fund</u> | | |
| Opening balance | 4,759,704 | 5,001,505 |
| Contributions | 983,150 | 983,150 |
| Interest earned | 193,951 | 203,794 |
| Expenditures | (2,225,704) | (1,428,745) |
| | 3,711,101 | 4,759,704 |
| <u>Equity in Tangible Capital Assets</u> | | |
| General government services | 1,802,672 | 1,296,753 |
| Development services | 151,371 | 169,180 |
| Parks, recreation and culture | 75,455,453 | 63,514,267 |
| Transportation and transit services | 82,027 | 84,405 |
| Environmental services | (11,826,241) | (12,857,063) |
| Sewer and septage services | 302,893 | 182,562 |
| Water services | 139,051,875 | 130,017,878 |
| Protective services | 4,316,443 | 4,407,994 |
| | 209,336,493 | 186,815,976 |
| <u>Other Accumulated Surplus</u> | | |
| Purchased intangibles | 1,594,236 | 1,353,314 |
| Asset retirement obligations - closed landfills | (579,749) | (480,756) |
| | 1,014,487 | 872,558 |
| Total Accumulated Surplus | \$ 358,467,240 | \$ 327,711,573 |



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

14. Contractual Obligations

The Regional District has entered into various agreements and contracts for the provision of services that extend beyond the current year. These agreements and contracts are consistent with the financial position and usual operations of the Regional District and do not involve a high degree of speculative risk or include obligations to make expenditures that are abnormal in relation to the financial position and usual operations of the Regional District.

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 expenses in the period in which realization is known and 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 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2024 indicated a \$2.7 billion funding surplus for basic pension benefits on a going concern basis. The next valuation will be at December 31, 2027.

The Regional District paid \$768,622 (2024 - \$683,716) for employer contributions while employees contributed \$710,830 (2024 - \$632,310) to the plan in fiscal 2025.

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

Credit Facilities

The Regional District has a credit facility in the amount of \$4.7 million with an interest rate equal to the Bank of Montreal's prime rate. No amounts were drawn against this credit facility during 2025 or 2024.

The Regional District has provided an irrevocable letter of credit to Fisheries and Oceans Canada in the amount of \$597,277 as a guarantee towards the completion of an offsetting and post-construction monitoring plan related to certain capital works to be completed by a developer. No amounts were drawn against this credit facility during 2025 or 2024.

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

16. Tax Revenue

| | 2025 Budget | 2025 Actual | 2024 Actual |
|----------------|----------------------|----------------------|----------------------|
| Property taxes | \$ 25,184,946 | \$ 25,184,946 | \$ 22,026,659 |
| Parcel taxes | 244,854 | 376,863 | 234,032 |
| | \$ 25,429,800 | \$ 25,561,809 | \$ 22,260,691 |

17. Government Transfers

| | 2025 Budget | 2025 Actual | 2024 Actual |
|---|----------------------|---------------------|---------------------|
| Federal government, transfers with stipulations | \$ 1,483,150 | \$ 1,483,150 | \$ 1,022,571 |
| Provincial government, transfers without stipulations | 160,000 | 160,000 | 176,900 |
| Provincial government, transfers with stipulations | 12,981,315 | 662,240 | 385,047 |
| Grants-in-lieu of taxes from federal/provincial governments | 146,435 | 136,791 | 127,731 |
| Regional and other external transfers | 2,205,279 | 1,545,169 | 392,648 |
| | \$ 16,976,179 | \$ 3,987,350 | \$ 2,104,897 |

18. Other Revenue

| | 2025 Budget | 2025 Actual | 2024 Actual |
|---|---------------------|---------------------|-------------------|
| Adjustment for MFA cash holdbacks receivable | \$ - | \$ 965,548 | \$ - |
| Other developer contributions | 7,396 | 865,832 | - |
| Donations | 1,007,700 | 776,555 | 19,400 |
| Loan payments received | 585,277 | 585,277 | 452,077 |
| MFA earnings on debt reserve funds | - | 255,444 | 1,379 |
| Miscellaneous | 146,101 | 206,270 | 295,082 |
| Net gain on disposal of tangible capital assets | - | 12,307 | 12,796 |
| | \$ 1,746,474 | \$ 3,667,233 | \$ 780,734 |

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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 3036 on March 19, 2025. 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:

| | Approved Budget | Capital & Amortization | Debt Adjustments | Transfers & Other | Presented Budget |
|-------------------------------------|-----------------------|---------------------------|------------------------|------------------------|----------------------|
| <u>Revenue</u> | | | | | |
| Tax revenue | \$ 25,429,800 | \$ - | \$ - | \$ - | \$ 25,429,800 |
| Sale of services | 42,042,870 | - | - | - | 42,042,870 |
| Government transfers (grants) | 16,976,179 | - | - | - | 16,976,179 |
| Investment income | 1,521,837 | - | - | - | 1,521,837 |
| Developer contributions | - | - | - | 4,712,459 | 4,712,459 |
| Other revenue | 2,150,853 | - | (404,379) | - | 1,746,474 |
| Transfers from accum. surplus | 69,400 | - | - | (69,400) | - |
| Transfers from reserves | 29,890,206 | - | - | (29,890,206) | - |
| Borrowing | 9,700,000 | - | (9,700,000) | - | - |
| Non-cash items | 6,832,600 | (6,832,600) | - | - | - |
| | \$ 134,613,745 | \$ (6,832,600) | \$ (10,104,379) | \$ (25,247,147) | \$ 92,429,619 |
| <u>Expenses</u> | | | | | |
| General government services | \$ 4,170,108 | \$ (569,650) | \$ - | \$ (928,150) | \$ 2,672,308 |
| Development services | 3,001,995 | - | - | (68,074) | 2,933,921 |
| Parks, recreation and culture | 32,917,284 | (14,723,550) | (2,028,403) | (3,000,020) | 13,165,311 |
| Transportation and transit services | 1,595,309 | (160,000) | - | (16,150) | 1,419,159 |
| Environmental services | 14,644,655 | (4,821,111) | - | (1,181,555) | 8,641,989 |
| Health, social services and housing | 248,736 | - | - | - | 248,736 |
| Sewer and septage services | 21,644,225 | (19,603,300) | (125,696) | (267,700) | 1,647,529 |
| Water services | 49,421,564 | (21,546,746) | (3,717,643) | (757,767) | 23,399,408 |
| Protective services | 6,969,869 | (714,713) | (239,419) | (298,300) | 5,717,437 |
| | \$ 134,613,745 | \$ (62,139,070) | \$ (6,111,161) | \$ (6,517,716) | \$ 59,845,798 |



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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, water supply and 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 administration, legislative and corporate services, human resource management, financial services, information technology services and communications.

Development services

This department is responsible for building inspection and planning services for all electoral areas and for some municipalities through contract, development services including regional planning and economic development, sustainability and zoning.

Parks, recreation and culture

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

Transportation and transit services

This department is responsible for the regional transit and custom transit services through cooperation with neighbouring jurisdictions.

Environmental services

This department is responsible for regional solid waste management at its landfills and transfer stations and inter-regional partnerships with the Okanagan Basin Water Board and Sterile Insect Release Program.

Health, social services and housing

This grouping includes grants to social service organizations.

Sewer and septage services

This department is responsible for the operation of the wastewater facility including 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 residential, commercial, industrial, institutional and agricultural customers in the Regional District through its six water systems.

Protective services

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

REGIONAL DISTRICT OF NORTH OKANAGAN



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

21. Expense by Object

| | 2025 | 2024 |
|---|----------------------|----------------------|
| Contracted services | \$ 14,385,341 | \$ 13,077,302 |
| Salaries and benefits | 12,616,223 | 11,520,163 |
| Operations and maintenance | 12,294,152 | 9,564,383 |
| Amortization | 6,102,638 | 6,258,438 |
| Interest | 2,534,436 | 1,869,329 |
| Grants and assistance | 2,184,137 | 2,170,035 |
| Utilities | 1,601,331 | 1,584,861 |
| Government transfers | 1,486,088 | 1,603,144 |
| Insurance | 684,874 | 616,856 |
| Accretion | 676,230 | 654,659 |
| Board remuneration | 422,672 | 414,128 |
| Loss on disposal of tangible capital assets | 230,683 | 93,998 |
| Vehicle and travel | 222,338 | 275,331 |
| | \$ 55,441,143 | \$ 49,702,627 |

22. Contaminated Sites

During 2025, 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.

23. COVID-19 Safe Restart Fund

COVID-19 Safe Restart Grant funds have been spent as follows:

| | 2025 | 2024 |
|---|-----------------|------------------|
| Opening balance | \$ 70,263 | \$ 155,534 |
| Eligible costs incurred | | |
| Building renovations | (55,351) | - |
| Recreation services | (10,000) | (74,681) |
| Grants paid to not-for-profit organizations | (4,912) | (2,400) |
| Protective services | - | (8,190) |
| | (70,263) | (85,271) |
| | \$ - | \$ 70,263 |

24. Growing Communities Fund

In 2023, the Province of BC distributed \$1 billion in one-time grants to all 188 local governments in BC under the Growing Communities Fund grant program to help address funding constraints in the construction of infrastructure and amenities. The stated principal objective of the grant funding is to provide investments in community infrastructure and amenities to support the increase in local housing supply. The funding of \$3,953,000 received in 2023 and was allocated to various Regional District services as required by the grant program.

Growing Communities Grant funds have been spent as follows:

| | 2025 | 2024 |
|---|---------------------|---------------------|
| Opening balance | \$ 3,353,000 | \$ 3,621,326 |
| Interest adjustment | - | (68,326) |
| | 3,353,000 | 3,553,000 |
| Eligible costs incurred | | |
| Greater Vernon Cultural Centre Park Plaza | (900,000) | - |
| Pat Duke Memorial Arena Roof Replacement | (750,000) | - |
| Mabel Lake Water System Upgrades | (146,835) | - |
| Silver Star Water System Upgrades | (8,448) | (200,000) |
| | \$ 1,547,717 | \$ 3,353,000 |



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

25. Financial Instrument Risk Management

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, cash, accounts receivable and portfolio investments.

The maximum exposure to credit risk with respect to the loan receivable and debt recoverable from municipalities is outlined in Note 4 and Note 5. Credit risk on the loan receivable and debt recoverable is managed primarily by the policies put in place by the Municipal Finance Authority of BC ("MFA"). The Regional District has made formal payment arrangements with customers and has received all scheduled payments during the year. The Regional District does not believe these balances are impaired, therefore, no impairment allowance has been recognized.

The maximum exposure to credit risk with respect to cash is limited to the balance held at year end. Cash balances are held between three different Schedule 1 Chartered Banks with credit ratings of AA; therefore, diversifying deposits and mitigating credit risk to an acceptably low level.

The maximum exposure to credit risk with respect to 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. As at December 31, 2025 there was a total of \$54,454 (2024 - \$81,156) in balances aged over 90 days. The Regional District does not believe that these balances are impaired; therefore, no impairment allowance has been recognized.

To mitigate credit risk for portfolio investments, the Regional District diversifies its holdings by security type, maturity, issuer and geography. In order to ensure adequate diversification, limits are placed on the amount invested with a single issuer, on the asset size of issuers, on the type of issuer and on the credit ratings of issuers, while ensuring that investments are made in accordance with Section 183 of the *Community Charter*. The maximum exposure to credit risk on portfolio investments is outlined in Note 2.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity Risk

Liquidity risk is the risk that the Regional District will encounter difficulty in meeting obligations associated with its cash flow. The Regional District manages this risk by maintaining an adequate balance of short term and/or 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 to match anticipated cash flow requirements. The Regional District also has the ability to adopt a Revenue Anticipation Borrowing Bylaw under Section 404 of the *Local Government Act* to borrow short term to finance its operations until the anticipated revenue, such as the annual tax requisition, is received.

There have been no significant changes from previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

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 interest rate risk, currency risk and other price risk.

The primary objectives of the Regional District's portfolio management are, in order of priority, preservation of capital, liquidity and return on investment.

Certain MFA pooled investments funds have been created specifically for long term investments, such as the Diversified Multi-Asset Class Fund. These funds are constructed with appropriate diversification, risk and return characteristics for long term investments.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

25. Financial Instrument Risk Management (Continued)

Interest Rate Risk

Interest rate risk is the risk that the Regional District's debt servicing costs and the value of certain portfolio investments will fluctuate due to changes in interest rates.

With respect to debt servicing costs, the risk is minimal as all of the Regional District's long term debt is at a fixed rate and is usually refinanced by the MFA at the ten year and fifteen year mark following the original debt issue. Interest rates and maturity for debt servicing is outline in Note 10 and Schedule A.

The Regional District's investments subject to interest rate risk are bonds and MFA pooled investments funds, as well as some of the structured notes, as disclosed in Note 2. The risk is caused by changes in interest rates in the bond market. As interest rates rise, the fair value of the Regional District's bonds, MFA pooled investment funds and some of its structured notes decrease. Conversely, 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, 2025 the amount of the investment portfolio exposed was \$52,521,800 (2024 - \$42,119,922).

To mitigate interest rate risk and market risk on its portfolio investments, the Regional District generally holds its bond and structured note investments to maturity and holds its MFA long term pooled investment funds for 10 years or longer in alignment with future long term obligations.

There have been no significant changes from previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

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 significant currency risk, as it does not hold any financial instruments in a foreign currency as at the year end.

There have been no significant changes from previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Other Price Risk

Other price risk is the uncertainty associated with the valuation of assets arising from changes in market prices. Investments subject to other price risk include certain MFA pooled investment funds, structured notes and equity-linked investments as disclosed in Note 2. As at December 31, 2025 a 10% decrease in stock markets, with all other variables held constant, would decrease the fair value of equity based investments by \$2.9 million (2024 - \$2.5 million) while a 10% increase in stock markets would increase the fair value of equity based investments by \$3.6 million (2024 - \$3.3 million).

To mitigate other price risk, the Regional District generally holds structured notes to maturity. Investments in other equity-linked instruments and certain MFA pooled investment funds are held for the long term and the funds invested are not required for many years in the future, reducing the risk and impact caused by short term market declines.

There have been no significant changes from previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Fair Value of Financial Instruments

Canadian public sector accounting standards define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The financial instruments measured at fair value held within each portfolio investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

The valuation of the Regional District's investments are all considered to be the highest level of reliability (Level 1) in that the fair value is determined based on quoted prices in active markets. As at December 31, 2025 all portfolio investments were valued based on quoted prices.

26. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation. The changes do not affect prior year annual surplus.

REGIONAL DISTRICT OF NORTH OKANAGAN



SCHEDULE A - LONG TERM DEBT

For the year ended December 31, 2025

| Purpose | Date of Issue | Term | Rate | Amount Borrowed | Sinking Fund | 2025 Balance | Interest Paid | Principal | Actuarial | 2024 Balance |
|---|---------------|------|-------|----------------------|----------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|
| Septage Disposal Facility | 2005 | 20 | 5.10% | \$ 2,000,000 | \$ - | \$ - | \$ 3,205 | \$ 125,696 | \$ - | \$ 125,696 |
| GVW Master Water Plan Capital | 2005 | 20 | 5.10% | 10,000,000 | - | - | 16,026 | 628,479 | - | 628,479 |
| Lumby Fire Truck and Hall Expansion | 2005 | 20 | 0.91% | 204,000 | 204,000 | - | 1,856 | 8,312 | 5,700 | 14,012 |
| GVW Master Water Plan Capital | 2005 | 20 | 0.91% | 3,000,000 | 3,000,000 | - | 27,300 | 122,246 | 83,818 | 206,064 |
| Lumby Fire Truck and Hall Expansion | 2006 | 20 | 1.53% | 486,000 | 451,615 | 34,385 | 7,436 | 16,321 | 16,742 | 67,448 |
| Kingfisher School Land Acquisition | 2008 | 20 | 3.79% | 175,000 | 139,266 | 35,734 | 6,633 | 5,877 | 5,130 | 46,741 |
| Silver Star Water - Vance Creek Reservoir | 2009 | 30 | 4.10% | 7,200,000 | 2,801,762 | 4,398,238 | 295,200 | 128,377 | 102,823 | 4,629,438 |
| GVW - Duteau Water Treatment Plant | 2009 | 20 | 4.10% | 18,000,000 | 13,192,307 | 4,807,693 | 738,000 | 604,471 | 484,148 | 5,896,312 |
| GV Parks Land Acquisition | 2010 | 20 | 1.28% | 5,646,946 | 3,817,291 | 1,829,655 | 72,281 | 207,591 | 122,067 | 2,159,313 |
| GVW Master Water Plan Capital | 2010 | 20 | 1.28% | 4,000,000 | 4,000,000 | - | 51,200 | 1,443,079 | 86,466 | 1,529,545 |
| Okanagan Regional Library | 2011 | 20 | 1.47% | 11,000,000 | 6,793,752 | 4,206,248 | 161,700 | 404,378 | 216,066 | 4,826,692 |
| Greater Vernon Athletics Park | 2015 | 20 | 4.10% | 7,530,000 | 3,123,705 | 4,406,295 | 237,195 | 266,269 | 96,628 | 4,769,192 |
| GVW - Claremont Utility Upgrade | 2015 | 20 | 2.75% | 700,000 | 290,384 | 409,616 | 19,250 | 24,753 | 8,982 | 443,351 |
| BX-Swan Lake Fire Hall | 2016 | 20 | 2.60% | 1,500,000 | 549,962 | 950,038 | 39,000 | 53,042 | 16,804 | 1,019,884 |
| Multi-Use Facility Expansion | 2017 | 20 | 2.80% | 13,156,695 | 4,354,005 | 8,802,690 | 368,387 | 489,636 | 112,554 | 9,404,880 |
| N. Okanagan Shuswap Rail Trail | 2018 | 20 | 3.15% | 2,300,000 | 655,877 | 1,644,123 | 72,450 | 85,596 | 16,610 | 1,746,329 |
| Vernon Search and Rescue Building | 2024 | 20 | 4.44% | 3,500,000 | 122,497 | 3,377,503 | 155,400 | 122,497 | - | 3,500,000 |
| | | | | \$ 90,398,641 | \$ 43,496,423 | 34,902,218 | \$ 2,272,519 | \$ 4,736,620 | \$ 1,374,538 | 41,013,376 |
| Debt recoverable from municipalities | | | | | | 94,225,881 | | | | 47,084,705 |
| | | | | | | \$ 129,128,099 | | | | \$ 88,098,081 |

REGIONAL DISTRICT OF NORTH OKANAGAN



SCHEDULE B - TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2025

| | Cost | | | | Accumulated Amortization | | | | 2025 | 2024 |
|-----------------------------------|-----------------------|----------------------|-----------------------|-----------------------|--------------------------|-----------------------|------------------|-------------------------|-----------------------|-----------------------|
| | Opening Balance | Acquisitions | Disposals | Closing Balance | Opening Balance | Amortization | Disposals | Closing Balance | Net Book Value | Net Book Value |
| Capital Assets | | | | | | | | | | |
| Land | \$ 65,824,331 | \$ 3,825,913 | \$ (4,608,646) | \$ 65,041,598 | \$ (9,672,512) | \$ (435,362) | - | \$ (10,107,874) | \$ 54,933,724 | \$ 56,151,819 |
| Land improvements | 14,706,106 | 2,175,574 | - | 16,881,680 | (4,712,739) | (691,092) | - | (5,403,831) | 11,477,849 | 9,993,367 |
| Buildings | 26,375,117 | 143,252 | (228,356) | 26,290,013 | (6,003,917) | (310,827) | 20,233 | (6,294,511) | 19,995,502 | 20,371,200 |
| Furniture and equipment | 3,824,777 | 486,930 | (217,016) | 4,094,691 | (1,827,118) | (155,163) | 217,016 | (1,765,265) | 2,329,426 | 1,997,659 |
| Vehicles | 6,592,636 | 155,629 | (80,319) | 6,667,946 | (3,965,198) | (230,644) | 68,787 | (4,127,055) | 2,540,891 | 2,627,438 |
| Computer equipment | 1,151,034 | 116,433 | (142,406) | 1,125,061 | (779,061) | (125,878) | 142,406 | (762,533) | 362,528 | 371,973 |
| Leasehold improvements | 1,653,612 | 67,489 | - | 1,721,101 | (198,745) | (58,584) | - | (257,329) | 1,463,772 | 1,454,867 |
| Water infrastructure | 200,494,336 | 7,663,435 | (1,566,281) | 206,591,490 | (64,518,113) | (2,937,035) | 1,345,157 | (66,109,991) | 140,481,499 | 135,976,223 |
| Sewer infrastructure | 94,389 | - | - | 94,389 | (36,238) | (4,570) | - | (40,808) | 53,581 | 58,151 |
| Solid waste infrastructure | 6,192,586 | - | - | 6,192,586 | (3,150,388) | (535,634) | - | (3,686,022) | 2,506,564 | 3,042,198 |
| | 326,908,924 | 14,634,655 | (6,843,024) | 334,700,555 | (94,864,029) | (5,484,789) | 1,793,599 | (98,555,219) | 236,145,336 | 232,044,895 |
| Assets Under Capital Lease | | | | | | | | | | |
| Land | 9,212 | - | - | 9,212 | - | - | - | - | 9,212 | 9,212 |
| Land improvements | 7,873,212 | 14,787 | (137,223) | 7,750,776 | (3,421,026) | (251,670) | 94,969 | (3,577,727) | 4,173,049 | 4,452,186 |
| Buildings | 22,499,390 | 1,839,318 | (34,831) | 24,303,877 | (10,213,825) | (366,179) | - | (10,580,004) | 13,723,873 | 12,285,565 |
| | 30,381,814 | 1,854,105 | (172,054) | 32,063,865 | (13,634,851) | (617,849) | 94,969 | (14,157,731) | 17,906,134 | 16,746,963 |
| Assets Under Construction | | | | | | | | | | |
| Land | 9,260 | - | (9,260) | - | - | - | - | - | - | 9,260 |
| Land improvements | 388,678 | - | (388,678) | - | - | - | - | - | - | 388,678 |
| Buildings | 1,483,325 | 6,235,571 | (160,831) | 7,558,065 | - | - | - | - | 7,558,065 | 1,483,325 |
| Furniture and equipment | 250,107 | 122,813 | (250,107) | 122,813 | - | - | - | - | 122,813 | 250,107 |
| Leasehold improvements | - | 1,350 | - | 1,350 | - | - | - | - | 1,350 | - |
| Water infrastructure | 1,926,848 | 1,693,960 | (1,210,950) | 2,409,858 | - | - | - | - | 2,409,858 | 1,926,848 |
| Solid waste infrastructure | 132,644 | 2,665,328 | - | 2,797,972 | - | - | - | - | 2,797,972 | 132,644 |
| | 4,190,862 | 10,719,022 | (2,019,826) | 12,890,058 | - | - | - | - | 12,890,058 | 4,190,862 |
| | \$ 361,481,600 | \$ 27,207,782 | \$ (9,034,904) | \$ 379,654,478 | \$ (108,498,880) | \$ (6,102,638) | 1,888,568 | \$ (112,712,950) | \$ 266,941,528 | \$ 252,982,720 |

REGIONAL DISTRICT OF NORTH OKANAGAN



SCHEDULE C - SEGMENT DISCLOSURES - CURRENT YEAR

For the year ended December 31, 2025

| | General government services | Development services | Parks, recreation and culture | Transportation and transit services | Environmental services | Health, social services and housing | Sewer and septage services | Water services | Protective services | Total |
|-----------------------------|-----------------------------|----------------------|-------------------------------|-------------------------------------|------------------------|-------------------------------------|----------------------------|----------------------|---------------------|----------------------|
| Revenues | | | | | | | | | | |
| Tax revenue | \$ 1,476,008 | \$ 1,215,779 | \$ 15,951,118 | \$ 895,656 | \$ 1,814,341 | \$ 246,003 | \$ - | \$ 176,012 | \$ 3,786,892 | \$ 25,561,809 |
| Sale of services | 116,595 | 1,060,007 | 447,898 | 354,101 | 7,704,113 | - | 102,817 | 30,858,901 | 823,762 | 41,468,194 |
| Government transfers | 1,205,586 | 44,813 | 1,142,547 | 46,567 | 29,286 | 1,193 | 3,210 | 666,492 | 847,656 | 3,987,350 |
| Investment income | 380,358 | 173,073 | 1,122,063 | 73,951 | 1,421,072 | 8,010 | 560,941 | 4,203,215 | 344,601 | 8,287,284 |
| Developer contributions | - | - | 118,985 | - | - | - | - | 62,522 | - | 181,507 |
| Other revenue | 9,197 | 10,487 | 1,197,958 | 6,374 | 4,207 | - | 45,091 | 2,322,491 | 71,428 | 3,667,233 |
| Contributed capital assets | - | - | 1,888,536 | - | - | - | - | 1,154,897 | - | 3,043,433 |
| | 3,187,744 | 2,504,159 | 21,869,105 | 1,376,649 | 10,973,019 | 255,206 | 712,059 | 39,444,530 | 5,874,339 | 86,196,810 |
| Expenses | | | | | | | | | | |
| Operating | | | | | | | | | | |
| Salaries and benefits (net) | 3,178,286 | 1,787,119 | 864,713 | 2,974 | 1,801,678 | - | 19,300 | 3,553,341 | 1,831,484 | 13,038,895 |
| Goods and services (net) | (1,255,472) | 614,687 | 11,040,499 | 1,279,749 | 6,269,374 | 248,774 | 33,081 | 14,982,597 | 2,855,638 | 36,068,927 |
| | 1,922,814 | 2,401,806 | 11,905,212 | 1,282,723 | 8,071,052 | 248,774 | 52,381 | 18,535,938 | 4,687,122 | 49,107,822 |
| Capital | | | | | | | | | | |
| Amortization | 150,756 | 17,808 | 1,516,244 | 2,378 | 1,081,203 | - | 8,796 | 3,008,944 | 316,509 | 6,102,638 |
| Loss on disposal | - | - | 5,500 | - | 8,495 | - | - | 216,688 | - | 230,683 |
| | 2,073,570 | 2,419,614 | 13,426,956 | 1,285,101 | 9,160,750 | 248,774 | 61,177 | 21,761,570 | 5,003,631 | 55,441,143 |
| Net surplus | \$ 1,114,174 | \$ 84,545 | \$ 8,442,149 | \$ 91,548 | \$ 1,812,269 | \$ 6,432 | \$ 650,882 | \$ 17,682,960 | \$ 870,708 | \$ 30,755,667 |

REGIONAL DISTRICT OF NORTH OKANAGAN



SCHEDULE C - SEGMENT DISCLOSURES - PRIOR YEAR

For the year ended December 31, 2024

| | General government services | Development services | Parks, recreation and culture | Transportation and transit services | Environmental services | Health, social services and housing | Sewer and septage services | Water services | Protective services | Total |
|-----------------------------|-----------------------------|----------------------|-------------------------------|-------------------------------------|------------------------|-------------------------------------|----------------------------|----------------------|---------------------|----------------------|
| Revenues | | | | | | | | | | |
| Tax revenue | \$ 1,439,122 | \$ 1,191,608 | \$ 13,155,266 | \$ 828,681 | \$ 1,729,247 | \$ 226,224 | \$ - | \$ 44,003 | \$ 3,646,540 | \$ 22,260,691 |
| Sale of services | 102,764 | 1,133,521 | 408,224 | 382,938 | 7,517,888 | - | 82,303 | 30,235,882 | 862,948 | 40,726,468 |
| Government transfers | 1,620,217 | 32,721 | 138,105 | 57,221 | 29,982 | 1,291 | - | 12,427 | 212,933 | 2,104,897 |
| Investment income | 363,977 | 152,399 | 1,007,446 | 62,062 | 1,192,567 | 6,973 | 488,423 | 3,425,830 | 274,455 | 6,974,132 |
| Developer contributions | - | - | 305,497 | - | - | - | - | 1,146 | - | 306,643 |
| Other revenue | 18,092 | 30,837 | 226,786 | 880 | 1,716 | - | 235 | 472,065 | 30,123 | 780,734 |
| Contributed capital assets | - | - | 358,859 | - | - | - | - | 1,962,959 | - | 2,321,818 |
| | 3,544,172 | 2,541,086 | 15,600,183 | 1,331,782 | 10,471,400 | 234,488 | 570,961 | 36,154,312 | 5,026,999 | 75,475,383 |
| Expenses | | | | | | | | | | |
| Operating | | | | | | | | | | |
| Salaries and benefits (net) | 3,116,959 | 1,621,240 | 753,655 | 2,846 | 1,583,973 | - | 17,500 | 3,283,637 | 1,554,481 | 11,934,291 |
| Goods and services (net) | (1,151,768) | 557,687 | 9,694,010 | 1,240,777 | 5,933,077 | 228,819 | 122,140 | 12,413,696 | 2,377,462 | 31,415,900 |
| | 1,965,191 | 2,178,927 | 10,447,665 | 1,243,623 | 7,517,050 | 228,819 | 139,640 | 15,697,333 | 3,931,943 | 43,350,191 |
| Capital | | | | | | | | | | |
| Amortization | 167,944 | 8,904 | 1,532,173 | 2,378 | 769,030 | - | 4,570 | 3,459,536 | 313,903 | 6,258,438 |
| Loss on disposal | - | - | 72,486 | - | - | - | - | 21,512 | - | 93,998 |
| | 2,133,135 | 2,187,831 | 12,052,324 | 1,246,001 | 8,286,080 | 228,819 | 144,210 | 19,178,381 | 4,245,846 | 49,702,627 |
| Net surplus | \$ 1,411,037 | \$ 353,255 | \$ 3,547,859 | \$ 85,781 | \$ 2,185,320 | \$ 5,669 | \$ 426,751 | \$ 16,975,931 | \$ 781,153 | \$ 25,772,756 |