



Regional Board Report

TO: Regional Board

FROM: H. Reay Director of Financial Services

DATE: June 16, 2004

SUBJECT: Financial Statements and Financial Information Reports

RECOMMENDATION

That the Regional Board adopts the enclosed 2003 Financial Statements and reports required under the Financial Information Act.

Origin

The Financial Information Act requires that the Board adopt financial statements for the fiscal year ending December 31st of each year, by June 30th of the following year.

CENTRAL OKANAGAN REGIONAL DISTRICT

MANAGEMENT REPORT FOR THE FISCAL YEAR 2003

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with general accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Government and Services Committee of the Board review the results of the Planning and Performance Based Budget Program on a quarterly basis.

The external auditors, BDO Dunwoody, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presently fairly. The external auditors have full and free access to the Board as they deem necessary.

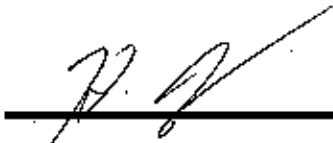
Harold Reay, C.M.A.
Director of Finance

June 16, 2004

REGIONAL DISTRICT OF CENTRAL OKANAGAN

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.



Hérolf Reay, C.M.A.
Director of Finance

June 16, 2004



**REGIONAL DISTRICT
OF THE CENTRAL OKANAGAN**

**Financial Statements
For the year ended December 31, 2003**



BDO Dunwoody LLP
Chartered Accountants
and Consultants

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May 18, 2004

Regional District of the Central Okanagan
1450 K.L.O. Road
Kelowna, British Columbia
V1W 3Z4

Attention: Chairman and Directors of the Board

Dear Sirs:

During the course of our audit the following items came to our attention which lacked proper authority:

1. Reserve fund monies are being temporarily loaned to other funds. Section 504 of the Local Government Act prohibits loaning of reserve funds to other funds of the Regional District. As at December 31, 2003 the following balances remained owing to reserve funds.

Parks Reserve Fund:	\$	458,220
Sewer Development Cost Charge Reserve Fund		673,425
Equipment Replacement Reserve Fund		4,241,282
Capital Projects Reserve Fund		1,525,191
Feasibility Reserve Fund		<u>130,306</u>

Total amount owing to reserve funds: \$ 7,028,424

2. There were a few instances where actual expenditures exceeded the budget for the year.

We would be pleased to discuss these matters or other requirements of the Local Government Act or your Bylaws at any time.

Yours truly,

BDO DUNWOODY LLP

J.C. Hansen, B.A., C.A.

JCH/lo

cc: Inspector of Municipalities

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Driving growth

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Auditors' Report

**To the Chairman and Directors of the Board of
Regional District of the Central Okanagan**

We have audited the consolidated statement of financial position of Regional District of the Central Okanagan as at December 31, 2003 and the consolidated statements of financial activities, current fund operations, capital fund operations, reserve fund operations, and cash flows for the year then ended. In the process, we have audited the General fund, the Water funds, the Sewer funds, and the Reserve funds balance sheets of Regional District of the Central Okanagan as at December 31, 2003 and their statements of operating surplus and equity in physical assets, operating revenue and expenditure and transactions for the year then ended in relation to the consolidated financial statements taken as a whole. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

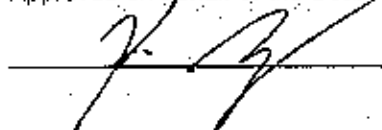
BDO Dunwoody LLP

Kelowna, British Columbia
March 19, 2004

**Regional District of the Central Okanagan
Consolidated Statement of Financial Position**

As at December 31	2003	2002
Financial Assets		
Cash and funds on deposit (Note 1)	\$ 9,813,258	\$ 7,758,743
Accounts receivable (Note 2)	1,652,848	1,193,554
Deposit - Municipal Finance Authority (Note 3)	7,496,306	7,865,458
Agreements due from members (Note 4)	89,116,024	95,137,334
	<u>108,078,436</u>	<u>111,955,089</u>
Liabilities		
Accounts payable and accrued liabilities	4,892,525	4,650,133
Development cost charges reserves (Exhibit 19)	2,665,737	2,037,766
Reserve - Municipal Finance Authority (Note 3)	7,496,306	7,865,459
Long term debt (Note 5)	106,455,611	111,841,831
	<u>121,510,179</u>	<u>126,395,189</u>
Net Financial Assets (Liabilities)	(13,431,743)	(14,440,100)
Physical Assets		
Capital assets (Note 7)	79,295,274	75,127,748
Net Position	\$ 65,863,531	\$ 60,687,648
Municipal Position		
Financial equity		
Current fund	\$ 1,694,175	\$ 715,892
Capital fund	(3,675,438)	(3,615,101)
Reserve fund	6,354,999	5,163,606
	<u>4,373,736</u>	<u>2,264,397</u>
Equity in physical assets	61,489,795	58,423,251
	<u>\$ 65,863,531</u>	<u>\$ 60,687,648</u>

Approved on behalf of the Board:



Treasurer

Regional District of the Central Okanagan Consolidated Statement of Financial Activities

For the year ended December 31	2003	2003	2002
	Actual	Budget	Actual
Revenue			
Electoral area tax requisitions	\$ 9,150,714	\$ 9,150,090	\$ 8,499,819
Electoral area parcel taxes	1,189,742	1,209,239	1,677,231
Members' requisitions			
General	6,443,526	6,444,154	6,151,129
Parcel taxes	449,261	449,349	475,493
Debt services	10,906,997	11,306,063	10,914,749
Federal government grants	76,268	114,889	30,467
Provincial government grants	457,482	97,999	222,512
Sale of services to other governments	1,992,483	2,006,026	1,878,031
Sale of services to others	3,089,919	2,793,298	2,884,264
Water and sewer fees	2,306,937	2,338,810	1,863,939
Contribution from property owners and developers	733,678	-	1,150,371
Other revenue	3,062,648	1,986,607	3,654,803
Contributions from other	58,760	-	27,400
Contributions from sewer DCC reserve	301,187	427,709	1,267,858
Proceeds on sale of assets	275,089	-	7,058
	<u>40,494,691</u>	<u>38,324,033</u>	<u>40,705,144</u>
Expenditures (Note 11)			
General government services	1,053,178	1,180,281	963,274
Protective services	4,447,555	4,397,151	4,069,060
Transportation services	1,393,227	1,429,498	1,449,985
Environmental health services	5,227,613	5,132,012	5,241,986
Environmental development services	3,421,653	3,409,842	3,195,079
Recreation and cultural services	5,478,374	5,483,889	4,891,654
Water services	369,530	381,373	372,733
Sewer services	1,459,719	1,827,300	1,499,891
Interest and bank charges	8,298,930	8,678,721	8,205,908
Transfer to local governments	67,900	67,900	67,900
Feasibility studies	73,639	-	54,799
Capital expenditures	4,415,563	5,639,720	8,292,530
Debt issue expense	34,294	-	33,512
	<u>35,741,175</u>	<u>37,627,687</u>	<u>38,338,311</u>
Net revenues	4,753,516	696,346	2,366,833
New debt issued	1,959,644	394,811	4,243,000
Debt principal repayments	<u>(4,603,812)</u>	<u>(4,708,960)</u>	<u>(4,566,926)</u>
Change in fund balances	2,109,348	(3,617,803)	2,042,907
Financial Equity, beginning of year	<u>2,264,397</u>	<u>2,264,397</u>	<u>221,490</u>
Financial Equity, end of year	<u>\$ 4,373,745</u>	<u>\$ (1,353,406)</u>	<u>\$ 2,264,397</u>

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

**Regional District of the Central Okanagan
Consolidated Statement of Current Fund Operations**

For the year ended December 31	2003	2003	2002
	Actual	Budget	Actual
Revenues			
Electoral area tax requisitions	\$ 9,150,714	\$ 9,150,090	\$ 8,499,819
Electoral area parcel taxes	1,189,742	1,209,239	1,677,231
Members' requisitions			
General	6,443,526	6,444,154	6,151,129
Parcel taxes	449,261	449,349	475,493
Debt services	10,906,997	11,306,063	10,914,749
Federal government grants	76,268	114,689	30,467
Provincial government grants	457,482	97,999	222,512
Sale of services to local governments	1,992,483	2,006,026	1,878,031
Sale of services to others	3,089,919	2,793,298	2,884,264
Water and sewer user fees	2,306,937	2,338,810	1,863,939
Contribution from property owners and developers	132,470	-	183,000
Other revenue	2,883,496	1,986,607	3,429,624
	<u>39,079,295</u>	<u>37,896,324</u>	<u>38,210,258</u>
Expenditures			
General government services	1,053,178	1,180,281	963,274
Protective services	4,447,555	4,397,151	4,069,060
Transportation services	1,393,227	1,429,498	1,449,985
Environmental health services	5,227,613	5,132,012	5,241,986
Environmental development services	3,421,653	3,409,842	3,195,079
Recreational and cultural services	5,478,374	5,483,889	4,891,654
Water services	369,530	381,373	372,733
Sewer services	1,459,719	1,827,300	1,499,891
Interest and bank charges	8,298,930	8,678,721	8,205,908
Transfer to local governments	67,900	67,900	67,900
	<u>31,217,679</u>	<u>31,987,967</u>	<u>29,957,470</u>
Net revenues	7,861,616	5,908,357	8,252,788
Debt principal repayments	(4,603,812)	(4,708,960)	(4,566,926)
Net interfund transfers			
Capital	(1,105,769)	(933,626)	(1,265,977)
Reserve	(1,173,752)	(689,553)	(2,268,469)
Change in current fund	978,283	(423,782)	151,416
Balance, beginning of year	715,892	715,892	564,476
Balance, end of year	<u>\$ 1,694,175</u>	<u>\$ 292,110</u>	<u>\$ 715,892</u>

Regional District of the Central Okanagan Consolidated Statement of Financial Activities

For the year ended December 31	2003	2003	2002
	Actual	Budget	Actual
Revenue			
Electoral area tax requisitions	\$ 9,150,714	\$ 9,150,090	\$ 8,499,819
Electoral area parcel taxes	1,189,742	1,209,239	1,677,231
Members' requisitions			
General	6,443,526	6,444,154	6,151,129
Parcel taxes	449,261	449,349	475,493
Debt services	10,906,997	11,306,063	10,914,749
Federal government grants	76,268	114,689	30,467
Provincial government grants	457,482	97,999	222,512
Sale of services to other governments	1,992,483	2,006,026	1,878,031
Sale of services to others	3,089,919	2,793,298	2,884,264
Water and sewer fees	2,306,937	2,338,810	1,863,939
Contribution from property owners and developers	733,678	-	1,150,371
Other revenue	3,062,648	1,986,607	3,654,803
Contributions from other	58,760	-	27,400
Contributions from sewer DCC reserve	301,187	427,709	1,267,868
Proceeds on sale of assets	275,089	-	7,068
	<u>40,494,691</u>	<u>38,324,033</u>	<u>40,705,144</u>
Expenditures (Note 11)			
General government services	1,053,178	1,180,281	963,274
Protective services	4,447,555	4,397,151	4,069,060
Transportation services	1,393,227	1,429,498	1,449,985
Environmental health services	5,227,613	5,132,012	5,241,986
Environmental development services	3,421,653	3,409,842	3,195,079
Recreation and cultural services	5,478,374	5,483,889	4,891,654
Water services	369,530	381,373	372,733
Sewer services	1,459,719	1,827,300	1,499,891
Interest and bank charges	8,298,930	8,678,721	8,205,908
Transfer to local governments	67,900	67,900	67,900
Feasibility studies	73,639	-	54,799
Capital expenditures	4,415,563	5,639,720	8,292,530
Debt issue expense	34,294	-	33,512
	<u>35,741,175</u>	<u>37,627,687</u>	<u>38,338,311</u>
Net revenues	4,753,516	696,346	2,366,833
New debt issued	1,959,644	394,811	4,243,000
Debt principal repayments	<u>(4,603,812)</u>	<u>(4,708,960)</u>	<u>(4,566,926)</u>
Change in fund balances	2,109,348	(3,617,803)	2,042,907
Financial Equity, beginning of year	<u>2,264,397</u>	<u>2,264,397</u>	<u>221,490</u>
Financial Equity, end of year	<u>\$ 4,373,745</u>	<u>\$ (1,353,406)</u>	<u>\$ 2,264,397</u>

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

**Regional District of the Central Okanagan
Consolidated Statement of Capital Fund Operations**

For the year ended December 31	2003	2003	2002
	Actual	Budget	Actual
Revenues			
Contributions from property owners and developers	\$ 601,208	\$ -	\$ 959,771
Proceeds on sale of assets	275,089	-	7,088
Issue of long-term debt	1,959,644	394,811	4,243,000
Actuarial adjustment on long term debt	1,344,945	-	1,195,361
	<u>4,180,886</u>	<u>394,811</u>	<u>6,405,200</u>
Expenditures			
Capital expenditures			
Land	163,017	60,000	3,551,506
Buildings	51,804	424,811	97,342
Machinery, equipment & other	278,811	353,700	521,016
Engineering structures	3,906,931	4,801,209	4,122,666
Other	15,000	-	-
Debt issue expense	34,294	-	33,512
Reduction in Municipal Finance Authority debt	5,948,766	4,708,960	5,762,287
	<u>10,398,623</u>	<u>10,348,680</u>	<u>14,088,329</u>
Net expenditures	(6,217,737)	(9,953,869)	(7,683,129)
Net Interfund transfers			
Current fund - acquisitions and debt reduction	1,105,769	933,626	1,265,977
Current fund - MFA debt reduction	4,603,812	4,708,960	4,566,926
Reserve funds	146,632	1,353,500	1,906,869
Contributions received from sewer DCC reserve	301,187	427,709	1,267,868
	<u>(60,337)</u>	<u>(2,530,074)</u>	<u>1,324,511</u>
Change in capital fund	(60,337)	(2,530,074)	1,324,511
Balance, beginning of year	(3,615,101)	(3,615,101)	(4,939,612)
Balance, end of year	\$ (3,675,438)	\$ (6,145,175)	\$ (3,615,101)

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

**Regional District of the Central Okanagan
Consolidated Statement of Reserve Fund Operations**

For the year ended December 31	2003	2003	2002
	Actual	Budget	Actual
Revenues			
Contributions from developers	\$ -	\$ -	\$ 7,600
Contributions from other	58,760	-	27,400
Recoveries	31,932	-	122,177
Interest income	147,220	-	103,002
	<u>237,912</u>	-	<u>260,179</u>
Expenditures			
Feasibility studies	73,639	-	54,799
Net revenues	164,273	-	205,380
Net interfund transfers			
Current fund	1,173,752	689,553	2,268,469
Capital fund	<u>(146,632)</u>	<u>(1,353,500)</u>	<u>(1,906,889)</u>
Change in reserve fund	1,191,393	(663,947)	566,980
Balance, beginning of year	5,163,606	5,163,606	4,596,626
Balance, end of year	\$ 6,354,999	\$ 4,499,659	\$ 5,163,606
Summary of Reserve Funds positions			
Feasibility Reserve Fund	\$ 130,306		\$ 149,002
Equipment Replacement Reserve Fund	4,241,282		3,434,160
Park Reserve Fund	458,220		320,039
Capital Projects Reserve Fund	<u>1,525,191</u>		<u>1,260,405</u>
	\$ 6,354,999		\$ 5,163,606

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

For the year ended December 31	2003	2002
Operating Activities		
Cash receipts from grants, other governments, and own sources	\$ 39,815,578	\$ 41,033,991
Cash paid to employees and suppliers	(22,156,319)	(23,411,970)
Interest paid	(8,298,930)	(8,205,908)
Interest received	219,819	384,347
	<u>9,580,148</u>	<u>9,800,460</u>
Investing Activities		
Purchase of capital assets	(4,415,563)	(8,292,530)
Financing Activities		
Long term debt reduction	(4,603,815)	(4,566,927)
Issuance of long term debt	1,959,644	4,243,000
Reduction in short term financing	(465,900)	-
	<u>(3,110,071)</u>	<u>(323,927)</u>
Increase in cash during year	2,054,514	1,184,003
Cash, beginning of year	7,758,744	6,574,741
Cash, end of year	\$ 9,813,258	\$ 7,758,744

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

Regional District of the Central Okanagan Summary of Significant Accounting Policies

December 31, 2003

Basis of Presentation	<p>It is the Regional District's policy to follow accounting principles generally accepted for municipalities in the Province of British Columbia. The consolidated financial statements include the account of all funds for the Regional District. All interfund transfers have been eliminated. They have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.</p>
Basis of Accounting	<p>The resources and operations of the Regional District are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it.</p> <p>The accrual method is used, with the exception of principal, interest, and foreign exchange on long-term liabilities which are charged against operations in the period they are paid. The accrual basis recognizes revenues and expenditures as they become reasonably certain and are measurable.</p>
Capital Assets	<p>Capital asset expenditures are charged directly to the appropriate fund and in the capital fund are recorded at cost along with the related source of financing and equity therein. There is no amortization recorded on capital assets.</p>
Vacation and Sick Pay	<p>Vacation pay, which may be accumulated up to two weeks, is charged to expense in the year paid. Sick leave, which has a maximum accumulation of thirty-five weeks is also charged to expense in the year paid. Earned sick leave is paid to a maximum of seventeen and a half weeks upon termination of employment.</p>
Development Cost Charges	<p>Development Cost Charge (DCC) levies are restricted by by-law in their use for water and sewer expansion and the revenue is deferred until the expenditures are incurred. When DCC expenditures are made, a corresponding amount is recorded as "Contribution from property owners and developers."</p>
Reserve Fund Balances	<p>The Regional District has appropriated certain funds for future capital expenditures for specific projects or studies. Expenditures from a reserve can only be made with approval from the Ministry or in accordance with by-law directives.</p>
Debt Charges	<p>The interest portion of debt charges is charged against current operating revenue in the year in which it is paid. Accrued interest is recorded as a payable and reduction of the ending net position. Principal payments are recorded as a reduction of fund balances and net debt.</p>

Regional District of the Central Okanagan Summary of Significant Accounting Policies

December 31, 2003

Financial Instruments	The Regional District's financial instruments consist of cash, accounts receivable, temporary and long-term investments, bank indebtedness, accounts payable, temporary and long-term debt. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.
Budget Figures	The budget figures are from the Annual Budget Bylaw to be adopted each year. They have been reallocated to conform to PSAB Financial Statement Presentation. Subsequent amendments have been made by the board to reflect changes in the budget as required by law.
Comparative Figures	Certain comparative figures have been restated to conform to the presentation adopted for the current year.
Use of Estimates	The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

December 31, 2003

1. Cash and Funds on Deposit

Included in cash and funds on deposit is \$1,992,312 (2002 - \$7,201,372) which has been specifically set aside for internally and externally restricted reserves. As at the year-end, the actual reserve liabilities are \$9,020,736 (2002 - \$7,201,372).

2. Accounts Receivable

	2003	2002
Local government	\$ 577,365	\$ 492,627
Provincial government	426,471	216,362
Federal government	-	6,200
Due from Okanagan basin water board	61,935	64,197
Other	587,077	414,168
	\$ 1,652,848	\$ 1,193,554

3. Reserve - Municipal Finance Authority

The Regional District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The Regional District also executes demand notes in connection with each debenture whereby the Regional District may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at year end are as follows:

	Demand Notes	Cash Deposits	2003	2002
Regional District	\$ 850,371	\$ 365,925	\$ 1,216,296	\$ 1,172,667
Member Municipalities				
Kelowna	3,854,676	1,598,129	5,452,805	5,872,078
Peachland	174,781	87,493	262,274	258,730
Lake Country	410,905	154,026	564,931	561,983
	\$ 5,290,733	\$ 2,205,573	\$ 7,496,306	\$ 7,865,458

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

December 31, 2003

4. Agreements Due From Members

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

	2003	2002
City of Kelowna	\$ 73,502,891	\$ 79,103,009
District of Lake Country	11,248,938	11,517,595
District of Peachland	4,364,195	4,516,730
	\$ 89,116,024	\$ 95,137,334

5. Long Term Debt

Municipal Finance Authority Agreements

Security Issuing By-law	Issue Number	Purpose	Year of Maturity	Interest Rate	Balance Outstanding	
					2003	2002
225	31	City of Kelowna	2002	6.800	-	\$ 6,155
247	33	City of Kelowna	2003	12.350	-	161,366
253	34	Regional District - Killiney Beach Water	2003	7.250	-	26,748
256	34	City of Kelowna	2003	7.250	-	183,412
257 263	35	City of Kelowna	2004	5.370	-	513,893
293 294	38	City of Kelowna	2005	11.150	-	538,578
295	38	Regional District - Regional Parks	2005	11.150	-	49,167
307	40	City of Kelowna	2006	8.750	353,566	460,379
Carried forward					\$ 353,566	\$ 1,939,698

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

December 31, 2003

5. Long Term Debt (continued)

Municipal Finance Authority Agreements Security						
Issuing By-law	Issue Number	Purpose	Year of Maturity	Interest Rate	Balance Outstanding	
					2003	2002
Brought forward					\$ 353,566	\$ 1,939,698
339	43	Regional District - North Westside Road Fire	2007	8.050	42,680	52,111
		Johnson Bentley Pool	2007	8.050	441,032	538,454
		Regional Parks	2007	8.050	93,897	114,845
339	43	District of Lake Country	2007	8.050	-	9,420
340	43	City of Kelowna	2007	8.050	377,195	460,542
340	43	District of Peachland	2007	8.050	108,124	132,015
357	44	Regional District - Westside Sewage System	2008	5.550	295,297	346,194
373	45	Regional District - Dog Control	2008	5.550	63,350	74,269
373	45	District of Lake Country	2008	5.550	8,338	9,775
394	47	City of Kelowna	2009	6.500	22,192	25,298
379 397	48	City of Kelowna	2010	6.500	1,235,014	1,495,359
436	49	Regional District - Falconridge Water Westside Sewage System	2010 2010	6.500 6.500	110,886 315,662	123,733 352,702
453	50	City of Kelowna	2011	10.310	624,123	738,196
488	51	City of Kelowna	2011	7.420	158,174	196,483
478	53	Regional District - Joe Rich Fire	2012	9.630	195,915	212,837
478	53	District of Lake Country	2012	9.630	71,294	77,452
500	53	City of Kelowna	2007	9.630	282,182	344,534
526	54	City of Kelowna	2013	8.300	1,106,989	1,180,155
527	54	Regional District - Westside Sewage System	2013	8.300	13,474	14,497
Carried forward					\$ 5,917,384	\$ 8,437,369

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

December 31, 2003

5. Long Term Debt (continued)

**Municipal Finance Authority Agreements
Security**

Issuing By-law	Issue Number	Purpose	Year of Maturity	Interest Rate	Balance Outstanding	
					2003	2002
Brought forward					\$ 5,917,384	\$ 8,437,369
566	56	Regional District - Ellison Fire Westside Sewage System	2003 203	8.040 8.040	- 109,795	16,651 118,109
586	56	District of Lake Country	2013	8.040	290,598	312,602
572	56	City of Kelowna	2013	8.040	375,116	431,429
602	58	Regional District - Sundance Street Lights Westside Sewage System	2004 2004	9.490 9.490	740 179,579	1,445 192,459
603	59	District of Peachland	2019	9.490	495,214	515,150
603 605	59	City of Kelowna	2019	9.490	2,194,243	2,484,184
624	60	City of Kelowna	2015	8.880	960,134	1,017,582
640	61	Regional District - Westside Sewage Systems	2015	8.000	319,319	342,392
646	61	City of Kelowna	2010	8.000	265,357	296,396
647	63	City of Kelowna	2016	7.750	3,150,914	3,451,567
667	64	Regional District - Regional Parks	2016	7.420	1,521,813	1,607,183
682	64	Regional District - Westside Sewage System	2016	7.420	107,411	113,187
694	64	City of Kelowna	2021	7.420	4,421,225	4,732,642
710	65	District of Lake Country	2017	6.900	372,523	380,626
739	66	Regional District - Westside Sewage System	2002	5.850	668,823	702,424
743	66	City of Kelowna	2017	5.850	367,157	397,235
740	66	District of Peachland	2022	5.850	162,064	167,118
Carried forward					\$ 21,879,409	\$ 25,727,750

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

December 31, 2003

5. Long Term Debt (continued)

Municipal Finance Authority Agreements
Security

Issuing By-law	Issue Number	Purpose	Year of Maturity	Interest Rate	Balance Outstanding		
					2003	2002	
Brought forward					\$	21,879,409	\$ 25,727,750
764	68	District of Peachland	2023	5.550	3,598,794	3,702,448	
768	69	City of Kelowna	2018	5.550	176,823	184,627	
809	70	Regional District - Regional Parks	2014	5.490	172,056	183,590	
		Westside Sewage System	2014	5.490	145,232	151,078	
811	70	City of Kelowna	2019	5.490	183,312	193,996	
818	70	District of Lake Country	2024	5.490	5,891,441	5,947,456	
839	71	Regional District - Tamarack Fire	2009	5.990	138,038	157,366	
		Westside Sewage System	2009	5.990	1,391,441	1,447,456	
841	71	City of Kelowna	2019	5.990	6,962,040	7,413,758	
886	73	Regional District - Shamrock/Ensign Street Lights	2020	6.350	15,542	17,360	
		Westside Sewage System	2020	6.350	1,499,361	1,554,622	
887	73	District of Lake Country	2020	6.350	943,561	978,337	
912	74	Ellison Fire Hall	2021	5.930	562,802	581,854	
912	74	Regional District - Glenrosa Sewer	2021	5.930	598,445	618,705	
		Lakeview Sewer	2021	5.930	963,986	996,620	
		Gellatly Sewer	2021	5.930	316,857	327,584	
		West Kelowna Sewer	2021	5.930	70,820	73,217	
931	75	Regional District - Gellatly Sewer	2021	5.690	22,374	25,214	
		Glenrosa Sewer	2021	5.690	892,539	921,270	
		Mt. Boucherie Sewer	2021	5.690	358,895	370,447	
931	75	Westbank Works & Services	2011	5.690	32,393	35,623	
932	75	City of Kelowna	2021	5.690	469,001	484,879	
933	75	District of Lake Country	2021	5.690	2,345,007	2,424,394	
939	76	City of Kelowna	2018	4.550	45,794,571	47,600,948	
Carried forward					\$	95,424,740	\$ 102,120,599

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

December 31, 2003

5. Long Term Debt (continued)

**Municipal Finance Authority Agreements
Security**

Issuing By-law	Issue Number	Purpose	Year of Maturity	Interest Rate	Balance Outstanding		
					2003	2002	
Brought forward					\$	95,424,740	\$ 102,120,599
957	77	City of Kelowna	2022	6.050	38,257	39,450	
964	77	Regional District - Lakeview Sewer	2022	6.050	1,857,085	1,915,000	
973	78	District of Lake Country	2022	5.860	550,371	567,535	
983	78	City of Kelowna	2022	5.380	3,948,122	4,071,247	
984	78	District of Lake Country	2022	5.380	775,806	800,000	
1007	79	Regional District - Lakeview Sewer	2023	5.491	1,959,644	-	
1023	80	City of Kelowna	2023	4.775	39,186	-	
Total Municipal Finance Authority Agreements					104,593,211	\$ 109,513,831	
Loan payable to CIBC Bank, with monthly interest payments of approximately \$9,580 at 4.98%, due May 17, 2007.					1,862,400	2,328,000	
Total long term debt					\$ 106,455,611	\$ 111,841,831	

6. Landfill Closure and Post-Closure Care

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

The remaining capacity of the Westside Sanitary Landfill is 558,394 cubic meters which is expected to be reached by 2015. Closure will involve covering the site with topsoil and vegetation, drainage control, and installing groundwater monitoring wells. Post-closure care activities for the landfill are expected to occur for 25 years and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and landfill cover maintenance. Based on the 1999 Westside Landfill Report, the total closure costs were estimated at \$1,230,500. Accordingly, in 2002 the District transferred an amount equal to the total estimated landfill closure costs to the Capital Projects Reserve Fund (see Exhibit 27).

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

December 31, 2003

7. Capital Assets

	2003	2002
Land	\$ 9,913,154	\$ 9,750,137
Buildings	11,768,357	11,716,554
Equipment	7,140,098	7,109,323
Engineering structures	542,914	542,914
Sewer system	46,210,131	42,326,259
Water system	1,160,941	1,137,882
Other	2,559,679	2,544,679
	<u>\$ 79,295,274</u>	<u>\$ 75,127,748</u>

8. Credit Facility

The Regional District has a credit facility agreement with a financial institution which provides for a total commitment of \$14,591,842. At December 31, 2003, the Regional District had drawn an amount of \$nil on this agreement.

9. Pension Liability

The Regional District of the Central Okanagan and its employees contribute to the Municipal Pension Plan (the plan), a jointly-trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the plan. The pension plan is a multi-employer contributory defined benefit pension plan with about 123,000 active contributors including approximately 28,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2000 indicated funding surplus of \$436 million. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. The Regional District of the Central Okanagan paid \$344,047 for employer contributions to the plan in fiscal 2003.

10. Commitment

On October 28, 2002, the Regional District of the Central Okanagan entered into an agreement to acquire three firetrucks in 2003 for a total cost of \$891,756. The District is proposing to lease the firetrucks through a five year lease agreement with On-Line Financing.

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

December 31, 2003

11. Expenditures by Object

	<u>2003</u>	<u>2002</u>
Advertising and promotion	\$ 200,400	\$ 139,127
Capital acquisitions and materials	4,415,563	8,292,530
Contract services	3,836,780	3,739,964
Education and training	343,749	334,930
Emergency services	539,718	561,246
Grants and other programs	337,793	339,651
Insurance, licences and memberships	467,654	442,187
Interest and bank charges	8,293,777	8,205,908
Leases and rentals	55,646	79,011
Office and administration	474,100	283,681
Planning and development	534,024	459,850
Professional fees	142,927	129,840
Repairs and maintenance	1,590,060	1,574,256
Supplies	404,237	360,330
Telephone and utilities	937,730	904,788
Transit services	1,051,009	1,088,439
Travel	197,339	167,628
Transfers to other agencies and governments	3,945,934	3,897,890
Wages and benefits	7,972,735	7,337,055
	<u>\$ 35,741,175</u>	<u>\$ 38,338,311</u>

Exhibit 1
Regional District of the Central Okanagan
General Revenue Fund
Balance Sheet

As at December 31 2003 2002

Assets

Cash	\$ 7,820,946	\$ 557,371
Accounts receivable		
Federal government		6,200
Provincial government	413,746	198,125
Local government	577,365	492,627
Due from own funds		
General capital fund	369,758	856,726
Sewer capital fund	3,341,732	2,153,097
Sewer revenue fund		88,910
Water capital fund	3,169	4,830
Water revenue fund		20,642
Other	587,077	414,168
Other assets		
Municipal Finance Authority debt reserve fund		
Member municipalities	6,280,011	6,692,791
Regional District	434,709	440,872
	\$ 19,828,513	\$ 11,924,359

Liabilities and Surplus

Accounts payable		
Trade accounts payable and accrued liabilities	\$ 3,201,157	\$ 2,926,271
Due to park reserve fund	458,220	-
Due to sewer development cost charge reserve fund	673,425	-
Due to equipment replacement reserve fund	4,241,282	-
Due to water revenue fund	37,492	-
Due to sewer revenue fund	221,392	-
Due to capital projects reserve fund	1,525,191	-
Due to feasibility reserve fund	130,306	-
Other liabilities		
Insurance and sick pay reserve	1,264,695	1,117,904
Municipal Finance Authority debt reserve fund		
Member municipalities		
- cash requirements	1,839,649	1,999,901
- demand note requirement	4,440,362	4,692,890
Regional District		
- cash requirements	147,505	144,286
- demand note requirement	287,203	296,586
Surplus	1,360,634	746,521
	\$ 19,828,513	\$ 11,924,359

Exhibit 2

**Regional District of the Central Okanagan
General Revenue Fund
Statement of Revenue and Expenditure**

For the year ended December 31

2003

2002

Revenue

Electoral area tax requisitions	\$ 9,150,714	\$ 8,499,819
Electoral area parcel taxes	649,449	652,053
Members' requisitions		
General	6,443,526	6,151,129
Parcel taxes	449,261	475,493
Debt services	10,906,997	10,914,749
Federal government grant	76,268	30,467
Provincial government grant	370,095	130,843
Sale of services to local governments	1,992,483	1,878,031
Sale of services to others	3,089,919	2,884,264
Other revenue		
Licenses, fees and permits	1,261,795	1,130,124
Facility rentals	541,322	373,609
Other	416,857	1,795,042
Surplus from previous year	746,521	571,055
	<u>36,095,207</u>	<u>35,486,678</u>

Expenditure

General government services	1,053,178	963,274
Protective services	4,447,555	4,069,060
Transportation services	1,393,227	1,449,985
Environmental health services	5,227,613	5,241,986
Environmental development services	3,421,653	3,195,079
Recreational and cultural services	6,478,374	4,891,654
Fiscal services	11,641,383	11,668,451
Transfer to equipment replacement reserve fund	622,135	503,824
Transfer to parkland reserve fund	70,105	260,155
Transfer to general capital fund	1,062,538	1,198,289
Transfer to feasibility reserve fund	20,817	-
Transfer to capital projects reserve fund	228,095	1,230,500
Transfer to District of Lake Country	55,000	55,000
Transfer to District of Peachland	12,900	12,900
	<u>34,734,573</u>	<u>34,740,157</u>

Surplus, end of year

\$ 1,360,634 \$ 746,521

Exhibit 3
Regional District of the Central Okanagan
General Revenue Fund
Surplus

For the year ended December 31	2003	2002
Legislative	\$ (13,753)	\$ 11,525
Administration	3,548	11,788
Finance	65,763	19,046
Engineering	78,792	68,866
Personnel	3,312	11,578
Information Systems	9,697	25,229
General government services - electoral areas	29,310	14,551
Westbank office	47,399	(9,512)
Regional grants-in-aid	1,060	2,458
Area G grants-in-aid	-	7,254
Westbank electoral grants	15,835	4,001
Area I grants-in-aid	5,769	815
Ellison/Joe Rich Area expenses	906	-
Ellison fire protection	62,837	(17,955)
Joe Rich hall / fire protection	32,131	(2,613)
North Westside Road fire protection	219	(8,656)
Wilson's Landing fire protection	1,895	844
Tamarack fire protection	(2,928)	(2,928)
Regional rescue service	907	(14,761)
911 emergency telephone service	103,032	13,852
Crime stoppers	(1,484)	(10,041)
Victims assistance program	(12,736)	13,582
Crime prevention programs	(919)	825
Business Licenses	(895)	(1,058)
Building inspection	571,520	323,189
Dog control	7,580	5,076
Mosquito control	2,782	(401)
Transportation Demand Management	25,000	18,741
Casa Loma street lighting	523	225
Pritchard Drive street lighting	302	123
Westbank street lighting	7,896	3,138
Shannon Lake street lighting	(1,607)	(280)
Scotty Heights street lighting	943	275
Green Bay street lighting	242	103
Shamrock/Ensign street lighting	2	(27)
June Springs fire	(2,213)	-
Westside Road street lighting	31	16
Westside street lighting	(4,604)	(3,942)
Westbank hall parking lot	-	20,876
Westside transit services	(80,114)	(84,661)
Handi-dart transit	6,944	149
Ellison transit services	(351)	50
Septic tank effluent disposal	889	74,048
Westside sanitary landfill	66,504	(9,151)
Solid waste management	(12,935)	2,872
Solid waste collection	39,873	2,330
Balance to be carried forward	\$ 1,058,904	\$ 491,439

Exhibit 3
Regional District of the Central Okanagan
General Revenue Fund
Surplus

For the year ended December 31

	2003	2002
Balance carried forward	\$ 1,058,904	\$ 491,439
Recycling Depots	(7,043)	-
N.O.W.E.S.I. Transfer Station	(2,195)	(3,348)
Okanagan Basin water board	9,463	10,183
Air Quality Monitoring	-	(18)
Noise abatement	1,658	2,438
Unightly and untidy premises	(1,684)	(4,242)
Regional planning	7,696	(84)
Electoral area planning	176,291	146,673
Noxious insect control	141	1,151
Weed control	12,671	17,322
Sterile insect release	10,003	1,082
Economic development commission	6,710	(20,944)
Mount Boucherie Arena	15,047	33,168
Ellison heritage hall	4,882	1,471
Johnson Bentley Aquatic Centre	47,972	25,912
Mount Boucherie Community Centre	19,816	(13,974)
Westside community policing office	21,753	-
Regional parks	(66,406)	31,108
Westside community parks	(2,436)	(2,756)
Eastside community parks	13,030	2,769
Westside Senior Citizens Activity Centre	30,995	24,589
Westside Youth Programs	4,765	3,282
Brown Road sidewalks	2	-
Traders Cove Gas Line	(1,401)	(700)
Surplus, end of year	\$ 1,360,634	\$ 746,521

Exhibit 4
Regional District of the Central Okanagan
General Capital Fund
Balance Sheet

As at December 31 **2003** **2002**

Assets

Capital assets

Land	\$ 9,913,154	\$ 9,750,137
Buildings	11,768,357	11,716,554
Machinery and equipment	7,140,098	7,109,323
Engineering structures	542,914	542,914
Other	2,559,679	2,544,679
	31,924,202	31,663,607

Debt recoverable from other authorities for debentures

City of Kelowna	73,502,891	79,103,009
District of Lake Country	11,248,938	11,517,595
District of Peachland	4,364,195	4,516,730
	89,116,024	95,137,334

\$ 121,040,226 **\$ 126,800,941**

Liabilities and Equity in Capital Assets

Accounts payable

Due to general revenue fund	\$ 369,758	\$ 856,726
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Long term debt

CIBC loan payable	1,862,400	2,328,000
Municipal Finance Authority	92,396,587	98,780,175

Equity in capital assets

	26,411,481	24,836,040
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\$ 121,040,226 **\$ 126,800,941**

**Regional District of the Central Okanagan
General Capital Fund
Statement of Equity in Capital Assets**

For the year ended December 31	2003	2002
Balance, beginning of year	\$ 24,836,040	\$ 21,418,332
Add:		
Assets acquired and debt retired by transfers from own funds		
General revenue fund	1,062,538	1,198,289
Park reserve fund	-	444,591
Equipment replacement reserve fund	144,438	329,346
Early debt repayment reserve fund	-	1,140,000
Donations and other contributions	-	280,189
Retirement of long term debt	362,175	313,288
	<u>26,405,191</u>	<u>25,124,035</u>
Deduct:		
Transfer to Equipment replacement reserve fund	20,865	-
Debt adjustment	-	543
Assets sold or abandoned	(27,156)	287,452
	<u>26,411,481</u>	<u>24,836,040</u>
Balance, end of year	\$ 26,411,481	\$ 24,836,040

Exhibit 6

**Regional District of the Central Okanagan
General Capital Fund
Statement of Capital Financing**

For the year ended December 31	2003	2002
Finances Acquired		
Due to general revenue fund	\$ 369,758	\$ 856,726
Debentures incurred		
Member municipality's portion	39,186	5,478,232
Donations and other contributions	-	280,189
Long term debt issued		2,328,000
Proceeds on sale of assets	275,089	7,068
Transfer from equipment replacement reserve fund	144,438	329,346
Transfer from general revenue fund	1,062,538	1,198,289
Transfer from parks reserve fund	-	444,591
Transfer from early debt repayment reserve fund	-	1,140,000
	\$ 1,891,009	\$ 12,062,441
Finances Applied		
Payable to general revenue fund	\$ 856,726	\$ 2,407,277
Expenditures for capital assets	508,632	4,169,864
Transfer to equipment replacement reserve fund	20,865	7,068
Payment to member municipalities for their portion of debentures:		
City of Kelowna	39,186	4,110,697
District of Lake Country	-	1,367,535
Retirement of long-term debt	465,600	-
	\$ 1,891,009	\$ 12,062,441

**Regional District of the Central Okanagan
General Capital Fund
Statement of Expenditures for Capital Assets**

For the year ended December 31	Buildings	Machinery and Equipment	Other Assets	Land	Total 2003	Total 2002
Administration	\$ 22,251	\$ 5,000	\$ -	\$ -	\$ 27,251	\$ 21,883
Finance	-	28,612	-	-	28,612	-
Information systems	-	-	-	-	-	28,023
Regional rescue	-	23,892	-	-	23,892	129,401
Joe Rich Volunteer fire protection	-	-	-	-	-	18,642
North Westside Road fire protection	9,007	-	-	-	9,007	26,747
Wilson's Landing fire protection	20,546	-	-	-	20,546	40,189
Building inspection	-	29,006	-	-	29,006	14,671
Dog control	-	29,166	-	-	29,166	24,213
Ellison community hall	-	-	-	-	-	10,617
Johnson Bentley aquatic centre	-	60,345	-	-	60,345	28,938
Mount Boucherie arena	-	-	-	-	-	11,915
Westside Seniors' activity centre	-	-	-	-	-	341
Regional parks	-	41,239	-	61,000	102,239	1,511,398
Westside community parks	-	40,445	-	102,017	142,462	2,133,507
Westside sanitary landfill	-	-	-	-	-	171,379
Victims Assistance	-	21,106	-	-	21,106	-
Solid Waste Management	-	-	15,000	-	15,000	-
	\$ 51,804	\$ 278,811	\$ 15,000	\$ 163,017	\$ 508,632	\$ 4,169,864

Exhibit 8
**Regional District of the Central Okanagan
 Water Revenue Fund
 Balance Sheet**

As at December 31	2003	2002
Assets		
Accounts receivable		
Due from provincial government	\$ 12,725	\$ 12,726
Other assets		
Municipal Finance Authority debt reserve fund	27,481	69,887
Due from general revenue fund	37,492	-
	<u>\$ 77,698</u>	<u>\$ 82,613</u>
Liabilities and Surplus		
Accounts payable		
Due to general revenue fund	\$ -	\$ 20,642
Other liabilities		
Municipal Finance Authority debt reserve fund		
- cash requirement	9,145	30,070
- demand note requirement	18,336	39,816
Surplus (deficit)	<u>50,217</u>	<u>(7,915)</u>
	<u>\$ 77,698</u>	<u>\$ 82,613</u>

**Regional District of the Central Okanagan
Water Revenue Fund
Statement of Revenue and Expenditure**

For the year ended December 31	2003	2002
Revenue		
Conditional transfers from other governments		
Water facilities assistance grant	\$ 25,452	\$ 25,452
Connection charges	16,750	19,775
Contribution from property owners and developers	132,470	183,000
Parcel tax	67,590	69,076
User fees	478,149	350,425
Surplus (deficit) from previous year	(7,915)	52,715
	<u>712,496</u>	<u>700,443</u>
Expenditures		
Falcon Ridge water system	14,246	10,078
Killiney Beach water system	77,809	67,698
Pritchard Drive water system	18,257	21,495
Sunset Ranch water system	12,574	-
Trepanier Bench water system	5,182	13,439
West Kelowna Estates water system	182,353	193,794
Westshore water system	59,109	66,229
Fiscal services	58,488	59,974
Transfer to equipment reserve fund	232,600	273,990
Transfer to water capital fund	1,661	1,661
	<u>662,279</u>	<u>708,358</u>
Surplus (deficit)	\$ 50,217	\$ (7,915)

Exhibit 10
**Regional District of the Central Okanagan
 Water Capital Fund
 Balance Sheet**

As at December 31	2003	2002
Assets		
Capital assets		
Engineering structures	\$ 1,125,950	\$ 1,102,891
Machinery and equipment	34,991	34,991
	<u>\$ 1,160,941</u>	<u>\$ 1,137,882</u>
Liabilities and Equity in Capital Assets		
Due to general revenue fund	\$ 3,169	\$ 4,830
Long term debt		
Municipal Finance Authority	110,886	150,480
Equity in capital assets	<u>1,046,886</u>	<u>982,572</u>
	<u>\$ 1,160,941</u>	<u>\$ 1,137,882</u>

Exhibit 11

Regional District of the Central Okanagan
Water Capital Fund
Statement of Equity in Capital Assets

For the year ended December 31	2003	2002
Balance, beginning of year	\$ 982,572	\$ 941,816
Add:		
Retirement of debenture debt	39,594	39,095
Transfer from water revenue fund for short term debt repayment	1,661	1,661
Transfer from equipment replacement reserve fund	23,059	-
Balance, end of year	\$ 1,046,886	\$ 982,572

**Regional District of the Central Okanagan
Water Capital Fund
Statement of Capital Financing**

For the year ended December 31	2003	2002
Finances Acquired		
Payable to general revenue fund	\$ 3,169	\$ 4,830
Transfer from water revenue fund for short term debt repayment	1,661	1,661
Transfer from equipment replacement reserve fund	23,059	-
	\$ 27,889	\$ 6,491
Finances Applied		
Payable to general revenue fund	\$ 4,830	\$ 6,491
Expenditures for capital assets	23,059	-
	\$ 27,889	\$ 6,491

Exhibit 13

**Regional District of the Central Okanagan
Sewer Revenue Fund
Balance Sheet**

As at December 31	2003	2002
Assets		
Accounts receivable		
Due from Okanagan Basin water board	\$ 61,935	\$ 64,197
Other assets		
Municipal Finance Authority debt reserve fund	754,107	661,907
Due from general revenue fund	221,392	-
	<u>\$ 1,037,434</u>	<u>\$ 726,104</u>
Liabilities and Surplus		
Accounts payable		
Due to general revenue fund	\$ -	\$ 86,910
Other liabilities		
Municipal Finance Authority debt reserve fund		
- cash requirement	209,276	181,334
- demand note requirement	544,831	480,573
Surplus (deficit)	<u>283,327</u>	<u>(22,713)</u>
	<u>\$ 1,037,434</u>	<u>\$ 726,104</u>

**Regional District of the Central Okanagan
Sewer Revenue Fund
Statement of Revenue and Expenditure**

For the year ended December 31	2003	2002
Revenue		
Debt service fee	\$ 663,522	\$ 130,850
Okanagan Basin water board	61,935	66,217
Parcel tax	472,703	956,102
User fees	1,812,038	1,493,739
Deficit from previous year	<u>(22,713)</u>	<u>(59,294)</u>
	<u>2,987,485</u>	<u>2,587,614</u>
Expenditure		
Westside sewer system	1,459,719	1,499,891
Fiscal services	1,202,869	1,044,409
Transfer to sewer capital fund	<u>41,570</u>	<u>66,027</u>
	<u>2,704,158</u>	<u>2,610,327</u>
Surplus (deficit)	<u>\$ 283,327</u>	<u>\$ (22,713)</u>

Exhibit 15
Regional District of the Central Okanagan
Sewer Capital Fund
Balance Sheet

As at December 31	2003	2002
Assets		
Accounts receivable		
Due from provincial government	\$ -	\$ 6,511
Capital assets		
Engineering structures	46,076,242	42,192,370
Land	133,889	133,889
	<u>\$ 46,210,131</u>	<u>\$ 42,331,770</u>
Liabilities and Equity in Capital Assets		
Accounts payable		
Trade accounts payable and accrued liabilities	\$ 209,804	\$ 389,393
Due to general revenue fund	3,341,732	2,153,097
Trunk line reserves	216,566	216,566
Long term debt - Municipal Finance Authority	12,086,039	10,583,176
Equity in capital assets	<u>30,355,990</u>	<u>28,989,538</u>
	<u>\$ 46,210,131</u>	<u>\$ 42,331,770</u>

**Regional District of the Central Okanagan
Sewer Capital Fund
Statement of Equity in Capital Assets**

For the year ended December 31	2003	2002
Balance, beginning of year	\$ 28,989,538	\$ 26,629,701
Add:		
Contribution from property owners	543,187	485,772
Contribution from developers and others	58,021	193,812
Retirement of debenture debt	456,781	379,870
Transfer from sewer development cost charge reserve fund	301,187	1,267,868
Transfer from sewer revenue fund	41,570	66,027
	<u>30,390,264</u>	<u>29,023,050</u>
Deduct:		
Debenture issue expense	34,294	33,512
Balance, end of year	\$ 30,355,990	\$ 28,989,538

Exhibit 17

**Regional District of the Central Okanagan
Sewer Capital Fund
Statement of Capital Financing**

For the year ended December 31	2003	2002
Finances Acquired		
Accounts receivable	\$ 5,511	\$ 614,052
Trade accounts payable and accrued liabilities	209,804	389,393
Due to general revenue fund	3,341,732	2,153,097
Trunk line reserves	216,566	216,566
Contribution from property owners	543,187	485,772
Contribution from developers	58,021	193,812
Long term debt incurred - debentures	1,959,644	1,915,000
Transfer from sewer development cost charge reserve	301,187	1,267,868
Transfer from sewer revenue fund	41,570	66,027
	<u>\$ 6,677,222</u>	<u>\$ 7,301,587</u>
Finances Applied		
Accounts receivable	\$ -	\$ 5,511
Trade accounts payable and accrued liabilities	389,393	92,703
Due to general revenue fund	2,153,097	197,460
Due to sewer development cost charge reserve fund	-	2,633,169
Trunk line reserves	216,566	216,566
Debenture issuing expenses	34,294	33,512
Expenditures for engineering structures	3,883,872	4,122,666
	<u>\$ 6,677,222</u>	<u>\$ 7,301,587</u>

Exhibit 18

**Regional District of the Central Okanagan
Sewer Development Cost Charge Reserve Fund
Balance Sheet**

As at December 31	2003	2002
Assets		
Cash and term deposit	\$ 1,992,312	\$ 2,037,766
Due from general revenue fund	673,425	-
	\$ 2,665,737	\$ 2,037,766
Fund Balance		
Fund balance	\$ 2,665,737	\$ 2,037,766

**Regional District of the Central Okanagan
Sewer Development Cost Charge Reserve Fund
Statement of Changes in Fund Balance**

For the year ended December 31	2003	2002
Balance, beginning of year	\$ 2,037,766	\$ 2,633,169
Add:		
interest earned	50,553	45,277
Development cost charge levies	878,605	627,188
	<u>2,966,924</u>	<u>3,305,634</u>
Deduct:		
Transfer to sewer capital fund	301,187	1,267,868
Balance, end of year	\$ 2,665,737	\$ 2,037,766

Exhibit 20
**Regional District of the Central Okanagan
Feasibility Study Reserve Fund
Balance Sheet**

As at December 31	2003	2002
Assets		
Cash and term deposit	\$ -	\$ 149,002
Due from general revenue fund	130,306	-
	\$ 130,306	\$ 149,002
Fund Balance		
Fund balance	\$ 130,306	\$ 149,002

Regional District of the Central Okanagan
Feasibility Study Reserve Fund
Statement of Changes in Fund Balance

For the year ended December 31	2003	2002
Balance, beginning of year	\$ 149,002	\$ 79,601
Add:		
Interest income	2,194	2,023
Contributions from developers, recoveries	31,932	122,177
Transfer from general revenue fund	20,817	-
	<u>203,945</u>	<u>203,801</u>
Deduct expenditures:		
Boucherie second ice sheet	14,247	-
Evelyn Road sewer	(98)	10,030
Gellately Nut Farm	-	1,580
Green Bay water	-	6,015
Jennens / Hitchner sewer	1,873	313
Lakeview Heights drainage	44,871	20,124
Lakeview town centre plan	-	756
Urban trails and servicing strategy	3,874	437
Westside parks	-	(193)
D.C.C. review	8,872	15,737
	<u>73,639</u>	<u>54,799</u>
Balance, end of year	\$ 130,306	\$ 149,002

Exhibit 22
Regional District of the Central Okanagan
Equipment Replacement Reserve Fund
Balance Sheet

As at December 31	2003	2002
Assets		
Cash and term deposits	\$ -	\$ 3,434,160
Due from general revenue fund	4,241,282	-
	\$ 4,241,282	\$ 3,434,160

Statement of Fund Balance

Regional Board	\$ 11,052	\$ 10,739
Administration and finance	243,131	177,955
Information systems	50,771	49,336
Planning	48,209	32,270
Economic development commission	142	138
911 emergency number	97,282	94,532
Regional rescue service	316,604	282,961
Victims witness	8,003	24,024
Ellison fire protection	49,574	9,759
Joe Rich hall / fire protection	68,425	31,659
North Westside Road fire protection	33,297	23,002
Wilson's Landing fire protection	60,948	54,367
Building inspection	31,535	16,068
Noise abatement	84	82
Unightly and untidy premises	386	375
Dog control	16,034	19,000
Engineering	25,000	-
Noxious insect control	2,029	1,000
Weed control	12,477	10,181
Okanagan Regional Library	41,855	30,954
Johnson Bentley aquatic centre	295,229	238,298
Westside Seniors activity centre	117,117	107,004
Westside recreation complex	747,554	720,595
Regional parks	174,299	145,323
Eastside community parks	21,881	13,489
Westside community parks	70,731	62,941
Westside sanitary landfill	395,392	229,242
Falconridge water system	34,003	33,042
Killiney Beach water system	155,022	87,841
Pritchard Drive water system	122,870	119,397
Sunset Ranch water system	2,000	-
Trepanier Bench water system	7,633	7,417
West Kelowna Estates water system	691,473	544,631
Westshores water system	99,450	85,714
Septic tank effluent disposal	25,000	-
Solid waste management	99,669	111,428
Chieftain Road sewer	2,340	2,274
Westside sewage plant	46,039	44,738
Ellison heritage hall	16,742	12,364
Fund Balance	\$ 4,241,282	3,434,160

**Regional District of the Central Okanagan
Equipment Replacement Reserve Fund
Statement of Changes in Fund Balance**

For the year ended December 31	2003	2002
Balance, beginning of year	\$ 3,434,160	\$ 4,044,390
Add:		
Developers contributions and donations	-	7,600
Interest earned	99,019	66,634
Transfer from general revenue fund	622,135	503,824
Transfer from general capital fund	20,865	7,068
Transfer from water revenue fund	232,600	273,990
	<u>4,408,779</u>	<u>4,903,506</u>
Deduct:		
Transfer to early debt repayment reserve fund	-	1,140,000
Transfer to general capital fund	144,438	329,346
Transfer to water capital fund	23,059	-
	<u>167,497</u>	<u>1,469,346</u>
Balance, end of year	\$ 4,241,282	\$ 3,434,160

Exhibit 24
**Regional District of the Central Okanagan
Park Reserve Fund
Balance Sheet**

<u>As at December 31</u>	<u>2003</u>	<u>2002</u>
Assets		
Cash and term deposit	\$ -	\$ 320,039
Due to general revenue fund	<u>458,220</u>	<u>-</u>
	<u>\$ 458,220</u>	<u>\$ 320,039</u>
Fund Balance		
Fund balance	<u>\$ 458,220</u>	<u>\$ 320,039</u>

**Regional District of the Central Okanagan
Park Reserve Fund
Statement of Changes in Fund Balance**

<u>For the year ended December 31</u>	<u>2003</u>	<u>2002</u>
Balance, beginning of year	\$ 320,039	\$ 472,635
Add:		
Contributions	58,760	27,400
Interest earned	9,316	4,440
Transfer from general revenue fund	70,105	260,155
	<u>458,220</u>	<u>764,630</u>
Deduct:		
Transfer to general capital fund for land purchase	-	444,591
Balance, end of year	\$ 458,220	\$ 320,039

Exhibit 26

**Regional District of the Central Okanagan
Capital Projects Reserve Fund
Balance Sheet**

<u>As at December 31</u>	<u>2003</u>	<u>2002</u>
Assets		
Cash and term deposit	\$ -	\$ 1,260,405
Due from general revenue fund	<u>1,525,191</u>	<u>-</u>
	\$ 1,525,191	\$ 1,260,405
Fund Balance		
Fund balance	\$ 1,525,191	\$ 1,260,405

**Regional District of the Central Okanagan
Capital Projects Reserve Fund
Statement of Changes in Fund Balance**

For the year ended December 31	2003	2002
Balance, beginning of year	\$ 1,260,405	\$ -
Add:		
Interest earned	36,691	29,905
Transfer from general revenue fund	228,095	1,230,500
Balance, end of year	\$ 1,525,191	\$ 1,260,405

**Regional District of the Central Okanagan
Early Debt Repayment Reserve Fund
Statement of Changes in Fund Balance**

For the year ended December 31	2003	2002
Balance, beginning of year	\$ -	\$ -
Add:		
Transfer from equipment replacement revenue fund	-	1,140,000
Deduct:		
Transfer to general capital fund for debt retirement	-	1,140,000
Balance, end of year	\$ -	\$ -